



**AUDIT REPORT
ON
THE ACCOUNTS OF
DISTRICT EDUCATION AUTHORITIES
OF PUNJAB (SOUTH)**

AUDIT YEAR 2022-23

AUDITOR GENERAL OF PAKISTAN

EXECUTIVE SUMMARY

The Directorate General of Audit (DGA), District Governments, Punjab (South), Multan is responsible for carrying out the audit of Local Governments (Metropolitan / Municipal Corporations, Municipal Committees, District / Tehsil / Union Councils, District Education / Health Authorities and Public Sector Companies (PSCs) including Punjab Cattle Market Management & Development Company and Waste Management Companies) as well as Danish Schools and Centers of Excellence in 17 districts of Punjab (South).

The DGA, District Governments, Punjab (South), Multan had a human resource of 77 officers and staff constituting 19,250 man-days and Annual Budget of Rs 180.380 million during Audit Year 2022-23. This Report contains audit findings of Compliance with Authority Audit conducted by DGA, District Governments, Punjab (South), Multan on the accounts of 17 District Education Authorities of Punjab (South) for Financial Year 2021-22 and accounts of some formations for previous financial years.

District Education Authorities (DEAs) were established w.e.f. 01.01.2017. The Chief Executive Officer (CEO) is the Principal Accounting Officer (PAO) of the District Education Authority (DEA) and carries out functions of the Authority through group of offices as notified in the Act *ibid*. The District Education Fund comprises District Local Fund and Public Account. Since, the chairmen of the Authorities could not be elected due to delay in electoral process, the annual budget statements were authorized by the Deputy Commissioner in each district, who had been notified as Administrator by the Government of the Punjab on 01.01.2017 for a period of only two years.

a) Scope of Audit

The DGA is mandated to conduct audit of 4,255 formations working under 17 PAOs of DEAs. Total expenditure and receipt of these formations was Rs 156,494.554 million and Rs 689.347 million respectively for Financial Year 2021-22.

Audit coverage relating to expenditure for the current audit year comprises 113 formations of 17 DEAs having total expenditure of Rs 49,909.958 million for

Financial Year 2021-22. In terms of percentage, the audit coverage for expenditure was 31.89% of auditable expenditure.

This Audit Report also includes audit observations resulting from audit of:

- i. Expenditure of Rs 14,023.771 million for Financial Year 2020-21 pertaining to 56 formations of 17 DEAs.
- ii. Expenditure of Rs 51,172.396 million pertaining to previous financial years.

Audit coverage relating to receipt for the current audit year comprises 113 formations of 17 DEAs having total receipt of Rs 210.618 million for Financial Year 2021-22. In terms of percentage, the audit coverage for receipt was 30.55% of auditable receipt.

In addition to this compliance with authority audit report, the DGA also conducted 130 financial attest audits, 03 compliance with authority audits and 01 thematic audit. Reports of these audits are being published separately.

b) Recoveries at the Instance of Audit

As a result of audit, a recovery of Rs 5,983.863 million has been pointed out in this report. Recovery effected from January to December, 2022 was Rs 186.080 million which was verified by Audit.

c) Audit Methodology

Audit was carried out against the standards of financial governance provided under various provisions of PFR Vol-I, II, Delegation of Financial Powers Rules and other relevant laws which govern the propriety of utilization of the financial resources of the DEAs. On the spot examination and verification of record was also carried out in accordance with the applicable laws / rules and according to the INTOSAI auditing standards.

The selection of the audit formations was made keeping in view their significance and risk assessment. Samples were selected after prioritizing risk areas by determining significance and risk associated with identified key controls.

d) Audit Impact

Irregularities pointed out during audit have helped the management in strengthening the internal control systems. However, audit impact in shape of

change in rules is not materialized as the Public Accounts Committee has not discussed any Audit Report of the DEAs.

e) Comments on Internal Control and Internal Audit Department

Internal control mechanism of DEAs was not found satisfactory during audit. Many instances of weak internal controls have been highlighted during audit which include some serious lapses like unauthorized withdrawal of public funds against entitlement of the employees, misappropriation of funds etc. Negligence on the part of management of DEAs may be captioned as one of the important reasons for weak internal controls. Further, no Internal Audit Department was established by the DEAs.

f) The Key Audit Findings of the Report

- i. Non-production of record worth Rs 1,771.421 million was reported in 10 cases¹.
- ii. Fraud, embezzlement and misappropriation of Rs 6.481 million was reported in 03 cases.²
- iii. Procedural irregularities amounting Rs 149,350.962 million were noticed in 128 cases³.
- iv. Value for money and service delivery issues involving Rs 299.258 million were noticed in 11 cases⁴.
- v. Other issues involving an amount of Rs 10,227.181 million were noticed in 67 cases⁵.

Audit paras involving procedural violations including internal control weaknesses and other irregularities not considered worth reporting to the Public Accounts Committee have been included in Memorandum for Departmental Accounts Committee (MFDAC) in **Annexure-A**.

¹ Para 2.2.1, 2.3.1, 2.5.1, 2.8.1, 2.9.1, 2.11.1, 2.12.1, 2.14.1, 2.15.1, 2.18.1

² Para 2.9.2, 2.13.1, 2.15.2

³ Para 2.2.2 to 2.2.8, 2.3.2 to 2.3.7, 2.4.1 to 2.4.7, 2.5.2 to 2.5.10, 2.6.1 to 2.6.8, 2.7.1 to 2.7.7, 2.8.2 to 2.8.4, 2.9.3 to 2.9.12, 2.10.1 to 2.10.2, 2.11.2 to 2.11.11, 2.12.2 to 2.12.13, 2.13.2 to 2.13.8, 2.14.2 to 2.14.7, 2.15.3 to 2.15.9, 2.16.1 to 2.16.9, 2.17.1 to 2.17.9, 2.18.2 to 2.18.10

⁴ Para 2.3.8, 2.5.11, 2.6.9, 2.9.13, 2.10.3 to 2.10.4, 2.11.12, 2.14.8, 2.16.10, 2.17.10 to 2.17.11

⁵ Para 2.2.9 to 2.2.13, 2.3.9 to 2.3.10, 2.4.8 to 2.4.12, 2.5.12 to 2.5.16, 2.6.10 to 2.6.15, 2.7.8 to 2.7.12, 2.8.5 to 2.8.8, 2.9.14 to 2.9.16, 2.10.5 to 2.10.6, 2.11.13 to 2.11.18, 2.12.14 to 2.12.16, 2.13.9 to 2.13.11, 2.14.9 to 2.14.11, 2.15.10 to 2.15.12, 2.16.11 to 2.16.13, 2.17.12 to 2.17.17, 2.18.11 to 2.18.13

g) Recommendations

PAOs are required to:

- i. Produce auditable record and take action against the person(s) responsible for non-production of record.
- ii. Hold inquiries and fix responsibility for fraud, misappropriation, irregularities, losses and wasteful expenditure besides effecting recovery.
- iii. Make efforts for expediting the realization of various Government receipt and overpayments.
- iv. Comply with the Punjab Procurement Rules for economical and rational purchases of goods and services.
- v. Ensure establishment of internal control system and proper implementation of monitoring system.