



**AUDIT REPORT**

**ON**

**THE ACCOUNTS OF**

**DISTRICT HEALTH 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 has 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 Health Authorities of Punjab (South) for Financial Year 2021-22 and accounts of some formations for previous financial years.

District Health Authorities (DHAs) were established w.e.f. 01.01.2017. The Chief Executive Officer (CEO) is the Principal Accounting Officer (PAO) of the District Health Authority (DHA) and carries out functions of the Authority through group of offices as notified in the Act *ibid*. The District Health 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 397 formations working under 17 PAOs of DHAs. Total expenditure and receipt of these formations was Rs 45,316.762 million and Rs 701.140 million respectively for Financial Year 2021-22.

Audit coverage relating to expenditure for the current audit year comprises 105 formations of 17 DHAs having total expenditure of Rs 21,804.017 million for Financial Year 2021-22. In terms of percentage, the audit coverage for expenditure was 48.11% of auditable expenditure.

This audit report also includes audit observations resulting from audit of:

- i. Expenditure of Rs 4,029.313 million for Financial Year 2020-21 pertaining to 32 formations of 17 DHAs.
- ii. Expenditure of Rs 1,371.519 million pertaining to previous financial years.

Audit coverage relating to receipt for the current audit year comprises 105 formations of 17 DHAs having total receipt of Rs 262.505 million for Financial Year 2021-22. In terms of percentage, the audit coverage for receipts was 37.44% 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 6,792.183 million has been pointed out in this report. Recovery effected from January to December, 2022 was Rs 104.706 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 DHAs. On the spot examination and verification of record was also carried out in accordance with the applicable laws / rules and according to 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 DHAs.

**e) Comments on Internal Control and Internal Audit Department**

Internal control mechanism of DHAs 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 the entitlement of the employees, misappropriation of funds etc. Negligence on part of the management of DHAs may be captioned as one of the important reasons for weak internal controls. Further, no Internal Audit Department was established by the DHAs.

**f) The Key Audit Findings of the Report**

- i. Non-production of record worth Rs 997.721 million was reported in 15 cases<sup>1</sup>.
- ii. Fraud, embezzlement and misappropriation of Rs 39.591 million was reported in 07 cases<sup>2</sup>.
- iii. Procedural irregularities amounting Rs 51,205.996 million were noticed in 156 cases<sup>3</sup>.
- iv. Value for money and service delivery issues involving Rs 1,614.960 million were noticed in 08 cases<sup>4</sup>.
- v. Other issues involving an amount of Rs 10,068.997 million were noticed in 90 cases<sup>5</sup>.

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**.

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<sup>1</sup> Para No.2.2.1, 2.3.1, 2.4.1,2.5.1,2.6.1,2.7.1,2.8.1,2.9.1,2.10.1, 2.11.1, 2.12.1, 2.14.1,2.15.1,2.16.1,2.17.1

<sup>2</sup> Para No. 2.5.2,2.5.3,2.6.2, 2.9.2, 2.12.2, 2.12.3, 2.17.2

<sup>3</sup> Para No. 2.2.2 to 2.2.7, 2.3.2 to 2.3.10, 2.4.2 to 2.4.13, 2.5.4 to 2.5.15, 2.6.3 to 2.6.21, 2.7.2 to 2.7.15, 2.8.2 to 2.8.4, 2.9.3 to 2.9.14, 2.10.2 to 2.10.4, 2.11.2 to 2.11.5, 2.12.4 to 2.12.22, 2.13.1 to 2.13.6, 2.14.2 to 2.14.7, 2.15.2. to 2.15.12, 2.16.2 to 2.16.3, 2.17.3 to 2.17.15, 2.18.1 to 2.18.5

<sup>4</sup> Para No. 2.4.14 to 2.4.15, 2.6.22 to 2.6.24, 2.7.16, 2.14.8, 2.17.16

<sup>5</sup> Para No. 2.2.8 to 2.2.10, 2.3.11 to 2.3.12, 2.4.16 to 2.4.25, 2.5.16 to 2.5.18, 2.6.25 to 2.6.37, 2.7.17 to 2.7.26, 2.8.5 to 2.8.8, 2.9.15 to 2.9.18, 2.10.5 to 2.10.8, 2.11.6 to 2.11.9, 2.12.23 to 2.12.27, 2.13.7 to 2.13.10, 2.14.9 to 2.14.10, 2.15.13 to 2.15.17, 2.16.4 to 2.16.6, 2.17.17 to 2.17.26, 2.18.6 to 2.18.9

**g) Recommendations**

PAOs are required to:

- i. Produce auditable record and take action against the persons responsible for non-production of record.
- ii. Hold inquiries and fix responsibility for fraud, misappropriation, losses and wasteful expenditure.
- iii. Make efforts for expediting the realization of various Government receipts.
- iv. Comply with the Punjab Procurement Rules for economical and rational purchases of goods and services.
- v. Rationalization of the budget with its utilization.
- vi. Ensure establishment of internal control system and proper implementation of the monitoring system.