



**AUDIT REPORTS
ON THE ACCOUNTS OF
UNION ADMINISTRATIONS
DISTRICT DERA GHAZI KHAN
AUDIT YEARS 2009-2012**

AUDITOR GENERAL OF PAKISTAN

Table of Contents

ABBREVIATIONS AND ACRONYMS	i
Preface	ii
EXECUTIVE SUMMARY	iii
SUMMARY, TABLES & CHARTS	vii
Table 1: Audit Work Statistics	vii
Table 2: Audit Observations Classified by Categories	vii
Table 3: Outcome Statistics.....	viii
Table 4: Irregularities Pointed Out.....	ix
CHAPTER 1	1
1.1 Union Administrations, District Dera Ghazi Khan	1
1.1.1 Introduction	1
1.1.2 Comments on Budget and Accounts (Variance Analysis) for the Financial Years 2008-11 1
1.1.3 Comments on Budget and Accounts (Variance Analysis)	2
AUDIT PARAS	5
1.2 Non Production of Record.....	6
1.3 Non Compliance of Rules	9
1.4 Weaknesses of Internal Controls.....	16
ANNEXURES	20

ABBREVIATIONS AND ACRONYMS

DAC	Departmental Accounts Committee
DGA	Director General Audit
FD	Finance Department
IPSAS	International Public Sector Accounting Standards
LG&RD	Local Government and Rural Development
MEFDAC	Memorandum for Departmental Accounts Committee
NAM	New Accounting Model
PAO	Principal Accounting Officer
PDG	Punjab District Government
PLGO	Punjab Local Government Ordinance
PLG	Punjab Local Government
RCC	Reinforced Cement Concrete
TMA	Tehsil / Town Municipal Administration
TO (I&S)	Tehsil/ Town Officer Infrastructure
UAs	Union Administrations

Preface

Articles 169 & 170 (2) of the Constitution of the Islamic Republic of Pakistan, 1973 and section 115 of the Punjab Local Government Ordinance, 2001 require the Auditor General of Pakistan to conduct the audit of the receipts and the expenditure of the Local Fund and Public Accounts of Union Administrations of the Districts.

The report is based on Audit of Union Administrations of District Dera Ghazi Khan for the years 2008-09, 2009-10 and 2010-11. The Directorate General of Audit District Governments Punjab (South), Multan, conducted audit during 2009-10, 2010-11 and 2011-12 on test check basis with a view to reporting significant findings to relevant stakeholders. The main body of Audit Report includes only the systemic issues and audit findings carrying value of Rs.1 million or more. Relatively less significant issues are listed in the Annexure-1 of the Audit Report. The Audit observations listed in the Annexure-1 shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

Audit findings indicate the need for adherence to the regularity framework besides instituting and strengthening internal controls to avoid recurrence of similar violations and irregularities.

Most of the observations included in this Report have been finalized in the light of written responses and discussion with the management.

The Audit Report is submitted to the Governor of the Punjab in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 115 of the Punjab Local Government Ordinance 2001, for causing it to be laid before the Provincial PAC.

Islamabad
Dated:

(Muhammad Akhtar Buland Rana)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Punjab (South), Multan, a Field Audit Office of the Auditor General of Pakistan is responsible to carry out the audit of all District Governments in Punjab (South) including Tehsil/ Town Municipal Administrations and Union Administrations. Its Regional Directorate of Audit, D.G.Khan has audit jurisdiction of District Governments, TMAs and UAs of four Districts i.e. D.G.Khan, Rajanpur, Layyah and Muzaffargarh.

The Regional Directorate has human resource of 21 officers and staff, constituting 3906 man days and a budget allocation of Rs3.723 million per financial year. It has the mandate to conduct financial attest audit, audit of sanctions, audit of compliance with authority and audit of receipts as well as the performance Audit of entities, projects and programs. Accordingly Regional Director Audit D.G.Khan carried out audit of the accounts of fifteen UAs of District Dera Ghazi Khan for the financial years from 2008-09 to 2010-11 and the findings included in the Audit Report.

Union Administrations (UAs), District Dera Ghazi Khan conduct their operations under Punjab Local Government Ordinance 2001. UAs of District Dera Ghazi Khan comprise Union Nazim/Administrator and not more than three secretaries namely Secretary (Union Committees), Secretary (Municipal Services) and Secretary (Community Development). Administrator designates one secretary as Principal Accounting Officer (PAO). Financial provisions of the Ordinance require every Local Government to establish Public Account. Additional Secretary (Local Government and Community Development Department) in pursuance of sub section 179-A of the PLGO 2001 appointed Tehsil Officer (Regulation) as Administrator of Union Councils falling in the respective Tehsil Municipal Administrations vide notification No.SOR(LG)39-6/208 dated Lahore February 24, 2010. According to this notification, the Administrators shall perform the functions and exercise the powers of the Union Nazim, Naib Union Nazim and Union Councils under the Ordinance and or any other law for the time being in force.

The total Development Budget of fifteen UAs in District Dera Ghazi Khan mentioned above for the financial years from 2008-09 to 2010-11 was Rs19.815 million and expenditure incurred of Rs14.421 million showing savings of

Rs5.394 million in these years. The total Non-development Budget for financial years 2008-2011 was Rs26.379 million and expenditure of Rs20.916 million, showing savings of Rs5.464 million. The reasons for savings in Development and Non development Budgets are required to be provided by PAO concerned.

Audit of UAs of District Dera Ghazi Khan was carried out with the view to ascertain that the expenditure was incurred with proper authorization, in conformity with laws/ rules/ regulations, economical procurement of assets and hiring of services etc.

Audit of receipts / revenues was also conducted to verify whether the assessment, collection, reconciliation and allocation of revenues were made in accordance with laws and rules and there was no leakage of revenues.

a. Audit Methodology

Audit was conducted after understanding the business processes of UAs with respect to its functions, control structure, prioritization of risk areas by determining their significance and identification of key controls. This helped the Auditors in understanding the systems, procedures, environment, and the audited entity before starting field audit activity. Audit used desk audit techniques for analysis of compiled data and review of permanent files / record. Desk Audit greatly facilitated identification of high risk areas for substantive testing in the field.

b. Audit of Expenditure and Receipts

Total development budget allocation for financial years 2008-11 was Rs19.815 million, out of which total expenditure was Rs14.421 million. Audit of the development expenditure of Rs8.520 million was carried out which was 43% of total expenditure. Audit of Non-Development expenditure of Rs6.902 million out of total expenditure of Rs20.916 million for these years was conducted which is 33% of total expenditure. Total overall expenditure of fifteen UAs of District D.G.Khan for three years was Rs35.337 million, out of which, overall expenditure of Rs13.075 million was audited which, is 37% of total expenditure. Therefore, there was 100% achievement against the planned audit activities.

The receipts of the fifteen UAs of District Dera Ghazi Khan for the financial year 2008-11 were Rs15.260 million. RDA, D.G.Khan audited receipt of Rs13.276 million which is 87% of total receipts.

c. Recoveries at the instance of Audit

Recoveries of Rs1.035 million were pointed out through various audit paras but no recovery was effected till compilation of this Report.

d. Desk Audit

Desk review helped auditors in understanding the systems, procedures, environment of entity and identification of high risk areas for additional compliance testing in the field. The Audit Command Language (ACL) was applied centrally on the Payroll part of appropriation account. As a result, certain irregularities and overpayments were identified, which were communicated to field audit officers for verification and follow-up action.

e. The Key Audit Findings of the Report;

- i. There was 01 case pertaining to non-production of record –Rs8.003 million.¹
- ii. Violation of rules / financial propriety amounting to Rs12.094 million was noted in 04 cases.²
- iii. Non recovery of government dues amounting to Rs1.035 million in 01 case was noted.³
- iv. Weaknesses of internal controls involving an amount of Rs14.680 million were noted in 02 cases.⁴

Audit Paras on the accounts for 2008-11 involving procedural violations including internal control weaknesses and irregularities which were not considered worth reporting to Provincial PAC, have been included in Memorandum For Departmental Accounts Committee, (Annexure-A).

¹Para 1.2.1

²Para 1.3.1, 1.3.2, 1.3.3, 1.3.4

³Para 1.3.5

⁴Para 1.4.1, 1.4.2

f. Recommendations

Audit recommends the PAOs / Management to focus on the following issues.

- i. Proper maintenance of record and its provision at the time of audit
- ii. Compliance of relevant laws, rules, instructions and procedures, etc.
- iii. Appropriate actions against officers/officials responsible for violation of rules and losses
- iv. Expediting recoveries pointed out by Audit as well as others recoverable in the notice of management
- v. Addressing systemic issues to prevent recurrence of various omissions and commissions.
- vi. Physical stock taking of fixed and current assets
- vii. Hold investigations for wastage, fraud, misappropriation and losses, and take disciplinary actions after fixing responsibilities.

SUMMARY, TABLES & CHARTS

Table 1: Audit Work Statistics

(Rupees in million)			
Sr. No	Description	No.	Budget/ Expenditure
1	Total Entities (PAOs) in Audit jurisdiction	59	251.871
2	Total Entities (PAOs) Audited	15	46.195
3	Audit & Inspection Reports	15	46.195
4	Special Audit Reports	-	-
5	Performance Audit Reports	-	-
6	Other Reports (relating to UAs)	-	-

Table 2: Audit Observations Classified by Categories

(Rupees in million)			
Sr. No.	Description	Amount Placed Under Audit Observation	Para No.
1	Asset management	-	-
2	Financial management	13.129	1.3.1, 1.3.2, 1.3.3, 1.3.4, 1.3.5
3	Internal controls	14.680	1.4.1, 1.4.2
4	Others	8.003	1.2.1
Total		35.812	

Table 3: Outcome Statistics

(Rupees in million)

Sr. No.	Description	Physical Assets	Civil Works	Receipts	Others	Total
1	Outlays Audited	3.46	10.272	15.260	19.460	48.452
2	Amount Placed under Audit Observation/ Irregularities Pointed Out.	-	6.870	1.035	27.907	35.812
3	Recoveries Pointed Out at the instance of Audit.	-		1.035	-	1.035
4	Recoveries Accepted/ Established at the instance of Audit.	-	-	-	-	
5	Recoveries Realized at the instance of Audit.	-	-	-	-	

* The amount mentioned against serial No.1 in column of “Total” is the sum of Expenditure and Receipts whereas the total expenditure was Rs33.192 million.

Table 4: Irregularities Pointed Out

(Rupees in million)

Sr. No.	Description	Amount Placed under Audit Observation
1.	Violation of Rules and regulations and violation of principle of propriety and probity in public operations.	12.094
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3.	Accounting Errors (accounting policy departure from NAM ¹ misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4.	Quantification of weaknesses of internal control system.	14.680
5.	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public monies.	1.035
6.	Non-production of record.	8.003
7.	Others, including cases of accidents, negligence etc.	-
Total		35.812

¹ The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are IPSAS (Cash) compliant.

CHAPTER 1

1.1 Union Administrations, District Dera Ghazi Khan

1.1.1 Introduction

According to 1998 population census, the population of District Dera Ghazi Khan is 1.902 million. Union Administrations consist of Union Nazim / Administrator and two (02) Secretaries. Each Union Administration has one (01) Drawing & Disbursing Officer.

1.1.2 Comments on Budget and Accounts (Variance Analysis) for the Financial Years 2008-11

Original Budget of Rs46.195 million was allocated to UAs of District Dera Ghazi Khan under various grants and no supplementary grants/ re-appropriation was provided. However, revised/final budget of these UAs was Rs46.195 million. The total expenditure incurred by the UAs during 2008-11 was Rs35.337 million as detailed above.

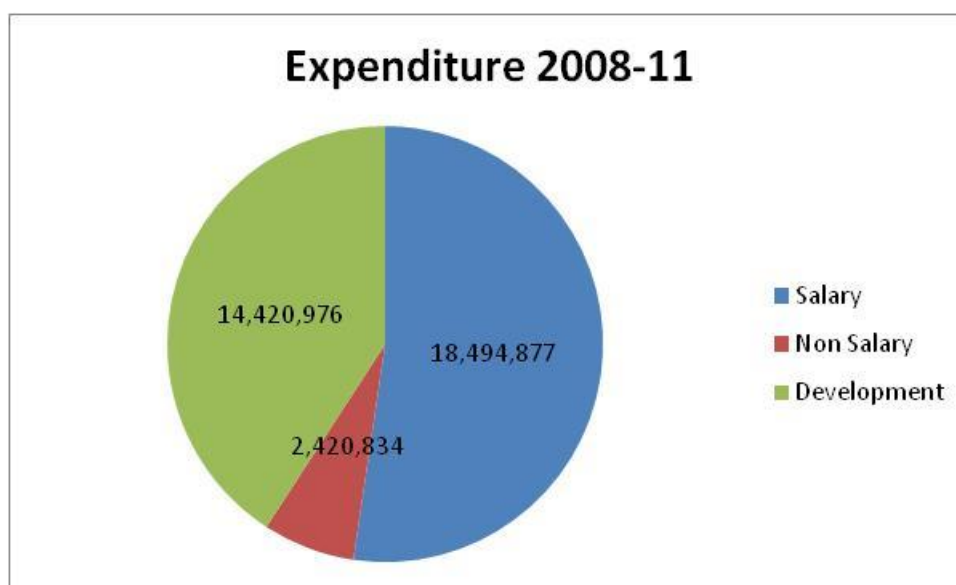
The variance analysis of the Revised/Final Grant and Actual Expenditure for the Financial Years 2008-11 depicted that there was a saving of Rs5.464 million and Rs5.394 million in non-development and development component which will be used for following year budget estimates and determining the closing balances of these UAs of District Dera Ghazi Khan.

1.1.3 Comments on Budget and Accounts (Variance Analysis)

(Amount in Rs.)

2008-11	Budget	Actual	Excess (+)/ Saving(-)	%Saving
Salary	23,048,067	18,494,877	4,553,190	20
Non Salary	3,331,161	2,420,834	773,908	23
Development	19,815,346	14,420,976	5,394,370	27
Total	46,194,574	35,336,687	10,721,468	

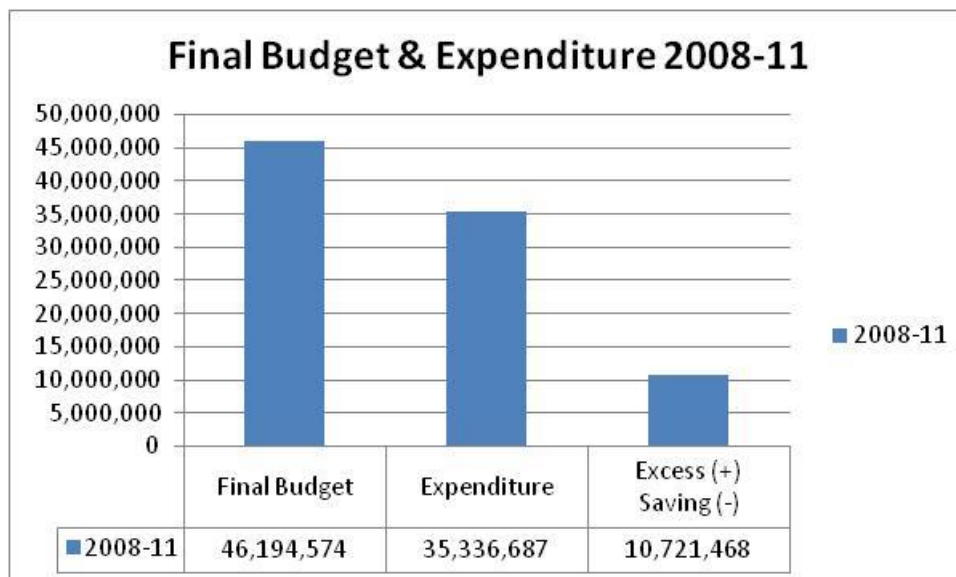
(Amount in Rs.)



Details of the budget allocations, expenditures and savings of UAs of District D.G.Khan for three financial years are at Annexure-B.

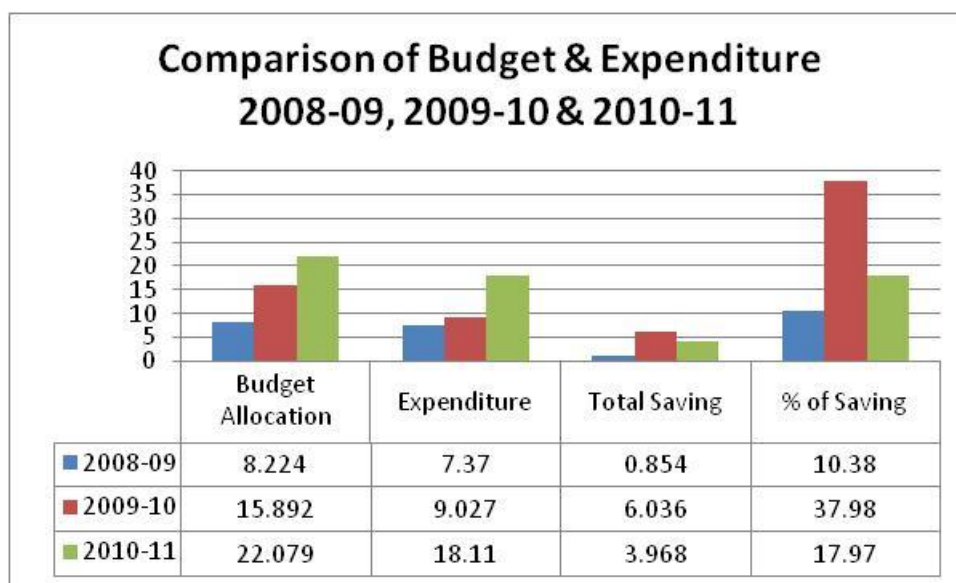
As per the budget books the expenditure relating to fifteen UAs in District Dera Ghazi Khan was Rs35.337 million against original budget of Rs46.195 million. There was a saving of Rs10.858 million for which the reasons should be explained by the PAO.

(Amount in Rs)



The comparative analysis of the budget and expenditure of current and previous financial years is depicted as under:

(Rs in million)



There was overall saving in the budget allocations for the financial years 2008-09, 2009-10 and 2010-11 as follows:

(Rs. in million)

Financial Year	Budget Allocation	Expenditure	Total Saving	% of Saving
2008-09	8.224	7.370	.854	10.38
2009-10	15.892	9.027	6.036	37.98
2010-11	22.079	18.110	3.968	17.97

The justification of saving when the development schemes have remained incomplete is required to be provided/ explained by PAO.

AUDIT PARAS

1.2 Non Production of Record

1.2.1 Non Production of Record – Rs8.003 million

According to Section 14(3) of Auditor General of Pakistan Ordinance envisages that 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. According to Section 115(6) of Punjab Local Government Ordinance 2001, the officials shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Secretaries of the Union Administrations drawn Rs8.003 million during financial years 2008-11 from concerned Union Administration bank accounts to defray the expenditure on development schemes, salary and contingent payment but the vouched accounts were not produced to audit for verification. The detail is given as below:

(Amount in Rupees)			
Year	Name of Union Administration	AP No.	Expenditure
2008-09	Vehova	06	20,000
	Barthi	02	913,000
2009-10	Fateh Khan	01	839,893
	Mana Ahmadani	01	2,095,011
	Sakhi Sarwar	01	1,666,000
	Sakhi Sarwar	05	65,000
2010-11	Shadan Lund	10	1,363,201
	Ramin	08	68,600
	Shah Sadar Din	02	411,704
	Mubarki	07	561,082
Total			8,003,491

Audit was of the view that non production of record reflected irresponsible attitude on the part of executives.

Due to non production of record authenticity of the expenditure could not be ascertained.

The matter was reported to Union Secretaries in April, 2010, February, 2011 and April 2012. The Secretaries of concerned Union Administrations signed the observation but did not submit any reply. The DAC meeting was not convened despite repeated requests. No progress was intimated till finalization of Report.

Audit recommends production of record for audit scrutiny besides fixing of responsibility for non-production of record and disciplinary action in terms of Clause 14(3) of AGP Ordinance under intimation to Audit.

[AIRs Para 6, 2-2008-09, Paras 1, 1, 1, 5-200910, Paras 10, 8, 2, 7-2010-11]

1.3 Non Compliance of Rules

1.3.1 Unauthorized Payment without Measurement - Rs4.291 million

According to Government of the Punjab LG&RD Department Notification No.SOV(LG) 5-33/2002 dated 06-07-2005, the payment shall be made only after the assessment of work and recording of its measurement in the Measurement Book by the Sub Engineer of the Tehsil/Town Municipal Administration concerned.

Secretaries of the Union Administrations made payment of Rs4.291 million for the financial years 2008-11 on account of repair and maintenance work without any detailed measurement recorded in the Measurement Book. The detail is given as below.

(Amount in Rupees)

Year	Name of Union Administration	AP No	Particular	Amount
2008-09	Notak Mahmeed	2	Drain/ Soling, Culverts and Construction of Moga	387,793
	Jhakkar Imam Shah	2	Lying RCC pipes	239,705
	Aali Wala	3	Earth filling, RCC Pipes	219,300
	Vehova	2	Repair water supply scheme, Earth Filling, Const. of drain & culverts, Repair UA office	594,974
2009-10	Mangrotha	2	Repair of Nali soling, valves and supply of water schemes	83,792
	Sakhi Sarwar	2	Repair of office, earth filling	72,500
	Fazla Kach	1	Repair of Kacha Talab	150,000
2010-11	Shadan Lund	2	Earth Filing, Repair of Nali	607,100
	Ramin	2	Earth Filling, Laying RCC Pipes	1,062,800
	Shah Sadar Din	3	Laying RCC Pipes, Earth Filling	242,300
	Mubarki	5	Repair of pond	513,000
	Kot Qaisrani	1	Installation of Hand Pumps, RCC Pipes, Nali Sooling, Earth Filling	118,190
Total				4,291,454

Audit was of the view that incurrence of expenditure without measurement was due to poor implementation of financial controls.

Payment without measurement resulted in unjustified expenditure.

The matter was reported to Union Secretaries in April, 2010, February, 2011 and April 2012. The Secretaries of concerned union administrations signed

the observation but did not submit any reply. The DAC meeting was not convened despite repeated requests. No progress was intimated till finalization of Report.

Audit recommends investigation to ascertain the authenticity of the expenditure and fix responsibility on the officer/official concerned for making payments without measurements.

[AIRs Para 2, 2, 3, 2-2008-09, Para 2, 2, 1-2009-10, Para 2, 2, 3, 5, 1-2010-11]

1.3.2 Unauthorized Expenditure without Calling Tenders- Rs3.124 million

According to Rule 9 of Punjab Procurement Rules 2009, a procuring agency shall announce in an appropriate manner all proposed procurement for each financial year and shall proceed accordingly without any splitting or regrouping of the procurement so planned. The annual requirements thus determined would be advertised in advance on the PPRA's web site.

Secretaries of the following Union Administrations incurred an expenditure of Rs3.124 million on account of various development schemes for the financial years 2010-11 through calling quotations for the values exceeding limit of Rs100,000 in violation of above instructions.

(Amount in Rupees)

Year	AP No	Name of UAs	Description	Amount
2010-11	06	Shadan Lund	Hand Pumps	214,000
			RCC Pipes	198,600
			Hand Pumps	100,000
-do-	06	Ramin	Hand Pumps	20,000
			RCC Pipes	204,000
			Hand Pumps	153,520
			RCC Pipes	127,000
-do-	07	Shah Sadar Din	Hand Pumps	207,300
			RCC Pipes	151,700
			Hand Pumps	169,500
			RCC Pipes	76,000
			Hand Pumps	153,000
			RCC Pipes	103,200

-do-	04	Mubarki	Hand Pumps	1,040,000
			Hand Pumps	205,800
Total				3,123,620

Audit was of the view that incurrence of expenditure without calling tenders was due to weak financial controls.

Non invitation of tenders resulted in unfair competition and uneconomical purchases.

The matter was reported to Union Secretaries in April, 2012. The Secretaries of concerned union administrations signed the observation but did not submit any reply. The DAC meeting was not convened despite repeated requests. No progress was intimated till finalization of Report.

Audit recommends regularization of expenditure from competent authority besides fixing of responsibility on officer concerned for procurement of stores without observing the rule.

[AIRs Para 6, 6, 7, 4-2010-11]

1.3.3 Unauthorized Payment without Obtaining Technical Sanction - Rs2.579 million

According to Government of the Punjab LG & RD Notification No.SOV(LG) 5-33/2002 dated 06.07.2005, in case the cost of a project is not more than Rs100,000, the Union Nazim shall, before grant of approval, prepare and obtain sanction of cost estimates and Technical Sanction of a project from the concerned Assistant Tehsil/Town Officer (Infrastructure and Services).

Secretaries of the Union Administrations paid Rs2.579 million during financial years 2008-11 to contractors against development projects without obtaining the technical sanction from competent authority. The detail is given as below:

(Amount in Rupees)

Year	Name Union Administration	AP No	Particular	Amount
2008-09	Jhakkar Imam Shah	3	Construction of Mooga Jaat	261,000
2009-10	Sakhi Sarwar	4	Repair of office, earth filling	72,500
	Fazla Kach	3	Repair of Kacha Talab, Kacha Road	215,000
2010-11	Shadan Lund	05	Earth Filing, Repair of Nali	607,100
	Ramin	05	Earth Filling, Laying RCC Pipes	1,062,800
	Shah Sadar Din	06	Laying RCC Pipes, Earth Filling	242,300
	Kot Qaisrani	04	Installation of Hand Pumps, RCC Pipes, Earth Filling	118,190
Total				2,578,890

Audit was of the view that incurrence of expenditure without obtaining technical sanction reflected weakness of internal controls.

Payment without obtaining technical sanction against a development work resulted in unauthorized expenditure.

The matter was reported to Union Secretaries in April, 2010, February, 2011 and April 2012. The Secretaries of concerned union administrations signed the observation but did not submit any reply. The DAC meeting was not convened despite repeated requests. No progress was intimated till finalization of Report.

Audit recommends regularization of expenditure besides fixing of responsibility on officer/official concerned for violating the rules.

[AIRs Para 3-2008-09, Para 4, 3 2009-10, Para 5, 5, 6, 4-2010-11]

1.3.4 Unauthorized Payment on Account of Salaries of Contingent Paid Staff – Rs2.100 million

According to Government of Punjab Finance Department Letter No. FD.SO (GOOD)44-4/2010 dated 09-08-2010, no contingent paid staff shall be appointed without obtaining the prior approval of Finance Department.

Secretaries of following Union Administrations paid Rs2.100 million on account of pay of contingent paid staff during the financial years 2009-11. The

staff was recruited on different occasions but approval of Finance Department and S&GAD was not obtained.

(Amount in Rupees)			
Year	Name of UAs	AP No	Expenditure
2009-10	Mana Ahmadani	3	75000
	Sakhi Sarwar	3	282000
2010-11	Shadan Lund	4	571,890
	Ramin	4	735,718
	Shah Sadar Din	5	436,425
	Mubarki	3	95,400
	Kot Qaisrani	6	260,267
Total			2,099,700

Audit was of the view that recruitment and payment of salaries to contingent paid staff was due to weak internal controls.

Payment of salaries to contingent paid staff was unauthorized.

The matter was reported to Union Secretaries in February, 2011 and April 2012. The Secretaries of concerned union administrations signed the observation but did not submit any reply. The DAC meeting was not convened despite repeated requests. No progress was intimated till finalization of Report.

Audit recommends regularization of expenditure from the competent authority besides fixing of responsibility on officer concerned for appointing contingent paid staff without approval of Finance Department.

[AIRs Para 3, 3-2009-10, Para 4, 4, 5, 3, 6-2010-11]

1.3.5 Non Deposit of Government Revenues - Rs1.035 million

According to Rule 76 of Punjab District Government and TMA (Budget) Rules, 2003, the primary obligation of collecting officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the Local Government fund under the proper receipt head.

Secretaries of the Union Administrations realized Local Government receipt on account of Birth and Death registration fee amounting to

Rs1.035 million from the applicants during financial years 2008-09 and 2010-11 but did not deposit the same into the Local Government account. The detail is given in Annexure-C.

Audit was of the view that revenue collected was not deposited due to mismanagement and negligence on the part of DDOs.

Due to non-deposit of Government receipts, loss was sustained by the public exchequer.

The matter was reported to Union Secretaries in April, 2010 and February, 2011. The Secretaries of concerned union administrations signed the observation but did not submit any reply. The DAC meeting was not convened despite repeated requests. No progress was intimated till finalization of Report.

Audit recommends early deposit of money into local fund besides disciplinary action against the person(s) at fault under intimation to audit.

[AIRs Para 3-2008-09, Para 1, 1, 1, 1-2010-11]

1.4 Weaknesses of Internal Controls

1.4.1 Unauthorized Payments without Pre audit – Rs11.220 million

According to Clause 3(iv) of Government of Punjab Finance Department letter No.FD (FR)II-5/82(P) dated 29.05.2009, Tehsil Accounts Officer shall conduct pre-audit of payment of Union Administration falling in the jurisdiction of respective TMA.

Secretaries of the following Union Administrations drew funds amounting to Rs11.220 million during the financial years 2009-10 and 2010-11 on account of development schemes, salary, and contingent expenditure and paid to various contractors, supplier and staff without pre-audit. Secretaries Union Administrations and Administrators being co-signatories of cheques did not bother to prepare the bills and submit to TAO for pre audit.

(Rupees in million)			
Year	Name of Union Administration	AP No	Expenditure
2009-10	Fateh Khan	2	0.602
2010-11	Shadan Lund	3	2.265
	Ramin	3	2.007
	Shah Sadar Din	4	2.312
	Mubarki	2	2.631
	Kot Qaisrani	2	1.403
Total			11.220

Audit was of the view that withdrawal of amounts without pre-audit was non follow up of financial controls implemented by the Government of Punjab.

Payment without pre audit resulted in un-authorized expenditure.

The matter was reported to Union Secretaries in February, 2011 and April 2012. The Secretaries of concerned union administrations signed the observation but did not submit any reply. The DAC meeting was not convened despite repeated requests. No progress was intimated till finalization of Report.

Audit recommends regularization of expenditure from competent authority besides fixing of responsibility on the officer/official concerned for unauthorized payment.

[AIRs Para 2-2009-10, Para 3, 3, 4, 2, 2-2010-11]

1.4.2 Unjustified Consumption of Stores - Rs3.460 million

According to Rule 15.4(a) and 15.5 of the PFR, Vol-I, all materials received should be examined, counted, measured and weighed, as a case may be when delivery is taken and they should be kept in charge of a responsible Government servant. The Government servant in charge of the stores should see that an indent in PFR Form 26 has been made by a properly authorized person.

Secretaries of the following Union Administrations incurred an expenditure of Rs3.460 million during the financial years 2008-09 and 2010-11 on account of purchase of hand pumps, sewing machine, electric items and RCC pipes but neither their stock entries nor consumption record along with public requests demanding the installation of hand pumps, distribution of sewing machine and laying RCC pipes was available on record. In the absence of requisite record authenticity of the expenditure could not be verified.

(Amount in Rupees)

Year	Name of UAs	AP No	Description	Amount
2008-09	Jhakar Imam Shah	04	Hand Pumps and sewing Machine	175,025
	Aali Wala	04	Sewing Machine	96,000
	Notak Mahmeed	03	Sewing Machine, Hand Pump	65,612
2010-11	Shadan Lund	07	RCC Pips and Hand Pumps, Electric items	575,479
	Ramin	07	RCC Pips and Hand Pumps	480,200
	Shah Sadar Din	08	RCC Pips and Hand Pumps	763,600
	Mubarki	06	Hand Pumps	1,245,800
	Kot Qaisrani	03	Hand Pumps, RCC Pipes, Electric Items	58,015
Total				3,459,731

Audit was of the view that issuance of stores items without requisite record was due to weak managerial controls.

The issuance of stores without requisite record resulted in unjustified consumption of stores and loss to government could not be ruled out.

The matter was reported to Union Secretaries in April, 2010 and April 2012. The Secretaries of concerned union administrations signed the observation but did not submit any reply. The DAC meeting was not convened despite repeated requests. No progress was intimated till finalization of Report.

Audit recommends investigation of the matter to fix the responsibility on the official(s) concerned for issuing the store without maintaining requisite record.

[AIRs Para 4, 4, 3-2008-09 Para 7, 7, 8, 6, 3-2010-11]

ANNEXURES

Annexure-1**(Amount in Rupees)**

Sr. No.	Formation	Para No.	Title of Para	Amount	Nature of Observation
1.	Jhakkar Imam Shah 2008-09	5	Non deduction of general sales tax	66,357	Overpayment
2.	Aali Wala 2008-09	5	Non deduction of general sales tax	47,648	Overpayment
3.	Notak Mahmeed 2008-09	4	Non deduction of general sales tax	23,749	Overpayment
4.	Vehova 2008-09	4	Non deduction of income tax	34,929	Overpayment
5.	UA Fateh Khan 2009-10	4	Unauthorized contingent expenditure out of development budget	267,320	Violation of Rule
6.	UA Sakhi Sarwar 2009-10	6	Unauthorized contingent expenditure out of development budget	58,750	Violation of Rule
7.	UA Mangrotha 2009-10	1	Less-recovery of lease money	833,250	Recovery
8.	UA Mangrotha 2009-10	3	Non forfeiture of earnest money	55,550	Recovery
9.	Mangrotha 2009-10	5	Non deduction of income tax	205,800	Overpayment

Annexure-A

MEFDAC Paras

(Amount in Rupees)

Sr. No.	Name of UA	AP No	Subject	Amount
1.	Fateh Khan 2009-10	3	Doubtful payment without measurement and record entry	17,150
2.	Fazla Kuch 2009-10	3	Unauthorized payment without obtaining technical sanction	215,000
3.	-do- 2009-10	4	Non recovery of professional tax	39,000
4.	-do- 2009-10	5	Non preparation of completion certificate of development schemes	215,000
5.	Mana Ahmdani 2009-10	2	Doubtful/ unauthorized incurrence of contingent expenditure out of development budget.	28,800
6.	Mangrotha 2009-10	4	Unauthorized payment without measurement and record entry.	83,792
7.	No-01 Shadan Lund 2010-11	8	Non deduction of GST.	88,325
8.	-do-	9	Non-recovery of Govt. Taxes.	56,568
9.	No-03 Ramin 2010-11	9	Non deduction of GST.	75,678
10.	-do-	10	Non-recovery of Govt. Taxes.	63,366
11.	No-05 Shah Sadar Din 2010-11	9	Non deduction of GST.	114,540
12.	-do-	10	Non-recovery of Govt. Taxes.	26,729
13.	No-44 Kot Qaisrani 2010-11	5	Cash book not signed by the DDO unauthentic payment.	1,104,973
14.	No-52 Mubarki 2010-11	8	Non deduction of GST.	186,870
15.	-do-	9	Non-recovery of Govt. Taxes.	126,707
16.	-do-	10	Transfer of public money to a private Bank.	1,015,273

Annexure – B

(Amount in Rupees)

Sr. No.	Name of UAs	Nature of Expenditures	Original Grant	Supplementary Grant	Revised / Final Grant	Actual Expenditure	(+) Excess (-) Saving
1.	Vehova	Salary	1000000	0	1000000	932582	67418
		Non salary	140000	0	140000	130561	9439
		Total	1140000		1140000	1063143	76857
		development	600000	0	600000	559549	40451
		G.Total	1740000		1740000	1622692	117308
2.	Bharti	Salary	490000	0	490000	385648	104352
		Non salary	160000	0	160000	125926	34074
		Total	650000		650000	511573	138427
		development	986899	0	986899	776725	210174
		G.Total	1636899		1636899	1288298	348601
3.	Aali Wala	Salary	864900	0	864900	818843	46057
		Non salary	176000	0	176000	166628	9372
		Total	1040900		1040900	985471	55429
		development	560826	0	560826	530962	29864
		G.Total	1601726		1601726	1516433	85293
4.	Notak Mahmed	Salary	877000	0	877000	730596	146404
		Non salary	315800	0	315800	263081	52719
		Total	1192800		1192800	993677	199123
		development	561637	0	561637	467879	93758
		G.Total	1754437		1754437	1461556	292881
5.	Jhakkar Imam Shah	Salary	670000	0	670000	665745	4255
		Non salary	145000	0	145000	144079	921
		Total	815000		815000	809825	5175
		development	675851	0	675851	671559	4292
		G.Total	1490851		1490851	1481384	9467
6.	Mana Ahmdani	Salary	1573442	0	1573442	1362838	210604
		Non salary	103839	0	103839	89940	13899
		Total	1677280	0	1677280	1452778	224502
		Development	1118998	0	1118998	969221	149777

		G.Total	2796278	0	2796278	2421999	374279
7.	Sakhi sarwar	Salary	1674210	0	1674210	1665803	8407
		Non salary	197211	0	197211	196221	990
		Total	1871421	0	1871421	1862024	9397
		Developm ent	723626	0	723626	719992	3634
		G.Total	2595047	0	2595047	2582016	13031
8.	Fateh Khan	Salary	1601264	0	1601264	1061802	539462
		Non salary	48846	0	48846	32390	16456
		Total	1650110	0	1650110	1094192	555918
		developme nt	752407	0	752407	498923	253484
		G.Total	2402517	0	2402517	1593115	809402
9.	Fazla Kach	Salary	1633211	0	1633211	1071270	561941
		Non salary	110928	0	110928	72761	38167
		Total	1744140	0	1744140	1144031	600109
		developme nt	1044734	0	1044734	685271	359463
		G.Total	2788874	0	2788874	1829302	959572
10.	Mangrotha	Salary	2612574	0	2612574	703405	1909169
		Non salary	485536	0	485536	130725	354811
		Total	3098111	0	3098111	834130	2263981
		developme nt	2211123	0	2211123	595319	1615804
		G.Total	5309234	0	5309234	1429449	3879785
11.	UA-01	Salary	1,590,000	0	1,590,000	1,552,563	-37,437
		Non-Salary	392,000	0	392,000	341,681	-50,319
		Sub-total	1,982,000	0	1,982,000	1,894,244	-87,756
		Developm ent	2,074,303	0	2,074,303	1,772,030	-302,273
		Total	4,056,303	0	4,056,303	3,666,274	-390,029
12.	UA-03	Salary	1,855,000	0	1,855,000	1,781,228	-73,772
		Non-Salary	290,000	0	290,000	226,795	-63,205
		Sub-total	2,145,000	0	2,145,000	2,008,023	-136,977
		Developm ent	2,147,331	0	2,147,331	1,729,581	-417,750
		Total	4,292,331	0	4,292,331	3,737,604	-554,727
13.	UA-05	Salary	2,650,000	0	2,650,000	2,503,253	-146,747

		Non-Salary	185,000	0	185,000	160,789	-24,211
		Sub-total	2,835,000	0	2,835,000	2,664,042	-170,958
		Development	1,472,169	0	1,472,169	1,118,005	-354,164
		Total	4,307,169	0	4,307,169	3,782,047	-525,122
14.	UA-44	Salary	2,460,000	0	2,460,000	2,024,194	-435,806
		Non-Salary	440,000	0	440,000	266,466	-173,534
		Sub-total	2,900,000	0	2,900,000	2,290,660	-609,340
		Development	2,035,768	0	2,035,768	931,455	-1,104,313
		Total	4,935,768	0	4,935,768	3,222,115	-1,713,653
15.	UA-52	Salary	1,496,466	0	1,496,466	1,235,107	-261,359
		Non-Salary	141,000	0	141,000	72,791	-68,209
		Sub-total	1,637,466	0	1,637,466	1,307,898	-329,568
		Development	2,849,674	0	2,849,674	2,394,505	-455,169
		Total	4,487,140	0	4,487,140	3,702,403	-784,737
Grand Total			46,194,574	-	46,194,574	35,336,687	10,857,887

Annexure – C

[Para 1.3.5]

DETAIL OF NON DEPOSIT OF GOVERNMENT REVENUES

(Amount in Rupees)

(Amount in Rupees)				
Year	Name of Union Administration	AP No	Name of Fees	Amount
2008-09	Barthi	03	Marriage	4,650
			Birth	39,890
			Miscellaneous	3,700
2010-11	Shadan Lund	01	Late Registration Birth Fee	4,550
			Birth Registration certificate fee	19,890
			Late Registration Birth Fee	47,000
			Birth Registration certificate fee	36,450
			Death Registration certificate	450
			Late Registration Birth Fee	84,100
			Birth Registration certificate fee	88,650
			Computerized Death certificate	1,710
			Late Registration Death Certificate	700
2010-11	Ramin	01	Late Registration Birth Fee	41,800
			Computerized Birth certificate fee	22,860
			Late Registration Birth Fee	167,550
			Computerized Birth certificate fee	89,820
			Computerized Death certificate	450
			Late Registration Birth Fee	146,150
			Computerized Birth certificate fee	76,140
			Computerized Death certificate	2,160
			Late Registration Death Certificate	600
2010-11	Shah Sadar Din	01	Computerized Birth certificate fee	6,030
			Late Registration Death fee	2,750
			Death Registration fee	1,980
			Late Registration Birth Fee	200
			Computerized Birth certificate fee	6,210
			Late Registration Death fee	800
			Death Registration fee	540
			Late Registration Birth Fee	800
			Computerized Birth certificate fee	76,140
			Late Registration Death fee	3,400
Computerized Birth certificate fee	3,420			
2010-11	Mubarki	01	Late Registration Birth Fee	30,800
			Late Registration Birth Fee	20,600
			Late Registration Death Certificate	1,800
Total				1,034,740