



**PERFORMANCE AUDIT REPORT
ON
MILITARY DAIRY FACTORIES
OKARA AND RENALA**

AUDIT YEAR 2016-17

AUDITOR-GENERAL OF PAKISTAN

PREFACE

The Auditor General of Pakistan conducts audits subject to Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with sections 8 and 12 of the Auditor General's Functions, Powers and Terms and Conditions of Service Ordinance 2001. Auditor General has the mandate to conduct Performance Audit (Value for Money Audit) for the purposes of establishing the economy, efficiency and effectiveness of any expenditure or use of public resources. The performance audit of Military Dairy Factories Okara and Renala was carried out accordingly.

The Directorate General Audit Defence Services (North) conducted performance audit of Military Dairy Factories Okara and Renala during July, August and September, 2016. The audit was conducted with a view to reporting significant findings to stakeholders. Audit examined the economy, efficiency, and effectiveness aspects of the two Factories. In addition, Audit also assessed, on test check basis whether the management complied with applicable laws, rules, and regulations in managing the project. The Audit Report indicates specific actions that, if taken, will help the management to realize the objectives of the Factories. All the observations included in this report have been finalized in the light of discussions in the DAC meetings.

The Audit Report is submitted to the President in pursuance of the Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973.

Islamabad
Dated:

(JAVOID JAHANGIR)
Auditor-General of Pakistan

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ABBREVIATIONS AND ACRONYMS

ADG	Additional Director General
CMA	Controller Military Accounts
DAC	Departmental Accounts Committee
DG RV&F	Director General Remount Veterinary and Farms
DGP	Director General Purchases
DI	Demand Instructions
FR	Financial Regulation
GHQ	General Head Quarters
GS	General Services
HQ	Head Quarter
HSD	High Speed Diesel
INTOSAI	International Organization of Supreme Audit Institutions
ISPR	Inter Services Public Relations
LAO	Local Audit Officer
LESCO	Lahore Electric Supply Company
LLDP	Linear Low Density Polyethylene
LPF	Low Power Factor
LTD	Limited
MAD	Military Accounts Department
MCC	Milk Collection Centre
MDF	Military Dairy Factory
Mily	Military
MoD	Ministry of Defense
MT	Mechanical Transport
NAB	National Accountability Bureau
O&M	Organization and Methods
OGRA	Oil and Gas Regulatory Authority
PAO	Principal Accounting Officer

POL	Petroleum Oil and Lubricants
PPRA	Public Procurement Regulatory Authority
QMG	Quarter Master General
RR	Reserve Fund
SMP	Skimmed Milk Powder
SNF	Solid Not Fat
SPAO	Special Pakistan Army Order
SRO	Statutory Regulatory Order
SSD	Station Supply Depot
TO&E	Table of Organization and Equipment
WMP	Whole Milk Powder

EXECUTIVE SUMMARY

Directorate General of Audit Defence Services (North), Rawalpindi conducted audit of Military Dairy Factories Okara and Renala during July to September, 2016. The main objective of the audit was to examine whether the production of dairy products was made in accordance to optimum level given in the Table of Organization and Equipment (TO&E) duly approved by the Chief of General Staff and to ascertain whether set production targets were achieved with due regard to economy, efficiency and effectiveness. The audit was conducted in accordance with the INTOSAI Auditing Standards. Main audit findings are as follows:

1. Non-provision of auditable documents Rs. 2,576.968 million including record pertaining to cooling tanks (chillers) installed at Milk Collection Centers (MCC) for enhancement of their efficiency Rs.18.180 million
2. Non-utilization of resources for production of 3964589 kg whole milk powder and earn profit of Rs.708 million
3. Non-compliance to Government orders regarding conclusion of contracts for purchase of dairy products, stores Rs. 1,024.267 million
4. Less production of 44557 kg whole milk powder worth Rs.28.783 million by the factory management. Extra use of Skimmed Milk Powder (SMP) worth Rs.37.715 million
5. Loss due to purchase of below specified fresh milk from the market
6. Purchase of milk from military farms at higher rates
7. Less production of Whole Milk Powder (WMP) by MDF Okara as compared to MDF Renala
8. Unfair presentation of accounting figures in the trading account Rs. 2,433.694 million
9. Unfair/unrealistic increase in trading account figures

Our corresponding recommendations are as under: -

Audit recommends that factories should work at their full installed capacity so that production could be enhanced.

Dairy products manufactured beyond the need of troops should be sold out in the open market.

The Factories should explore new commercial activities for earning more profit. The milk cost should be reduced in the military farms by taking corrective measures.

The management of Factories should purchase standard fresh milk to produce WMP as per specifications.

The management must hold fact findings to know the reasons of less production of WMP and take measures to achieve the adequate level of production of WMP.

The management must give justification while increasing their day to day expenditure enormously.

The management of Factories must produce all auditable record for audit scrutiny, i.e. record pertaining to installation of chillers.

The organization and management of both Factories should be compared to know the reasons of good performer and bad performer in production of WMP.

The management must be held responsible for any misreporting in Trading Account. The management should purchase milk at competitive prices.

Award of contracts after negotiations and without open tendering/competitive bidding may be regularized from competent financial authority. Sanctity of Govt. rules/regulations may be observed in future.

Transparency in procurement process be achieved by following PPRA in letter and spirit.

The management of Factories should arrange trainings for their staff on PPRA and other relevant government rules and regulations.

1. INTRODUCTION

MDF Okara

In 1900 the British Imperial Raj planned to develop a canal system for the agricultural development of Punjab. The British Government observed that land of Okara is very fertile and decided to establish an organized farms system and to make non-cultivable land to cultivatable.

In 1945 evaporated milk tin factory and ghee center was established to supply healthy, pure and processed condensed milk and butter oil (Desi ghee) to the British Army, when milk borne diseases spelled out among troops in 2nd world war. At that time Desi ghee was procured from villagers in the vicinity of Okara. At the time of partition 1947 the Pakistan army took control of factory. These dairy products were also supplied to the Pak army troops deployed in East Pakistan.

In 1962 a milk powder plant was imported and installed to meet the growing demands of dairy products of troops. Later during 1968 another powder plant was inducted to enhance the production capacity. In 1974 cheese manufacturing unit was established at MDF Okara. In 1982 extruder plant was installed to meet the demand of packing material of both factories and all farms.

MDF Renala

The factory was established by Glaxo laboratories in 1962 for production of milk powder, butter and farex. The factory was purchased by Pakistan Army in June 1979. MDF Renala is functioning since 1979 for provision of WMP and butter to troops. To fulfill the requirement production, major portion of raw milk is purchased from the field. Manufacturing process involves gentle removal of water under stringiest hygienic conditions while retaining desirable natural properties of milk. Milk powder is immensely more stable than fresh milk however protection from moisture, oxygen, light and heat is needed to maintain its shelf life and quality.

AUDIT OBJECTIVES

1.1 AUDIT OBJECTIVES

Audit examined the aspect of economy, efficiency and effectiveness while achieving the following objective.

- 1) To verify that production shown in annual trading account against raw material was correct.
- 2) To verify that annual trading accounts were presented in a fair way.
- 3) To verify that production level was achieved in accordance to the capacity of plant
- 4) To verify whether rules and regulations were observed during contracting process.
- 5) To audit reserve fund account
- 6) To audit whether depreciation charges were rightly reported in the annual trading account.
- 7) To audit accounts relating to interest on capital.

AUDIT SCOPE AND METHODOLOGY

1.2 AUDIT SCOPE AND METHODOLOGY

3.1.1 AUDIT SCOPE

Audit was conducted to examine the performance of MDF Okara and Renala with regard to economy, efficiency and effectiveness through financial management, observance of applicable rules and regulations and utilization of available resources for achievement of envisaged objectives.

3.1.2 AUDIT METHODOLOGY

Performance audit was conducted in accordance with INTOSAI Auditing Standards and International Standards of SAIs, with the aim to ensure completeness, accuracy, relevance and authenticity of project operations. The following audit methodology was adopted during performance audit:

- i) Study of last three years trading accounts of MDF Okara and Renala
- ii) Audit checks were made to evaluate that expenditures were completely recorded, assets purchased were properly maintained, inventory systems adopted and procurements were made in accordance with rules.
- iii) Scrutiny of budget allocations, releases, expenditure details.
- iv) Scrutiny of payments record to ensure that payments were validated by proper supporting vouchers/ documents and approvals of competent authorities as per applicable rules and regulations, and that record was properly maintained.
- v) Audit checks were made to find out actual production of dairy products.
- vi) Comparison of last three years trading results.
- vii) Informal discussions with management, concerned officers and staff of the factories.

2. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 ORGANIZATION AND MANAGEMENT

4.1.1 NON UTILIZATION OF RESOURCES FOR PRODUCTION OF 3964589 KG WHOLE MILK POWDER AND TO EARN PROFIT OF RS.579.819MILLION

MDF Okara

According to the TO&E of HQ Military farms Group Okara, Mily dairy factory Okara and MDF Renala has the capability to purchase and transfer of fresh milk through milk collection centers up to 45000 & 80000 ltrs per day as approved by the chief of Army staff on 28/10/2012 vide GS branch (O&M Dte) GHQ letter dated: 8/2/2013.

While examining the record held with MDF Okara, it was revealed that factory management has purchased 30000 ltrs of fresh milk per day against the approved capacity of 45000 ltrs per day from the collection centers during the year 2015-16 and resultantly 5359514 ltrs of fresh milk was less purchased during 2015-16, therefore WMP 1205887 kg whole milk powder was less manufactured. Thus due to non-utilization of resources according to the target set in TO & E, state fund has deprived from earning of profit of Rs.325,346,885 during the year 2015-16. Detailed working is given in **Annexure A.**

MDF Renala

Similarly the factory management of MDF Renala purchased 45000 ltrs of fresh milk per day against of 80000 ltrs per day from the collection centre/locals during the year 2015-16 for manufacturing WMP. Resultantly of 12260903 ltrs fresh milk was less purchased during 2015-16. Due to which 2758702 kg whole milk powder was less manufactured and state fund deprived from sure profit of Rs.254,472,344 during the year 2015-16. Detailed working is given in **Annexure B.**

Audit was of the view that due to non-utilization of factories resources effectively, optimum level of production of WMP could not be achieved.

1. When pointed out by the audit it was stated by the factory authorities that Whole Milk Powder was manufactured to meet the requirement of Troops as per DI received from GHQ and that, there was no provision to produce extra products for sale into the market.

The Para was discussed in the DAC. DAC in its meeting held on 28th August, 2017 pended the Para. Reply of the executive was not accepted as WMP was purchased locally by the RV&F Dte for supply to the farms besides the fact that both factories have capacity to produce more WMP to meet the military requirements.

Recommendations:

- Reasons for non-achievement of optimum level of production need to be justified.
- Client demand should have been sufficiently anticipated and new activities be explored to earn profit from full capacity otherwise fixed cost was not justified.

4.1.2 LESS RODUCTION OF 44557 KG WHOLE MILK POWDER WORTH RS 28.783 MILLION BY THE FACTORY MANAGEMENT

MDF Okara

Whole milk powder is prepared from fresh milk according to the formula given in standing orders military farms dairy produce 1958 revised 1990.

While examining the accounts of MDF Okara it revealed that factory management manufactured a quantity of 3057244 kg whole milk powder during the period 2015-16 whereas with the same raw milk a quantity of 3080827 kg of whole milk powder was required to be manufactured. Quantity of 23583 kg milk powder worth Rs.15,234,618 was less produced. Detailed working is given in **Annexure C**.

MDF Renala

Similarly, while examining the record held with MDF Renala it was revealed that factory management manufactured a quantity of 3144472 kg whole milk powder during the period 2015-16 whereas, as per the standard formula with the same raw material a

quantity of 3165446 kg of whole milk powder was required to be manufactured. A quantity of 20974 Kg milk powder worth Rs.13,549,204 was less manufactured. Detailed working is given in **Annexure D**.

Audit was of the view that the management was not purchasing fresh milk of required standard. Further, the internal controls were found weak and checks and balances not fully applied.

When pointed out by the audit the factory authorities stated that Percentage of fat and solid not fat in milk could not be fixed considerably even within the same species of animals. Further, stated that audit authorities had considered only ASC specification of buffalows milk while they use term of fresh milk consisting milk of other species also. The Para was discussed in DAC meeting held on 28th August, 2017. DAC settled the Para subject to verification of the figures. Reply of the executive was not accepted as audit had considered milk of both species i.e. Buffalo and cow while making calculations and in accordance to the standardized formula. The figures could not be got verified from Audit till finalization of this Report.

Recommendations:

- Reasons for less production of WMP need to be justified/verified to audit.
- Management may utilize their resources effectively on procurement process and to purchase the standard fresh milk to achieve the required production of WMP.
- Non production of record till finalization of report also indicates the ineffectiveness of the management which need special attention.

4.1.3 UNAUTHORIZED PURCHASE OF BELOW SPECIFIED FRESH MILK FROM THE MARKET

According to the instruction issued by RV&F Directorate vide its letter no 5812/69/Farms-RXCDB dated 25/9/14, local purchase of buffalo milk will be purchased from the local market at 6% fat.

MDF Okara/ Renala

While examining the Accounts of MDF Okara/ Renala it revealed that factories management purchased fresh milk from milk collection centers of fat less than 6%.The WMP and extruder plants Installed at MDF Okara and Renala comprise upon evaporator, dryers, and boilers which have its per hour capacity of manufacturing WMP depending upon the thickness of fresh milk. The below specified milk will take more time for its conversion into powder form and consume more fuel in the shape of furnace oil ,used engine oil and sui gas. In 2015-16 MDF Okara and MDF Renala processed 11568366 ltrs and 14690350 ltrs fresh milk for manufacturing of WMP. The factories had to bear extra expenses during processing of low specified fresh milk. Detail of milk purchased is given in **Annexure E**.

Audit was of the view that by way of procurement of fresh milk of standard quality not only better results could be obtained but extra expenses incurred in processing would also be secured.

When pointed out by audit the factory authorities stated that 6% Fat criteria was given for buffalo milk to standardize the purchase rates but in market mixed type of milk from different animals like cow and Buffalo was sold and fat percentage was highly variable. The issue was discussed in the forum of DAC in its meeting held on 28th August, 2017. DAC directed that worksheet be provided to audit for verification. Required record was not produced to audit till finalization of this report.

Recommendations:

- Reasons for purchase of below specified milk need to be intimated.
- Resources were required to be utilized effectively to arrange fresh milk of the required standard and to save extra expenses on procurement of below standard fresh milk.

4.1.4 LESS PURCHASE OF FRESH MILK AS COMPARED TO PREVIOUS YEAR

To analyze production of whole milk powder against purchase of fresh milk by the both factories, last three years trading accounts of MDF Okara/Renala were studied.

MDF Renala

While examining the accounts of MDF Renala, it was revealed from the comparison of last three years trading accounts that MDF Renala purchased fresh milk of Rs. 804,364,575 during the year 2014-15 which was 2.01% less than the previous year purchase of Rs. 820,877,849. Resultantly the production of whole milk powder was decreased by 2.01% during the year 2014-15. On the contrary the troops demand for WMP was increasing day by day as evident from the demand instructions for the years 2013-14 (1678 ton) and 2014-15 (3849 ton). Detail is given in **Annexure F**. Audit was of the view that available resources were not utilized effectively to achieve the required production and earn profit.

When pointed out by the audit the factory authorities stated that WMP was manufactured to meet the requirement of Troops, DI received from GHQ. The requirement of troops was successfully met as per received DI from GHQ. The issue was discussed in DAC in its meeting held on 28th August, 2017, DAC pended the Para till reconciliation of figures with audit. The record was not produced to audit for reconciliation /verification till finalization of this Report.

Recommendations:

- Reasons for less purchase of fresh milk during 2014-15 need to be justified.
- The management was required to utilize resources at their full capacity without keeping in view demand of the troops and earn profit at the optimum level.

4.1.5 LESS PRODUCTION OF WMP BY MDF OKARA AS COMPARED TO MDF RENALA

To analyze production of whole milk powder against purchase of fresh milk by the both factories, last three years trading accounts of MDF Okara/Renala were studied.

MDF Okara

While examining the trading accounts of MDF Okara and Renala it was revealed from the comparison of last three years data that a quantity of 15013062 ltrs of fresh milk was kept by MDF Okara for manufacturing of whole milk powder during the year 2015-16. Against this fresh milk MDF Okara produced whole milk powder of 3057244 kg by utilizing SMP of 1063307 kg.

Whereas MDF Renala kept a quantity of 14690350 ltrs of fresh milk for manufacturing of whole milk powder during the year 2015-16. Against this fresh milk MDF Renala produced whole milk powder of 3144472 kg and used SMP of 853856 kg. Thus with less input MDF Renala implied maximum output from the given resources as compared to MDF Okara, showing effective utilization of resources by MDF Renala.

When pointed out by audit the factory authorities stated that MDF Okara processed 15011869 ltrs of Milk (11266052 ltrs buffalow and 3745817 ltrs cow) instead of (11568366 ltrs buffalo and 3444696 lit cow) for manufacturing of WMP. It was further stated that MDF Renala used 242951 kgs less SMP due to addition of 2798979 ltrs separated milk in lieu of SMP for production of WMP.

The issue was discussed at the forum of DAC in its meeting held on 28th August, 2017. DAC directed that figures be reconciled with audit. The record was not produced to audit for reconciliation /verification till finalization of this Report.

Recommendations:

- Reasons for less production of WMP need to be justified.
- The MDF Okara, management was required to utilize their resources at full capacity effectively to achieve the required optimum production level.

4.1.6 UN AUTHORIZED RETENTION OF EXCESS VEHICLES RS 0.250 M

The Chief of Army Staff has approved the Table of Organization and Equipment of Military Dairy Factory Renala on 28/10/2012 vide GHQ GS branch, O&M Dte letter dated: 8/2/2013, with due authorization of vehicle etc.

MDF Renala

While examining the record held with MDF Renala, it was revealed that vehicles i.e. BA No. 931329 Toyota Jeep and BA No. 905983 Fork lifter were held in excess of authorization. This resulted into an unauthorized retention of vehicles with consumption of POL 2870 liters costing Rs.250,034/- (2870x87.12) and suffered efficiency of the entity by holding excess vehicles beyond resources. Detail showing unauthorized consumption of POL is given in **Annexure G**.

When pointed out by audit the factory authorities stated that 22 Vehicles were authorized as per TO&E of HQ Mil Farms GP Renala and 19 vehicles held on the charge. And that overall there was deficiency of 3 x Vehicles. The issue was discussed in DAC in its meeting held on 28th August, 2017. DAC pended the Para with the direction provision of budget copy. The budget position was not intimated to audit for verification till finalization of this Report.

Recommendations:

- Reasons for retention of vehicle in excess of authorization need to be justified.
- Remedial measures be taken in future and proper planning made to use the resources effectively
- Excess vehicles may be disposed or budget be produced to justify the vehicles held in excess.

4.1.7 NON OBSERVANCE OF GOVERNMENT ORDERS REGARDING MINIMUM PAYMENT OF SALARY/WAGES TO UNSKILLED WORKERS

According to the minimum wages ordinance, 1961” and “Pakistan minimum wages for unskilled workers ordinance 1969 “ the Federal Government has raised the minimum wages for unskilled workers in June, 2014 from Rs. 10,000 to Rs. 12,000 per month.

MDF Renala

While examining the record held with MDF Renala, it was revealed that 37 daily wages employees were working in the MDF Renala since long but their wages were not raised in accordance with the Federal Government orders. It was stressed that case be referred to the authorities concerned for raising their wages in accordance to the above ordinance i.e. from 1/7/2013 @ Rs. 10000 PM and from 1/7/2014 @ Rs. 12000 PM and payment of the arrears to enhance their efficiency & effectiveness. Detailed working is given in **Annexure H**.

When pointed out by the audit the factory authorities stated that case had already been taken up with authorities concerned for increase of daily wages. The matter was discussed in DAC meeting held on 28th August, 2017. DAC pended the Para till final action.

Recommendations:

- Case already forwarded to higher authorities for raising wages of employees may be finalized on top priority to enhance their efficiency and play an effective role in the management to achieve the required production level.

4.1.8 LESS RECEIPT UNDER HEAD “MISC RECEIPT” DURING THE YEAR 2014-15 AS COMPARED TO 2013-14

To analyze the receipts of both factories, last three years trading accounts of MDF Okara and MDF Renala were studied.

While examining the record held with MDF Renala it was revealed from the comparison of trading accounts of last three years that MDF Renala recovered Rs. 40,072,922 in 2014-15 under head of account “miscellaneous receipt” which was 60.24% less than the previous year’s receipt of Rs. 100,788,078. Less receipt was due to inefficiency of management. Detail of receipts come under this head of account was enquired from the management but the same was not intimated.

Audit was of the view that there must be transparency in the miscellaneous head of account and should be reported to audit for scrutiny.

When pointed out by audit the factory authorities stated that due to transfer of SMP during 2013-14 to other units Misc. receipt was increased. But same quantity was not transferred to MDF Okara which was main reason for less receipt of Misc. receipt during 2014-15 The issue was discussed in the DAC in its meeting held on 28th August, 2017 DAC pended the Para subject to reconciliation of figures with audit. Record was not produced till finalization of this Report.

Recommendations:

- Reasons for less receipt in miscellaneous. Head of account needs to be justified.
- Efficiency of the resources needs to be increased with the passage of time rather than its declining trend to achieve the required results.

4.1.9 UNFAIR PRESENTATION OF ACCOUNTING FIGUERS IN THE TRADING ACCOUNT Rs. 2433 M

According to Article 260 of the constitution of Islamic Republic of Pakistan the financial year means “a year commencing on the first of July” Further, as per Rule 46 of FR Vol II, 1986 , expense is subject to pre /post audit.

MDF Okara

During course of audit it was noticed that the management of MDF Okara had provided unaudited estimated Trading Account for the year 2015-16 to the audit team. Scrutiny of record pertaining to the Trading Accounts for the years 2013-14, 2014-15

and 2015-16 revealed that various accounting figures having effect of Rs. 2,433,694,659 reported in the trading account for the year 2015-16 pertained to the previous year trading account. Further, the profit of Rs. 474,719,109 stated to have been earned during the year 2015-16 was also not based on facts.

The requisite auditable documents were requisitioned on 4/8/16 and 10/8/16 but documents mentioned were not made available to audit team till completion of audit. In the absence of documents requisitioned fair presentation of accounts could not be assessed. Detail is given in **Annexure I**.

MDF Renala

Similarly, the management of MDF Renala had also provided unaudited estimated Trading Account for the year 2015-16 to the audit team. Scrutiny of record pertaining to the trading accounts for the years 2013-14, 2014-15 and 2015-16 revealed that various accounting figures reflected in the trading account for the year 2015-16 pertained to the previous year Trading Account. Detail of various accounts was called for by the audit but the same was not made available to audit by close of audit. Purchase of SMP was placed under “General stores and miscellaneous charges” where as it should have been placed under production charges. Copy of balance sheet was also not made available to audit. Further, the profit of Rs. 678,394,836 stated to have been earned during the year 2015-16 was also not based on facts. Detail is given in **Annexure J**.

When pointed out by the audit the factory authorities stated that audited trading account for the year 2015-16 was available. The matter was discussed in the DAC meeting held on 28th August, 2017. DAC pended the Para till reconciliation of figures with audit. The record was not produced to audit for reconciliation till finalization of this Report.

Recommendations:

- Reasons for incorporation of last year figures in trading account need to be justified.
- Relevant record may be produced to audit for scrutiny.

- Responsibility should be fixed against the persons at fault.
- The management may plan its activities to streamline the systems to achieve transparency and effectiveness to avoid such recurrence in future.

4.1.10 NON PROVISION OF RECORD PERTAINING TO COOLING TANKS (CHILLERS) INSTALLED AT MILK COLLECTION CENTRES (MCC) FOR ENHANCEMENT OF THEIR EFFICIENCY RS. 18.180 million.

In terms of Articles 169 and 170 of the constitution of the Islamic Republic of Pakistan read with the Auditor General Ordinance 2001 and present orders of the Supreme court of Pakistan passed in CMA,s 3330,3471,3594/13 in constitution petition no 105-12, audit is constitutional mandated process and after 18th amendment in constitution there is no room for denial of disclosure and withholding of accounts from Auditor General for audit.

MDF Renala

It was noticed from the contract file that a contract was made with M/S Eye –Tee Lahore for supply of 45 chillers of capacity 1000 ltr @ Rs. 404,000/-valuing Rs. 18,180,000/- during the period 10/5/2007 to 15/6/2007. The chillers were installed at milk collection centres for enhancing the efficiency of both MDF/MCCs. In order to evaluate the efficiency and effectiveness of MDF/MCCs following checks were to be applied by the audit team.

- Whether the objectives have been defined by the auditee as precisely as practicable. Preferably they should be measurable
- Whether the objectives set are realistic. They might be over ambitious or set in such a way as to manipulate extra resources from the Government
- How far the objectives have been based on facts and forecasts which appear reliable
- To which extent the objectives have been achieved
- Whether the policy instruments chosen to carry out objectiveness are based on detailed analysis of alternatives
- Whether the progress can be reasonably attributed to the activities and policies of the auditee

- Whether the auditee has a satisfactory arrangement to monitor the effectiveness of policy instrument

For the purpose, record was requisitioned by the audit team so that after installation of chillers efficiency/effectiveness of MDF/MCCs could be evaluated in the light of above standard but the record was not made available to audit despite verbal requests. This was brought into the knowledge of management. According to the inventory book these chillers were installed at MCCs but in fact about 11 chillers were available in the factory unused and in deteriorating condition Audit was of the view that purpose for which these chillers were purchased could not be achieved.

When pointed out by audit the factory authorities stated that chillers were installed at different MCCs. out of 45 x Chillers, 11 chillers were held with factory for repair/maintenance purpose. Said chillers will be installed at MCC after repair. The matter was discussed in the DAC in its meeting held on 28th August, 2017. DAC pended the Para till verification of chillers installed from Audit. The record was not produced to audit for verification till finalization of this Report.

Recommendations:

- Non provision relevant record to audit needs to be justified.
- Responsibility should be fixed against the persons at fault.
- The procurement of chillers and its nonfunctioning was the failure on the part of management and attributable towards ineffectiveness which needed immediate attention.

4.2 FINANCIAL MANAGEMENT

4.2.1 UNFAIR/UNREALISTIC INCREASE IN TRADING ACCOUNT FIGUERS

Under section 14 (3) of Auditor General Ordinance 2001 , any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

MDF Okara

- A) It was noticed from the comparison of last three years Trading Accounts that an amount of Rs. 6,471,880 was booked in the trading account for the year 2014-15 under head PMAD charges which was 857.51 % more than the charges of Rs. 675,907 booked under the same head of account during the year 2013-14, whereas production of WMP (poly pack) decreased from 2689062 Kg to 2531390 kg i.e. 5.86% and WMP (Gas pack) decreased from 181578 Kg to 99740 kg i.e. 45.07%.
- B) The comparison of last three years Trading Accounts further revealed that an amount of Rs. 30,737,639 was booked in the trading account for the year 2014-15 under head “feed of cattle” which was 300.60 % more than the charges of Rs. 7,672,941 booked under the same head of account during the year 2013-14. It is worth mentioning that during the year 2013-14 and 2014-15 only 3 mules were held at the charge of Military dairy factory Okara as evident from animal herd statistics (PAF (DP)-03). Further, this amount was lowered by 90.84 % during 2015-16.
- C) Similarly, the comparison of last three years Trading Accounts revealed that an amount of Rs. 268,668 was booked in the trading account for the year 2014-15 under head” ice and salt” which was 1382.96 % more than the charges of Rs. 18,117 booked under the same head of account during the year 2013-14.
- D) It was observed during comparison of last three years trading accounts that a quantity of 15013062 ltrs of fresh milk was retained for manufacturing of whole milk powder during the year 2015-16. This was 14.48 % above the previous year milk quantity of 13113698 ltrs. The production of whole milk powder (poly bags) was shown as 2830458 kg which was 11.81% above the previous year production and the production of whole milk powder (gas pack) was shown as 226786 kg which was 127.38% above the previous year production.

Audit was of the view that enormous increase in charges is not justified until proved documentary.

When pointed out by audit the factory authorities stated that during financial year 2013/14, 219.50 tons milk replacer was procured for farms which was dispatched to concerned out fits on required basis during financial year 2013/14, 2014/15 and 2015/16. And that unusual increase / decrease in charges under the head feed of cattle was due to purchase of mil replacer. DAC in its meeting held on 28th August, 2017, pended the Para till reconciliation of figures with audit.

The record was not produced to audit for reconciliation /verification till finalization of this Report.

Recommendations:

- Reasons for abrupt increase in expenses need to be justified.
- Trading accounts should be based on authentic figures to reflect the true pictures of the entity accounts.

**4.2.2 PURCHASE OF MILK FROM MILITARY FARMS AT HIGHER RATES
Rs. 43.921 MILLION**

According to Rule- 128 FR Vol- II, 1986 all Military Farms work on Quasi Commercial lines and meet their expenses at their own.

MDF Okara

It was noticed from the record held with Military Farm Okara that a sum of Rs. 157,190,908 was paid and accepted against receipt of fresh milk from Military farms at the rate Rs. 68 per ltr (buffalo milk) and at Rs. 63 per ltr (cow milk) whereas during the same period milk was purchased from the local market at Rs. 49 per ltr. An amount of Rs. 43.921 Million was accepted in excess. Detail is given in **Annexure K**.

Audit was of the view that MDF Okara is a profit bearing entity this should not shoulder loss of Mily Farms, accrued, by way of taking fresh milk from this farm at higher rates than the rate fixed by the QMG for purchase of fresh milk from collection center @ Rs. 49 per ltr.

When pointed out by audit the factory authorities stated that GHQ Rwp RVF Dte had intimated vide their ltr no.5812/Farms dated 19 Nov, 2001 that “fresh milk produced by the farms located in your group and delivered to MDF Okara/Renala for processing purpose will continue to be charged at the actual cost of production” The Para was discussed at the forum of DAC in its meeting held on 28th August, 2017. DAC pended the Para till verification of the documents from Audit. The documents were not produced to audit for verification till finalization of this Report.

Recommendations

- Reasons for purchase of milk at higher rates need to be justified.
- The management should take steps in order to resolve the issue

4.3 PROCUREMENT AND CONTRACT MANAGEMENT

4.3.1 NON COMPLIANCE TO GOVERNMENT ORDERS REGARDING CONCLUSION OF CONTRACT FOR PURCHASE OF DAIRY PRODUCE & STORES Rs. 1024.267 M

According to Section 33-b of NAB ordinance(xviii of 1999) as modified as on 26/3/2010 “all Ministries, Divisions and attached Departments of the Federal Government, all Departments of Provincial and Local Governments, statutory Corporations or authorities established by the federal government or provincial government and holders of public office shall furnish a copy of any contract, entered into by such Ministries, Divisions and attached Departments of the Federal Government, all Departments of Provincial and Local Governments, statutory Corporations or authorities established by the Federal Government or Provincial Government and holders of public office on its behalf, as the case may be, of the minimum monetary value of fifty million rupees or more within such a time as is reasonably practicable from the date of signing such contract”

Public procurement authority vide its letter no F.1(17)/DD1/PPRA/defense/10 dated 23/8/2010 has clarified that no regulation has been issued in this regard defining

permissible areas for negotiations, therefore, Public Procurement Rules 2004 do not allow negotiations with the bidders.

According to the Government of Pakistan Ministry of Defence memo no F.3/1/98/D-15 dated 23/2/2008, the financial powers of DG RV&F for conclusion of contract are Rs. 4,500,000 for one year.

According to Rule-12 (2) of PPRA Ordinance 2002 issued vide S.R.O No.432 (1)/2004 dated 09/06/2004, all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in the other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

According to para 71 © of FR Vol-1 1986, the security deposit from the contractor shall be obtained @5% of the value of the contract if it exceeds Rs. 10,000.

According to Rules of Business/advertisement policy of the Government of Pakistan as circulated vide Finance Division (Military) vide its UO No. 1056/DFA(R-I)/ASMF/2009 dated 11/12/09, all offices/autonomous bodies shall release their advertisements through Press Information Department, Ministry of Information & Broadcasting.

According to para-3 of Government of Pakistan Ministry of Finance Economic Affairs Statistics and Revenue Islamabad Notification (Sale Tax) S.R.O-660 (1)/2007 dated 30/06/2007, the supplier files monthly return as prescribed in the Sales Tax Rules – 2006.

According to Para 9(b) of the terms and conditions of the contract “after expiry of original period cancellation or termination of contract or getting extension in delivery/service period with or without LD charges will be decided by the Competent Authority.

According to Rule – 19, of Financial Regulations – Part 1, 1986, “No measure which requires the sanction of the superior authority shall be sanctioned by the subordinate authority in installments”.

MDF Okara

- a) It was noticed from the record held with Military dairy factory Okara that DG RV&F concluded contract for Rs.477 million with M/S Premier dairies for supply of 1000 metric ton skimmed milk powder @ Rs.477/Kg during the period 1/9/15 to 30/6/16. Copy of contract was not forwarded to NAB in violation of NAB ordinance, besides negotiation made with lowest bidder was violation of PPRA rules.
- b) While examining the record held with MDF Okara, it revealed that DG RV&F concluded contract with M/S AM containers (PVT) LTD Lahore for supply of 100000 empty powder tins during the period from 1/2/16 to 31/5/16. Following irregularities were observed.
- The purchase costing Rs. 7,990,000 was beyond the financial powers of DG RV&F.
 - Purchase was not advertised on PPRA website in violation of PPRA Rules.
 - In the subject case security deposit @ 2% was retained in violation to above financial regulation.
 - Advertisement was given in newspaper through ISPR and not through Information Department violating the rule of business.
 - In the case the contractor did not provide sales tax return in violation to above Government orders.
 - In the particular case 61018 tins were delivered after expiry period i.e. 31/5/16. Late delivery charges were to be imposed but no such record was available in the file. Further 6292 tins were less supplied than the contracted quantity.
- c) While examining the record held with MDF Okara, it was revealed that three contracts were made with M/S Al-Sadiq (JT) Industries Karachi for supply of 198000 kg LLDP granules @ Rs.185.85 per Kg during the period 15/12/15 to 20/12/15, 21/12/15 to 25/12/15 and 1/1/16 to 10/1/16 . Following irregularities were found

- The quartering directorate had issued three sanctions for said purchase during the period from 20/12/15 to 10/1/16 to avoid sanction of the higher authority in violation of above rule.
- In the subject case security deposit @2% was retained in violation to above financial regulation.
- Advertisement was given in newspaper through ISPR and not through information department which violates the rule of business.
- Business was made with M/S Al Sadiq (JT) industries Karachi for supply of 55 ton polythene granule LLDP (Linear low density polyethylene) for Rs. 23,463,000. GST return for the last year was not produced to audit for verification.

Audit was of the view that rules and regulations were not adhered to while making purchases.

MDF Renala

- a) The record held with Military Dairy Factory Renala revealed that DG RV&F concluded contract valuing Rs.477 million with M/S Haji Gul Muhammad and Company for supply of 1000 m ton skimmed milk powder @ Rs.477 per Kg during the period 1/7/15 to 30/6/16. Copy of contract was not forwarded to NAB in violation of NAB Ordinance, besides negotiation was made with lowest bidder was violation of PPRA rules.
- b) The record held with MDF Renala, it was revealed that DG RV&F concluded contract with M/S AM containers (PVT) LTD Lahore for supply of 150000 empty powder tins during the period from 1/1/16 to 30/6/16. Following irregularities were observed.
 - The purchase of Rs. 11,985,000 was beyond the financial powers of DG RV&F.
 - Procurement was not advertised on PPRA website in violation of PPRA Rules.
 - In the subject case security deposit @ 2% was retained in violation to above financial regulation.

- Advertisement was given in newspaper through ISPR and not through information department which violates the rules of business.
 - In the instant case the contractor did not provide sales tax return in violation to above Government orders.
- c) While examining the record held with MDF Renala, it was revealed that DG RV&F concluded contract with M/S Hussain Cant Co (Pvt) LTD for supply of 357000 empty tins @ Rs.37.80 during the period from 15/2/16 to 15/5/16. Following irregularities were found.
- In the subject case security deposit @ 2% was retained in violation to above financial regulation.
 - Advertisement was given in newspaper through ISPR and not through information department which violates the rule of business.
 - Record was not produced for verification.

When pointed out by the audit the factory authorities stated that contracts were concluded within the financial power of QMG. The advertisement was published in both newspaper (Urdu & English) through print media and also uploaded on PPRA website. Sales tax return was enclosed for verification. LD charges Rs. 29,835 imposed by GHQ Rwp RVF Dte were recovered through supplier bill. The Para was discussed in DAC in its meeting held on 28th August, 2017. DAC pended the Para till verification of the documents from audit. Record was not got verified from the audit till finalization of this Report.

Recommendations

- Reasons for noncompliance to the Government orders need to be enquired.
- Responsibility should be fixed against persons at fault beside regularization of negotiation made with lowest bidder in violation of PPRA Rules.
- Management may insure transparency in procurement process to achieve quality of the required product.
- Non recurrence of such instances in future.

4.4 OVERALL ASSESSMENT

Both dairy factories are earning profit which is increasing with the passage of time. This profit could be enhanced if the resources should be acquired at the right cost, at right time, at right place, in right quantity and of right quality. Following are the factors which are to be focused:

- Preferably gas should have been used in boiler. However, in winter season when there was gas load shedding, used engine oil should have been considered instead of furnace oil.
- Diesel oil used in vehicles was purchased at higher rates. Its payment should have been in accordance to OGRA rates announced on monthly basis.
- MT was held in excess of authorization which should also have been addressed.
- The production capacity of the plant (whole milk powder) 15 ton per day but milk was not purchased according to that capacity.
- Fresh milk was purchased through milk collection centers @ Rs.49/ltr (in June/2015 it was Rs.52/ltr) whereas price of milk booked against own farms was Rs.63/68 which also effects factory overall profit. GHQ RV&F Directorate decides the rates of dairy products on the basis of management policy. Management should consider this aspect also.
- Whole milk powder is manufactured to meet the requirement of troops, DI is received from GHQ which is achieved and there is no provision to produce extra products for sale into the market. In case of production more than required by the troops the product would be spoiled and no other disposal is permitted. Production in accordance to the optimum level of plant should be obtained and excess products made commercial.
- Annual trading account is prepared by each factory but is finalized after obtaining administration charges from MAG/GHQ where overall profit and loss of all the farms dairies is decided. This work should also be done at the level of dairy factories.
- Rules and regulations dealt with procurement were not adhered to.

3. CONCLUSION

The mission /role of both factories are to produce, manufacture and supply dairy commodities to armed forces. The capability of dairy factory is to produce 15 tons of milk powder per day. The factory management is however bound to manufacture WMP in accordance to dispatch instructions (DI) received from GHQ QMG branch RV&F Dte Rawalpindi on monthly basis. DI is prepared by the Dte on the basis of demands forwarded by the units/formations. Since dairy products of factories i.e. cheddar cheese (green chillies, black pepper), butter and cream is prepared for the troops only, quantity required by them is kept in view while manufacturing. These products are not saleable in open market as a matter of policy. Hence forth the factories are earning profit, if dairy products are commercialized the profit could be increased manifold through getting the production of dairy products using available capacity/manpower.

ACKNOWLEDGEMENT

We express our appreciation to the management for the efforts they made for getting gas connection from high pressure line for MDF Okara to avoid low pressure situation raised in the city in last couple of years.

We also wish to express our appreciation to the management and staff for their assistance and cooperation extended to the Auditors in providing the necessary information and record during this assignment.

Annexure A of Para 4.1.1

MDF OKara

Statement showing production of whole milk powder from 5359514 ltr of fresh milk.

Quantity of milk purchased through local purchase during the year 2015-16 as per statement attached with the annual trading account = 11065486 ltr.

Quantity of milk to be purchased as per TO&E i.e. @ 45000 ltr per day = 16425000 ltr.

Quantity of milk less purchased = 5359514 ltr.

Calculation for preparation of milk powder

Quantity of fat

Buff fat = $5359514 \times 6\% = 321570$

Whole milk powder

$321570 \times 22.50 / 6 = 1205887$ kg

Cost of WMP = $1205887 \times 646 = \text{Rs.} 779,003,002$

Percentage of SNF(solid not fat)

$5359514 \times 8.64\% = 463062$ (average annual ratio of SNF in buff milk is taken)

Quantity of SMP to be added in 5359514 ltr of fresh milk for making whole milk powder

$321570 \times 2.73 - 463062 \times 100 / 97$ (first calculates division (/) factor)

$321570 \times 2.73 - 463062 \times 1.0309278$

877886 - 477383

400503 kg

Cost of SMP = $400503 \times 477 = \text{Rs.} 191,039,931$

Cost of 5359514 ltr fresh milk = $5359514 \times 49 = \text{Rs.} 262,616,186$

Total cost = $\text{Rs.} 453,656,117$

Net profit = $\text{Rs.} 779,003,002 - \text{Rs.} 453,656,117 = \text{Rs.} 325,346,885$

Annexure B of Para 4.1.1

MDF Renala

Statement showing production of whole milk powder from 12260903 ltr of fresh buff milk.

Quantity of milk purchased through local purchase during the year 2015-16 as per statement attached with the annual trading account MDF Renala = 15979097 ltr.

Quantity of milk to be purchased as per TO&E i.e. @ 80000 ltr. per day = 28240000 ltr.

Quantity of milk less purchased = 12260903 ltr.

Calculation for preparation of milk powder

Quantity of fat

Buff fat = $12260903 \times 6\% = 735654$

Whole milk powder

$735654 \times 22.50 / 6 = 2758702$ kg

Cost of WMP = $2758702 \times 646 =$ Rs.1,782,121,492

Percentage of SNF(solid not fat)

$735654 \times 8.64\% = 63266$ (average annual ratio of SNF in buff milk is taken)

Quantity of SMP to be added in 12260903 ltr of fresh milk for making whole milk powder

$735654 \times 2.73 - 63266 \times 100 / 97$ (first calculates division (/) factor)

$735654 \times 2.73 - 63266 \times 1.0309278$

2008335-65222

1943113 kg

Cost of SMP = $1943113 \times 477 =$ Rs.926,864,901

Cost of 12260903 ltr. of fresh milk = $12260903 \times 49 =$ Rs.600,784,247

Total cost = $600784247 + 926864901 =$ Rs.1,527,649,148

Net profit = Rs.1782121492 – Rs.1527649148= Rs.254,472,344

Annexure C of Para 4.1.2

MDF Okara

Total buff milk received = 13377117 ltr.

Buff milk transferred = 1178751+48062+545938+11880+23796+324 = 1808751 ltr.

Remaining buff milk for manufacturing of WMP = 11568366 ltr.

Total cow milk received = 4751870 ltr.

Cow milk transferred = 889200+36963+381011 = 1307174 ltr.

Remaining cow milk for manufacturing of WMP = 3444696 ltr.

Quantity of milk kept for WMP = 11568366(buff) +3444696(cow) = 15013062 ltr

Butter fat

Buff = 11568366x6%= 694101

Cow = 3444696x3.7% =127453

Total = 821554

WMP

$821554 \times \frac{22.5}{6} = 3080827$ kg

Actual production

WMP (P/bag)= 2830458

WMP (in/tins) = 226786

Total = 3057244 kg

Less produced = 23583 kg

Cost = 23583x646 = Rs.15,234,618

Annexure D of Para 4.1.2

MDF Renala

Statement showing production of whole milk powder from 14690350 ltr of fresh buff milk.

Quantity of buff milk purchased through local purchase during the year 2015-16 as per statement attached with the annual trading account = 15979097 ltr.

Quantity of cow milk received from own MFs during the year 2015-16 as per statement attached with the annual trading account = 1982724 ltr.

Total = 17961821 ltr.

%age of buff milk = $15979097 \times 100 / 17961821 = 88.96\%$

%age of cow milk = $1982724 \times 100 / 17961821 = 11.04\%$

Quantity of milk kept for manufacturing of whole milk powder = 14690350 ltr.

Quantity of buff milk in Ltr = $14690350 \times 88.96\% = 13068535$

Quantity of cow milk in Ltr = $14690350 \times 11.04\% = 1621815$

Quantity of fat

Buff = $13068535 \times 6\% = 784112$

Cow = $1621815 \times 3.7\% = 60007$

Total fat = 844119

WMP

$844119 \times 22.5 / 6 = 3165446$ kg

Actual production

WMP (P/bag) = 2924026 kg

WMP (G/pack) = 220446 kg

Total = 3144472 kg

Difference = 20974 kg (Less manufactured)

Amount = $20974 \times 646 = \text{Rs. } 13,549,204$

Annexure E of Para 4.1.3

Date	MCC	Incharge MCC	Milk 6%	Gross weight	BFT %	Specific Gravity
01-March-16	Sial Chowk	-----	-----	-----	-----	-----
	Bhawal Nagar	Jan Muhammad	4739	5170	5.5	1.025
	Kachl Paki	Ali Shan	8163	9070	5.4	1.025
	Ghaziabad	-----	-----	-----	-----	-----
	Hota	Khuram	6416	6874	5.6	1.026
	Kamalia	Rizwan	3307	4177	4.75	1.021
	Ganda Pur	Majid	4596	5014	5.5	1.025
	Mecload Gunj	Tahir	7064	7997	5.3	1.025
	Bilal Gunj	-----	-----	-----	-----	-----
			34285	38302		
02-March-16	Sial Chowk	Ashrif	4420	5100	5.2	1.024
	Bhawal Nagar	Jan Muhammad	-----	-----	-----	-----
	Kachl Paki	Ali Shan	7372	8042	5.5	1.025
	Ghaziabad	Nadeem	6353	7192	5.3	1.024
	Hota	Khuram	4734	5072	5.6	1.026
	Kamalia	Rizwan	3895	4674	5	1.023
	Ganda Pur	Majid	-----	-----	-----	-----
	Mecload Gunj	Arshad	3672	4006	5.5	1.025
	Bilal Gunj	-----	-----	-----	-----	-----
			30446	34086		
03-March-16	Sial Chowk	Ashrif	4504	5405	5	1.023
	Bhawal Nagar	Jan Muhammad	4635	5150	5.4	1.025
	Kachl Paki	Ali Shan	-----	-----	-----	1.0235
	Ghaziabad	Nadeem	5969	7022	5.1	
	Hota	Khuram	-----	-----	-----	-----
	Kamalia	Rizwan	-----	-----	-----	-----
	Ganda Pur	Majid	4236	4983	5.1	1.0235

	Meeload Gunj	Arshad	6547	7412	5.3	1.024
	Bilal Gunj	Tahir	7483	8017	5.6	1.026
			33374	37989		
04-March-16	Sial Chowk	Ashrif	-----	-----	-----	-----
	Bhawal Nagar	Jan Muhammad	4631	5145	5.4	1.025
	Kachl Paki	Ali Shan	8610	9225	5.6	1.026
	Ghaziabad	Nadeem	-----	-----	-----	-----
	Hota	Khuram	4836	5091	5.7	1.026
	Kamalia	Rizwan	4703	5130	5.5	1.025
	Ganda Pur	Majid	4529	5032	5.4	1.025
	Meeload Gunj	Arshad	-----	-----	-----	-----
	Bilal Gunj	Tahir	6558	7715	5.1	1.023
			33867	37338		
05-March-16	Sial Chowk	Ashrif	4367	4852	5.4	1.025
	Bhawal Nagar	Jan Muhammad	-----	-----	-----	-----
	Kachl Paki	Ali Shan	8499	9106	5.6	1.026
	Ghaziabad	Nadeem	4947	5497	5.4	1.025
	Hota	Khuram	4753	5092	5.6	1.026
	Kamalia	Rizwan	4725	5155	5.5	1.025
	Ganda Pur	Majid	-----	-----	-----	-----
	Meeload Gunj	Arshad	7368	8038	5.5	1.025
	Bilal Gunj	Tahir	-----	-----	-----	-----
			34659	37740		
06-March-16	Sial Chowk	Ashrif	4114	4330	5.7	1.025
	Bhawal Nagar	Jan Muhammad	4682	5155	5.45	1.024
	Kachl Paki	Ali Shan	-----	-----	-----	-----
	Ghaziabad	Nadeem	5442	6530	5	1.023
	Hota	Khuram	-----	-----	-----	-----
	Kamalia	Rizwan	-----	-----	-----	-----
	Ganda Pur	Majid	4556	4970	5.5	1.025
	Meeload Gunj	Arshad	7477	8083	5.55	1.0255
	Bilal Gunj	Tahir	6823	7310	5.6	1.026

			33094	36378		
07-March-16	Sial Chowk	Ashrif	4272	4791	5.35	1.024
	Bhawal Nagar	Jan Muhammad	-----	-----	-----	-----
	Kachl Paki	Ali Shan	-----	-----	-----	-----
	Ghaziabad	Nadeem	-----	-----	-----	-----
	Hota	Khuram	-----	-----	-----	-----
	Kamalia	Rizwan	-----	-----	-----	-----
	Ganda Pur	Majid	4460	5002	5.35	1.024
	Mecload Gunj	Arshad	7195	7994	5.4	1.025
	Bilal Gunj	Tahir	7019	7657	5.5	1.0255
			22946	25444		
08-March-16	Sial Chowk	Ashrif	-----	-----	-----	-----
	Bhawal Nagar	Jan Muhammad	4723	5152	5.5	1.025
	Kachl Paki	Ali Shan	8122	8860	5.5	1.025
	Ghaziabad	Nadeem	5571	6190	5.4	1.025
	Hota	Khuram	4351	4704	5.55	1.0255
	Kamalia	Rizwan	4485	5126	5.25	1.024
	Ganda Pur	Majid	-----	-----	-----	-----
	Mecload Gunj	Arshad	-----	-----	-----	-----
	Bilal Gunj	Arshad	7485	8092	5.55	1.0225
			34737	38124		
09-March-16	Sial Chowk	Ashrif	4810	5200	5.55	1.025
	Bhawal Nagar	Jan Muhammad	4613	5173	5.35	1.023
	Kachl Paki	Ali Shan	7633	8173	5.6	1.025
	Ghaziabad	Nadeem	5666	6295	5.4	1.024
	Hota	Khuram	-----	-----	-----	-----
	Kamalia	Rizwan	4683	5109	5.5	1.024
	Ganda Pur	Majid	4608	4982	5.55	1.025
	Mecload Gunj	Arshad	6091	6585	5.55	1.025
	Bilal Gunj	-----	-----	-----	-----	-----
			38104	41517		

10- March- 16	Sial Chowk	Ashrif	4812	5347	5.4	1.024
	Bhawal Nagar	Jan Muhammad	4450	5135	5.2	1.023
	Kachl Paki	Ali Shan	-----	-----	-----	-----
	Ghaziabad	Nadeem	-----	-----	-----	-----
	Hota	Khuram	7455	8133	5.5	1.024
	Kamalia	Rizwan	-----	-----	-----	-----
	Ganda Pur	Majid	4545	4958	5.5	1.024
	Mecload Gunj	Arshad	7539	8077	5.6	1.025
	Bilal Gunj	Tahir	7521	8058	5.6	1.025
			36322	39708		
11- March- 16	Sial Chowk	Ashrif	-----	-----	-----	-----
	Bhawal Nagar	Jan Muhammad	-----	-----	-----	-----
	Kachl Paki	Ali Shan	8335	8930	5.6	1.025
	Ghaziabad	Nadeem	5605	6345	5.3	1.023
	Hota	Khuram	7201	7715	5.6	1.025
	Kamalia	Rizwan	4547	5147	5.3	1.023
	Ganda Pur	Majid	4358	4934	5.3	1.023
	Mecload Gunj	Arshad	-----	-----	-----	-----
	Bilal Gunj	Tahir	7686	8090	5.7	1.025
			37732	41161		
12- March- 16	Sial Chowk	Ashrif	3836	4262	5.4	1.024
	Bhawal Nagar	Jan Muhammad	4916	5175	5.7	1.025
	Kachl Paki	Ali Shan	9147	9800	5.6	1.025
	Ghaziabad	Nadeem	5599	6338	5.3	1.023
	Hota	Khuram	-----	-----	-----	-----
	Kamalia	Rizwan	4468	5155	5.2	1.023
	Ganda Pur	Majid	-----	-----	-----	-----
	Mecload Gunj	Arshad	7511	8047	5.6	1.025
	Bilal Gunj	Tahir	-----	-----	-----	-----
			35477	38777		
13- March-	Sial Chowk	Ashrif	6946	7442	5.6	1.025

16						
	Bhawal Nagar	Jan Muhammad	4795	5138	5.6	1.025
	Kachl Paki	Ali Shan	-----	-----	-----	-----
	Ghaziabad	Nadeem	-----	-----	-----	-----
	Hota	Khuram	7385	8205	5.4	1.024
	Kamalia	Rizwan	-----	-----	-----	-----
	Ganda Pur	Majid	4399	4980	5.4	1.024
	Meclod Gunj	Arshad	7535	8073	5.6	1.024
	Bilal Gunj	Tahir	7451	7983	5.6	1.025
			38511	41821		
14-March-16	Sial Chowk	Ashrif	-----	-----	-----	-----
	Bhawal Nagar	Jan Muhammad	-----	-----	-----	-----
	Kachl Paki	Ali Shan	8355	8952	5.6	1.025
	Ghaziabad	Nadeem	5153	5472	5.65	1.025
	Hota	Khuram	7123	7632	5.6	1.025
	Kamalia	Rizwan	4669	5140	5.45	1.024
	Ganda Pur	Majid	4556	4970	5.5	1.024
	Meclod Gunj	Arshad	-----	-----	-----	-----
	Bilal Gunj	Tahir	7595	7995	5.7	1.025
			37451	40161		
15-March-16	Sial Chowk	Ashrif	6842	7202	5.7	1.025
	Bhawal Nagar	Jan Muhammad	4563	5166	5.3	1.024
	Kachl Paki	Ali Shan	8516	9375	5.45	1.023
	Ghaziabad	Nadeem	6788	7405	5.5	1.024
	Hota	Khuram	-----	-----	-----	-----
	Kamalia	Rizwan	4280	5136	5	1.022
	Ganda Pur	Majid	-----	-----	-----	-----
	Meclod Gunj	Arshad	7400	8073	5.5	1.024
	Bilal Gunj	Tahir	-----	-----	-----	-----
			38389	42357		
16-March-16	Sial Chowk	Ashrif	6879	7643	5.4	1.024
	Bhawal Nagar	Jan	4829	5174	5.6	1.025

		Muhammad				
	Kachl Paki	Ali Shan	-----	-----	-----	-----
	Ghaziabad	Nadeem	-----	-----	-----	-----
	Hota	Khuram	7824	8383	5.6	1.025
	Kamalia	Rizwan	-----	-----	-----	-----
	Ganda Pur	Majid	4611	4985	5.55	1.025
	Mecload Gunj	Arshad	7271	8079	5.4	1.024
	Bilal Gunj	Tahir	7240	8044	5.4	1.024
			38654	42308		
17- March- 16	Sial Chowk	Ashrif	-----	-----	-----	-----
	Bhawal Nagar	Jan Muhammad	-----	-----	-----	-----
	Kachl Paki	Ali Shan	8989	9806	5.5	1.0245
	Ghaziabad	Nadeem	6907	7270	5.7	1.0255
	Hota	Khuram	6436	7570	5.1	1.0225
	Kamalia	Rizwan	4450	5135	5.2	1.023
	Ganda Pur	Majid	4505	5005	5.4	1.024
	Mecload Gunj	Arshad	-----	-----	-----	-----
	Bilal Gunj	Tahir	6552	7560	5.2	1.023
			37839	42346		
18- March- 16	Sial Chowk	Ashrif	6721	7075	5.7	1.0255
	Bhawal Nagar	Jan Muhammad	4617	5130	5.4	1.024
	Kachl Paki	Ali Shan	8537	9147	5.6	1.025
	Ghaziabad	Nadeem	6801	7699	5.3	1.0235
	Hota	Khuram	-----	-----	-----	-----
	Kamalia	Rizwan	4362	5132	5.1	1.0225
	Ganda Pur	Majid	-----	-----	-----	-----
	Mecload Gunj	Arshad	6545	7013	5.6	1.025
	Bilal Gunj	Tahir	-----	-----	-----	-----
			37583	41196		
19- March- 16	Sial Chowk	Ashrif	6962	7459	5.6	1.025
	Bhawal Nagar	Jan Muhammad	4724	5153	5.5	1.0245
	Kachl Paki	Ali Shan	-----	-----	-----	-----

	Ghaziabad	Nadeem	-----	-----	-----	-----
	Hota	Khuram	6524	7117	5.5	1.0245
	Kamalia	Rizwan	-----	-----	-----	-----
	Ganda Pur	Majid	4494	4993	5.4	1.024
20-March-16	Mecload Gunj	Arshad	7042	7682	5.5	1.0245
11th Moon	Bilal Gunj	Tahir	7189	7702	5.6	1.025
			36935	40106		
21-March-16	Sial Chowk	Ashrif	-----	-----	-----	-----
	Bhawal Nagar	Jan Muhammad	-----	-----	-----	-----
	Kachl Paki	Ali Shan	8259	9010	5.5	1.0245
	Ghaziabad	Nadeem	6206	7522	4.95	1.022
	Hota	Khuram	6090	6767	5.4	1.024
	Kamalia	Rizwan	3825	4590	5	1.022
	Ganda Pur	Majid	4542	4955	5.5	1.0245
	Mecload Gunj	Arshad	-----	-----	-----	-----
	Bilal Gunj	Tahir	7233	7890	5.5	1.0245
			36155	40734		
22-March-16	Sial Chowk	Ashrif	6431	6890	5.6	1.025
	Bhawal Nagar	Jan Muhammad	4762	5102	5.6	1.025
	Kachl Paki	Ali Shan	9310	9800	5.7	1.0255
	Ghaziabad	Nadeem	6816	7573	5.4	1.024
	Hota	Khuram	-----	-----	-----	-----
	Kamalia	Rizwan	4020	4639	5.2	1.023
	Ganda Pur	Majid	-----	-----	-----	-----
	Mecload Gunj	Arshad	7224	8027	5.4	1.024
	Bilal Gunj	Tahir	-----	-----	-----	-----
			38563	42031		
23-March-16	Sial Chowk	Ashrif	6249	7074	5.3	1.0235
	Bhawal Nagar	Jan Muhammad	4760	5100	5.6	1.025
	Kachl Paki	Ali Shan	9263	9837	5.65	1.025

	Ghaziabad	Nadeem	-----	-----	-----	-----
	Hota	Khuram	7071	8319	5.1	1.0225
	Kamalia	Rizwan	-----	-----	-----	-----
	Ganda Pur	Majid	4416	5047	5.25	1.023
	Mecload Gunj	Arshad	-----	-----	-----	-----
	Bilal Gunj	Tahir	6413	7400	5.2	1.023
			38172	42777		
24- March- 16	Sial Chowk	Ashrif	6765	7380	5.5	-----
	Bhawal Nagar	Jan Muhammad	-----	-----	-----	-----
	Kachl Paki	Ali Shan	-----	-----	-----	-----
	Ghaziabad	Nadeem	-----	-----	-----	-----
	Hota	Khuram	6647	7385	5.4	1.024
	Kamalia	Rizwan	4363	5133	5.1	1.0225
	Ganda Pur	Majid	2768	3134	5.3	1.0235
	Mecload Gunj	Arshad	6198	7152	5.2	1.023
	Bilal Gunj	Tahir	6394	7522	5.1	1.0225
			33135	37706		
25- March- 16	Sial Chowk	Ashrif	-----	-----	-----	-----
	Bhawal Nagar	Jan Muhammad	4700	5127	5.5	1.0245
	Kachl Paki	Ali Shan	8776	9574	5.5	
	Ghaziabad	Nadeem	7040	7822	5.4	1.024
	Hota	Khuram	-----	-----	-----	-----
	Kamalia	Rizwan	4361	5130	5.1	1.0225
	Ganda Pur	Majid	4413	4996	5.3	1.0225
	Mecload Gunj	Arshad	6018	6687	5.4	1.024
	Bilal Gunj	Tahir	-----	-----	-----	-----
			35308	39336		
26- March- 16	Sial Chowk	Ashrif	6485	7342	5.3	1.0235
	Bhawal Nagar	Jan Muhammad	4899	5157	5.7	1.0255
	Kachl Paki	Ali Shan	8401	9788	5.15	1.023
	Ghaziabad	Nadeem	5465	6306	5.2	1.023
	Hota	Khuram	5666	6125	5.55	1.025

	Kamalia	Rizwan	-----	-----	-----	-----
	Ganda Pur	Majid	-----	-----	-----	-----
	Mecload Gunj	Arshad	-----	-----	-----	-----
	Bilal Gunj	Tahir	6311	7212	5.25	1.023
			37227	41930		
27- March- 16	Sial Chowk	Ashrif	6672	7553	5.3	1.0235
	Bhawal Nagar	Jan Muhammad	-----	-----	-----	-----
	Kachl Paki	Ali Shan	-----	-----	-----	-----
	Ghaziabad	Nadeem	-----	-----	-----	-----
	Hota	Khuram	5402	6615	4.9	1.0215
	Kamalia	Rizwan	2127	2605	4.9	1.0215
	Ganda Pur	Majid	4581	4997	5.5	1.0245
	Mecload Gunj	Arshad	5792	6814	5.1	1.0225
	Bilal Gunj	Tahir	6468	7187	5.4	1.024
			31042	35771		
28- March- 16	Sial Chowk	Ashrif	4807	5150	5.6	1.025
	Bhawal Nagar	Jan Muhammad	8463	9067	5.6	1.025
	Kachl Paki	Ali Shan	6541	7475	5.25	1.023
	Ghaziabad	Nadeem	-----	-----	-----	-----
	Hota	Khuram	-----	-----	-----	-----
	Kamalia	Rizwan	4094	4913	5	1.022
	Ganda Pur	Majid	4374	4999	5.25	
	Mecload Gunj	Arshad	5847	6557	5.35	1.0235
	Bilal Gunj	Tahir	-----	-----	-----	-----
			34126	38161		
29- March- 16	Sial Chowk	Ashrif	6134	6816	5.4	1.024
	Bhawal Nagar	Jan Muhammad	-----	-----	-----	-----
	Kachl Paki	Ali Shan	7605	8372	5.45	1.024
	Ghaziabad	Nadeem	6578	7739	5.1	1.0255
	Hota	Khuram	5622	6364	5.3	1.0235
	Kamalia	Rizwan	-----	-----	-----	-----
	Ganda Pur	Majid	-----	-----	-----	-----

	Meeload Gunj	Arshad	-----	-----	-----	-----
	Bilal Gunj	Tahir	3919	4237	5.55	1.025
			29858	33528		
30-March-16	Sial Chowk	Ashrif	6318	7020	5.4	1.024
	Bhawal Nagar	Jan Muhammad	4562	5164	5.3	1.0235
	Kachl Paki	Ali Shan	-----	-----	-----	-----
	Ghaziabad	Nadeem	-----	-----	-----	-----
	Hota	Khuram	-----	-----	-----	-----
	Kamalia	Rizwan	3867	4834	4.8	1.021
	Ganda Pur	Majid	4150	4990	5	1.022
	Meeload Gunj	Arshad	5249	6115	5.15	1.023
	Bilal Gunj	Tahir	-----	-----	-----	-----
			24146	28123		
31-March-16	Sial Chowk	Ashrif	-----	-----	-----	-----
	Bhawal Nagar	Jan Muhammad	-----	-----	-----	-----
	Kachl Paki	Ali Shan	8515	9640	5.3	1.0235
	Ghaziabad	Nadeem	6129	7282	5.05	1.0225
	Hota	Khuram	3666	4231	5.2	1.023
	Kamalia	Rizwan	-----	-----	-----	-----
	Ganda Pur	Majid	-----	-----	-----	-----
	Meeload Gunj	Arshad	-----	-----	-----	-----
	Bilal Gunj	Tahir	3169	4046	4.7	1.0205
			21479	25199		

Annexure F of Para 4.1.4

Demand Instructions (DI) for the period 2014-15

SI No.	Month	GHQ, QMG RV&F Dte letter No.	Quantity in Tons (Verified)
1.	July, 2014	5812/69/Farms-ODFK7 DT 3/6/14	235
		5812/69/Farms-K7DJY DT 26/6/14	25
		5812/69/Farms-08MYE DT 27/6/14	220
2.	Aug, 2014	5812/69/Farms-7MCF DT 28/7/14	70
		5812/69/Farms-2YA4 DT 6/8/14	190
3.	Sep, 2014	5812/69/Farms-R9050 DT 26/8/14	80
		5812/69/Farms-R0KV5 DT 1/9/14	235

		5812/69/Farms-KKWHU DT 8/9/14	80
4.	Oct, 2014	5812/69/Farms-K5NEY DT 3/10/14	240
5.	Dec, 2014	5812/69/Farms-K95ET DT 27/11/14	77
		5812/69/Farms-RGU7N DT 2/12/14	220
	Nov, 2014	5812/69/Farms-K95Q3 DT 7/11/14	235
		5812/69/Farms-KLPUT DT 25/11/14	10
6.	Jan, 2015	5812/69/Farms-R6FDQ DT 1/1/15	270
7.	Feb, 2015	5812/69/Farms-KMZ16 DT 1/1/15	62
		5812/69/Farms-R8FGP DT 3/2/15	225
		5812/69/Farms-N4PSO DT 9/1/15	155
8.	Mar, 2015	5812/69/Farms-IIEE9 DT 27/2/15	55
		5812/69/Farms-IWU9W DT 2/3/15	240
9.	April, 2015	5812/69/Farms-44PIJ4 DT 1/4/15	260
		5812/69/Farms-JJPG3X DT 1/4/15	67
10.	May, 2015	5812/69/Farms-JPPFVC DT 4/5/15	58
		5812/69/Farms- 49he8 DT 4/5/15	265
11.	June, 2015	5812/69/Farms-4APULSDT 1/6/15	265
		5812/69/Farms-JVPK1F DT 1/6/15	10
			3849

Annexure F of Para 4.1.4

Demand Instructions ((DI) for the period 2013-14

Sl No.	Month	GHQ, QMG RV&F Dte letter No.	Quantity in Tons (Verified)
1.	July, 2013	5812/69/Farms- 9osi6 dt 16/7/15 3/6/14	10
2.	Aug, 2013	5812/69/Farms-9 th 6x dt 01/8/13	230
3.	Sep, 2013	5812/69/Farms-BF51K DT 25/9/13	30
4.		5812/69/Farms-B57IN DT 24/9/13	15
	Oct, 2013	5812/69/Farms-9wuyz dt 21/10/13	30
5.		5812/69/Farms-9B9LR DT 01/10/13	235
	Nov, 2013	5812/69/Farms-BRVCG DT 5/11/13	53
6		5812/69/Farms-BSJYF DT 30/10/13	220
		5812/69/Farms-PFHVN DT 02/12/13	25
7	Dec, 2013	5812/69/Farms-P22JQ DT 18/12/13	50
		5812/69/Farms- DT 11/13	65
8	Jan, 2014	5812/69/Farms-OXRQY DT 31/12/13	215
9.	Feb, 2014	5812/69/Farms-PIIUR DT 31/1/13	250
		5812/69/Farms-PDW1J DT 06/02/13	20
	March, 2014	5812/69/Farms-OR9ZH DT DT 28/2/13	220
10	APRIL,2014	5812/69/Farms-41P39V DT 8/4/13	10
			1678

Annexure G of Para 4.1.6

Unauthorized retention of Vehicles

BA No.	931329	905983
Name of Veh	Toyota Jeep	Fork Lifter
Month	Diesel in Liters	Diesel in Liters
07-15	102	0
08-15	146	12
09-15	198	9
10-15	287	9
11-15	185	21
12-15	132	0
01-16	119	9
02-16	275	30
03-16	434	60
04-16	235	42
05-16	273	9
06-16	244	39
	2630	240
T. Qty.		2870
Rate per liter		Rs.87.12
Total Amount		Rs.250,034

Annexure H of Para 4.1.7

Sl no	Period	Monthly Salary/wages drawn	Salary to be drawn	Difference	No. of months	Amount less paid Rs.
1	7/13 to 6/14	1800	10000	8200	12	98,400
2	7/14 to 4/16	1800	12000	10200	22	224,400
3	5/16 to 6/16	3600	12000	8400	2	16,800
					Total	339,600

Annexure H of Para 4.1.7

Names of daily wages employees

Sl no	Name of employee	Sl no	Name of employees
1	Rizwan s/o Sarwer	25	Akram s/o boota
2	Javed s/o Ajmal	26	Bag Ali s/o Arshad
3	Farooq s/o Yaqoob	27	Rafiq s/o Rasheed
4	Sufyan s/o Saddiq	28	Ishfaq s/o Riaz
5	Zahid s/o Maqbool	29	Shaukat s/o Barkat
6	Owais s/o Tariq	30	Yaseen s/o Yameen
7	Sarwer s/o Bashir	31	Adnan s/o Akram
8	Naseer s/o Ashifiq	32	Umair s/o Akram
9	Umair s/o Latif	33	Abu Baker s/o Abdul Waheed
10	Asghir s/o Latif	34	Kashif s/o Noor
11	Ibrar s/o Khadim	35	Asif s/o Yousaf
12	Hyder s/o Shaukat	36	Abbas s/o Bashir
13	Nasir s/o Salabat	37	Shahzad s/o Sarwer
14	Faiz s/o Anwer		
15	Waseem s/o Akram		
16	Faizan s/o Sarwer		
17	Shahid s/o Ghaffar		
18	Usman s/o Mushtaq		
19	Ismail s/o Akram		
20	Abid s/o Falaksher		
21	Aamir s/o Hameed		
22	Zulfikar s/o Akram		
23	Rumish Anwer		
24	Aslam s/o Riaz		

Annexure I of Para 4.1.9

MDF Okara

Trading account for the year 2014-15	Head of account	Amount Rs.
	Interest on capital	40,229,820
	Leave and superannuation	5,120,882
	GHQ charges	3,035,242
	MAD charges	6,471,880
	MFIC	61,717
	CVSD charges	2,634
	Circle HQ charges	7,132,063
	Amount due by dairy at the end of year	88,192
	Value of stock (P&M) at the end of year	832,514
	interest on reserve account	60,761,408
	Interest on RR fund	2,309,958,307
	Total	2,433,694,659

Annexure J of Para 4.1.9

MDF Renala

Head of account	Amount Rs.	Remarks
Interest on capital	70,158,816	Previous year figure
Interest of RR fund	90,951,917	Previous year figure
Leave and superannuation	2,115,768	Detail not provided by the staff
GHQ charges	4,543,362	Previous year figure
MAD charges	6,471,880	Detail not provided by the staff
Circle HQ charges	5,272,740	Detail not provided by the staff
Hire of cattle and DP	Amount not mentioned	Detail not provided by the staff
Ice salt ,acid ,preserves	Amount not mentioned	Detail not provided by the staff
Receipt heads		
Dairy produce (credit & coupon)		Detail not provided by the staff
Misc receipts		Detail not provided by the staff
Interest on RR fund		Detail not provided by the staff
Interest on reserve fund		Detail not provided by the staff
Receipt under capital head		Detail not provided by the staff
Profit shown in Reserve fund	678,394,836	Not based on fact in the

account		absence of above accounting figures

