



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
UNION ADMINISTRATIONS  
DERA GHAZI KHAN  
AUDIT YEAR 2015-16**

**AUDITOR GENERAL OF PAKISTAN**

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## **ABBREVIATIONS AND ACRONYMS**

CCB	Citizen Community Board
DAC	Departmental Accounts Committee
DDO	Drawing and Disbursing Officer
IPSAS	International Public Sector Accounting Standards
LG&RD	Local Government and Rural Development
MFDAC	Memorandum for Departmental Accounts Committee
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PFR	Punjab Financial Rules
PLGO	Punjab Local Government Ordinance
POL	Petroleum Oil and Lubricant
PPRA	Punjab Procurement Regulatory Authority
RCC	Reinforced Cement Concrete
RDA	Regional Directorate of Audit
S&GAD	Service and General Administration Department
TMA	Tehsil Municipal Administration
UAs	Union Administrations
WSS	Water Supply Scheme

## **Preface**

Articles 169 and 170 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 audit of Receipts and Expenditure of the Local Fund and Public Accounts of District Governments.

The Report is based on Audit of the accounts of Union Administrations of District D.G. Khan for the Financial Years 2008-15. The Directorate General of Audit District Governments Punjab (South), Multan, conducted audit during Audit Year 2015-16 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 Annex-A of the Audit Report. The Audit observations listed in the Annex-A 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.

The observations included in this Report have been finalized in the light of written responses of the management concerned.

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 Assembly.

Islamabad  
Dated:

**(Imran Iqbal)**  
**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 mandated to carry out the audit of all District Governments in Punjab (South) including Town / Tehsil Municipal Administration and Union Administrations. The 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 Audit has a human resource of 23 officers and staff, constituting 3,930 mandays and the budget amounting to Rs 13.429 million was allocated in Audit Year 2015-16. The office is mandated to conduct financial attest audit, audit of sanctions, audit of compliance with authority and audit of receipts as well as the performance audit of the entities, projects and programmes. Accordingly, Regional Director Audit D.G. Khan carried out audit of the accounts of ten UAs of District D.G. Khan for the Financial Years 2008-15 and the findings are included in this Audit Report.

Union Administrations, (UAs) in District D.G Khan conduct their operations under Punjab Local Government Ordinance, 2001. UAs of District D.G 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 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)39-6/2008 dated Lahore February 24<sup>th</sup> 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 ten above mentioned UAs in District D.G. Khan for the Financial Years 2008-15, was Rs 29.203 million and

expenditure incurred was of Rs 24.026 million, showing savings of Rs 5.177 million. The total Non- development Budget for Financial Years 2008-15 was Rs 81.507 million and expenditure was of Rs 77.687 million, showing savings of Rs 3.821 million. The reasons for savings in Development and Non-development Budgets are required to be provided by the PAOs concerned.

The total budget targets of receipts of ten Union Administrations for the Financial Years 2008-15 were Rs 50 million against which Rs 46.081 million were collected.

Audit of UAs of District D.G Khan was carried out with the view to ascertaining 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 revenue.

**a. Scope of Audit**

Out of total expenditure of UAs of District D.G. Khan for the Financial Years 2008-15, auditable expenditure under the jurisdiction of Regional Director Audit, D.G. Khan was Rs 224.028 million covering 59 UAs. Out of this, RDA D.G. Khan audited an expenditure of Rs 101.712 million covering ten UAs/PAOs/formations which, in terms of percentage, is 45% of total auditable expenditure and irregularities amounting to Rs 86.104 million were pointed out. Regional Director Audit planned and executed audit of 10 UAs i.e. 100% achievements against the planned audit activities.

Total receipts of 59 UAs of District D.G. Khan for the Financial Years 2008-15, were Rs 271.878 million. RDA, D.G. Khan audited receipts of Rs 46.081 million of the ten UAs selected for audit which is 17% of total receipts and irregularities amounting to Rs 1.689 million were pointed out.

**b. Recoveries at the Instance of Audit**

Recoveries of Rs 1.689 million were pointed by Audit which was not in the notice of the management earlier. No recovery was effected till the time of compilation of this Report.

**c. Audit Methodology**

Audit was conducted after understanding the business processes of UAs with respect to 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.

**d. Audit Impact**

A number of improvements in record maintenance and procedures have been initiated by the department concerned, however, audit impact in shape of change in rules could not be materialized as the Provincial Accounts Committee has not discussed Audit Reports pertaining to Union Administrations.

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

Internal control mechanism of UAs of District D.G. Khan was not found satisfactory during audit. Many instances of weak internal controls have been highlighted during the course of audit which includes some serious lapses. Negligence on the part of UAs authorities may be captioned as one of the important reasons for Weak Internal Controls.

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

- i. Non production of record involving Rs 1.795 million was noted in one case.<sup>1</sup>
- ii. Irregularities involving Rs 81.869 million were noted in nine cases.<sup>2</sup>

Audit paras on the accounts for the Financial Year 2008-15 involving procedural violations including internal control weaknesses and other irregularities which were not considered worth reporting to Provincial PAC have been included in Memorandum for Departmental Accounts Committee (MFDAC) Annex-A.

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<sup>1</sup>Para 1.2.1.1

<sup>2</sup>Para 1.2.2.1, 1.2.2.2, 1.2.2.3, 1.2.2.4, 1.2.2.5, 1.2.2.6, 1.2.2.7, 1.2.2.8, 1.2.2.9

**g. Recommendations**

Audit recommends that the PAO / Management of UAs should ensure to resolve the following issues seriously:

- i. Production of record to audit for verification.
- ii. Compliance of relevant laws, rules, instructions and procedures, etc.
- iii. Appropriate actions against officers/officials responsible for violation of rules and losses
- iv. Addressing systemic issues to prevent recurrence of various omissions and commissions.



## SUMMARY TABLES & CHARTS

**Table 1: Audit Work Statistics**

(Rupees in million)

Sr. No.	Description	No.	Expenditure 2008-15	Receipts 2008-15	Total
1	Total Entities (PAOs) in Audit Jurisdiction	59	224.028	271.878	495.906
2	Total Formations in Audit Jurisdiction	59	224.028	271.878	495.906
3	Total Entities (PAOs)/ DDOs Audited	10*	101.712	46.081	147.793
4	Total Formations/ DDOs Audited	10*	101.712	46.081	147.793
5	Audit & Inspection Reports	10*	101.712	46.081	147.793
6	Special Audit Reports	-	-	-	-
7	Performance Audit Reports	-	-	-	-
8	Other Reports (Relating to UAs)	-	-	-	-

\*All the ten Union Administrations had been audited for the Financial Years 2008-15

**Table 2: Audit observations regarding Financial Management**

(Rupees in million)

Sr. No.	Description	Amount placed under audit observations
1	Unsound asset management	-
2	Weak financial management	81.869
3	Weak Internal controls relating to financial management	-
4	Others	1.795
<b>Total</b>		<b>83.664</b>

**Table 3: Outcome Statistics**

(Rupees in million)

Sr. No.	Description	Expenditure on Physical Assets	Salary	Non-Salary	Civil Works	Receipts	Total Current Year	Total Last Year
1	Total Financial Outlay	-	128.915	42.195	52.918	271.878	495.906	251.871
2	Outlays Audited	-	58.529	19.157	24.026	46.081	147.793*	98.077
3	Amount Placed under Audit Observation/ Irregularities Pointed out	-	44.769	13.311	22.798	2.786	83.664	96.434
4	Recoveries Pointed out at the instance of Audit	-	-	-	-	1.689	1.689	4.318
5	Recoveries Accepted / Established at the instance of Audit	-	-	-	-	-	-	-
6	Recoveries realized at the instance of Audit	-	-	-	-	-	-	-

\* The amount mentioned against Sr. No. 2 in column of "Total Current Year" is the sum of expenditure and receipt whereas the total expenditure was Rs 101.712 million.

**Table 4: Irregularities Pointed Out**

(Rupees in million)		
<b>Sr. No.</b>	<b>Description</b>	<b>Amount placed under audit observations</b>
1	Violation of rules and regulations and violation of principle of propriety and probity in public operations.	80.180
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting errors (accounting policy departure from IPSAS <sup>1</sup> , 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 systems	-
5	Recoveries and overpayments, representing cases of establishment overpayment or misappropriations of public monies	1.689
6	Non-production of record	1.795
7	Others, including cases of accidents, negligence, non-accountal of store etc.	-
<b>Total</b>		<b>83.664</b>

**Table 5: Cost-Benefit**

(Rupees in million)		
<b>Sr. No.</b>	<b>Description</b>	<b>Amount</b>
1	Outlays Audited (Items 2 Table 3)	147.793
2	Expenditure on Audit	0.020
3	Recoveries realized at the instance of Audit	-
4	Cost-Benefit Ratio	-

<sup>1</sup>The Accounting Policies and Procedures described by the Auditor General of Pakistan which are IPSAS (Cash) compliant.

# CHAPTER 1

## 1.1 Union Administrations, District D.G. Khan

### 1.1.1 Introduction

Union Administration (UA) consists of Union Nazim, Union Naib Nazim and not more than three Secretaries namely Secretary (Union Committees), Secretary (Municipal Services) and Secretary (Community Development). Each UA has one Drawing and Disbursing Officer.

There are 59 UAs in District D.G. Khan out of which UAs number 1,2,15,17,21,30,32,41,45, and 46 were audited on sample basis during 2015-16.

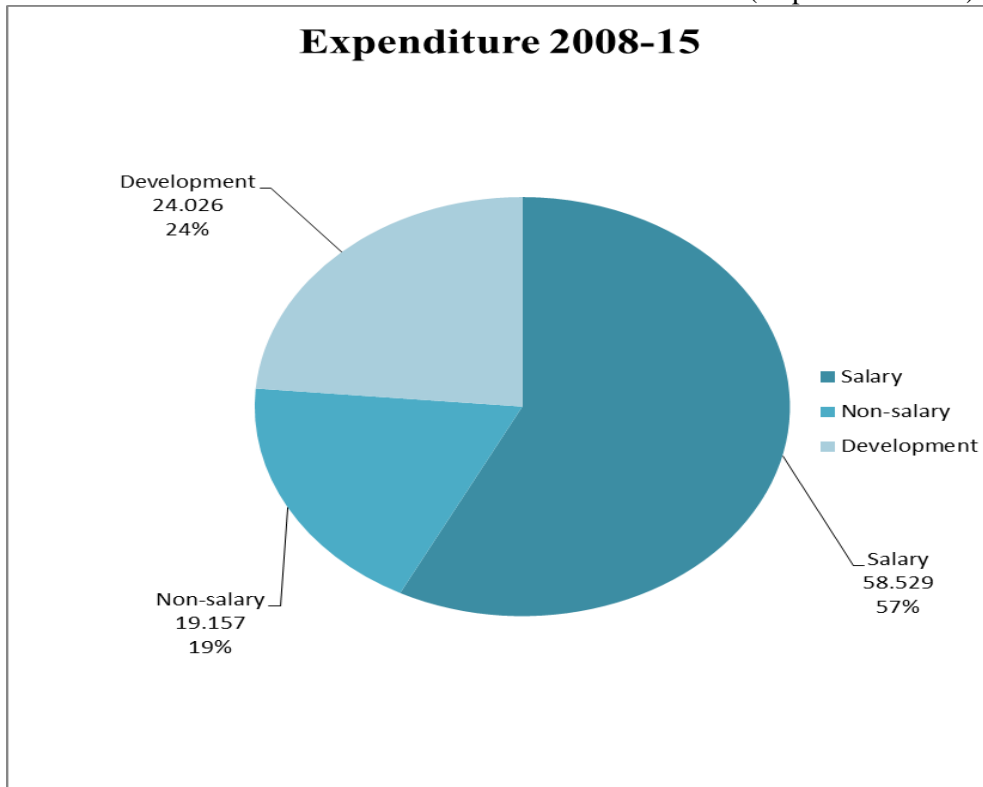
### 1.1.2 Comments on Budget and Accounts

The detail of budget and expenditure of ten UAs audited during 2015-16 is given below in tabulated form:

(Rupees in million)

<b>2008-15</b>	<b>Budget</b>	<b>Actual</b>	<b>Savings</b>	<b>%Saving</b>
Salary	61.005	58.529	2.476	4%
Non Salary	20.502	19.157	1.345	7%
Development	29.203	24.026	5.177	18%
<b>Sub Total</b>	<b>110.710</b>	<b>101.712</b>	<b>8.998</b>	<b>28%</b>
Receipts	50	46.081	3.919	8%

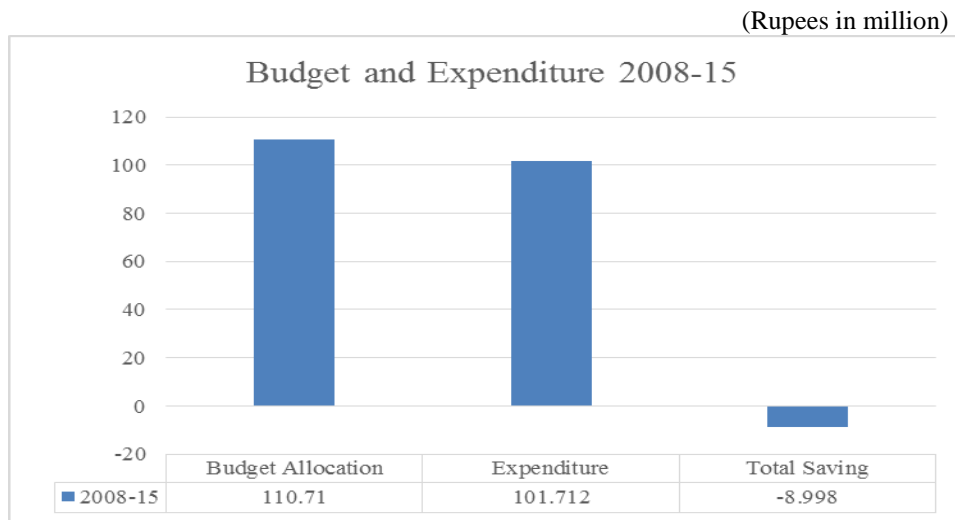
(Rupees in million)



Detail of budget allocations, expenditures and savings of each UA of District D.G Khan for the Financial Years 2008-15 are at Annex-B.

As per budget books for the Financial Years 2008-15 UAs in District D.G. Khan, the original and final budget of audited ten UAs was Rs 110.710 million. Total expenditure incurred by these UAs during Financial Years 2008-15 was Rs 101.712 million. A saving of Rs 8.998 million came in to the notice of audit which shows that the UAs failed to provide essentials municipal services as envisaged and planned at the time of preparation and approval of annual budget for the year. No plausible explanation was provided by the PAO, UA Nazims and management of UAs. (Annex-B)

The comparative analysis of the budget and expenditure of current Financial Years is depicted as under:



### 1.1.3 Brief Comments on the Status of Compliance of MFDAC Audit Paras of Audit Report 2013-14

Audit paras, reported in MFDAC (Annex-I) of Audit Report 2013-14, which have not been attended in accordance with the directives of DAC, have now been reported in part II of Annex-A.

### 1.1.4 Brief Comments on the Status of Compliance with PAC Directives

The Audit Reports pertaining to following years were submitted to the Governor of the Punjab but have not been examined by the Public Accounts Committee.

#### Status of Previous Audit Reports

Sr. No.	Audit Report Year	No. of Paras	Status of PAC Meetings
1	2009-12	8	PAC not constituted
2	2012-13	9	PAC not constituted
3	2013-14	7	PAC not constituted

## **1.2 AUDIT PARAS**

## 1.2.1 Non Production of Record

### 1.2.1.1 Non production of record – Rs 1.795 million

According to Clause 14 (1) (b) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, the Auditor General shall in connection with the performance of his duties under this Ordinance, have authority to inspect any office of accounts, under the control of Federation or of the Province or of District including Treasuries and such offices responsible for the keeping of initial and subsidiary accounts. Furthermore, according to Section 115(6) of the Punjab Local Government Ordinance 2001, all officials shall afford all facilities and provide record for audit inspection and comply with the requests for information in as complete a form as possible and with all reasonable expedition.

Secretaries of following Union Administrations did not produce the record of expenditure amounting to Rs 1.795 million incurred during 2008-15 on account of development schemes, salary, contingent payment, POL and sales tax.

(Rupees in million)

Sr. No.	Union Administrations	Description	Amount
1	Gaddai	Development schemes, contingent payment and salary	1.436
2	Kot Chutta	POL, work charge and contingent expenditure	0.359
<b>Total</b>			<b>1.795</b>

Audit is of the view that due to weak internal controls, record was not produced for audit verification.

Non production of record of Rs 1.795 million created doubt regarding the legitimacy of the expenditure.

The matter was reported to the Union Secretaries / PAOs in March, 2016. The Secretaries signed the paras but did not submit detailed reply.



The matter was reported to the Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress intimated till the finalization of this Report.

Audit recommends that responsibility be fixed and strict disciplinary action taken against the officials concerned for non-production of record, under intimation to Audit, and to ensure that the record is produced to Audit for scrutiny.

[UA-17 AIR Para: 1], [UA-21 AIR Para: 12]

## 1.2.2 Irregularities and non compliance

### 1.2.2.1 Expenditure without Pre-Audit – Rs 32.088 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 Administrations falling in the jurisdiction of respective TMA.

Secretaries of following Union Administrations withdrew without pre-audit Rs 32.088 million for disbursement during 2008-15, in violation of above directions of the Government. The amount was withdrawn by the Nazims / Administrators and Secretaries Union Administrations being co-signatories from the bank account without pre-audit of vouchers from the concerned Tehsil Accounts Officer.

(Rupees in million)

Sr. No.	Union Administrations	Period	Amount
1	Hairo Sharqi	2009-15	1.786
2	Makwal Kalan	2009-15	1.800
3	Nari Shumali		1.782
4	Nawan	2012-15	1.403
5	Chorhata	2008-09/ 2012-15	6.132
6	Gaddai	2013-15	3.225
7	Mutafariq Chahan	2012-15	4.630
8	Urban D.G. Khan	2008-10	2.710
9	Urban D.G. Khan	2008-09 / 2013-15	4.442
10	Kot Chutta	2009-15	4.178
<b>Total</b>			<b>32.088</b>

Audit is of the view that due to weak internal controls, the funds were withdrawn without pre-audit.

Withdrawal of funds amounting to Rs 32.088 million without pre-audit of vouchers resulted in violation of the Government instructions.

The matter was reported to the Union Secretaries / PAOs in March, 2016. The Secretaries signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress intimated till the finalization of this Report.

Audit recommends regularization of expenditure besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[UA-46 AIR Para: 9], [UA-45 AIR Para: 9], [UA-41 AIR Para: 9], [UA-32 AIR Para: 7], [UA-15 AIR Para: 2], [UA-17 AIR Para: 2], [UA-30 AIR Para: 4], [UA-1 AIR Para: 3], [UA-2 AIR Para: 3], [UA-21 AIR Para: 11]

### **1.2.2.2 Unauthorized payment without detailed measurement and technical sanction-Rs 14.193 million**

According to the Punjab Local Government and Rural Development 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. Further according to Government of the Punjab LG and RD Notification No.SOV(LG) 5-33/2002 dated 06.07.2005, in case the cost of a project is not more than Rs 100,000, 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 following Union Administrations incurred expenditure amounting to Rs 14.193 million during 2008-15 on account of construction work without any detailed measurement recorded in the measurement book. Only the final bill was prepared and paid accordingly. Furthermore technical sanction was not obtained from the competent authority. The detail is given below:

(Rupees in million)

<b>Sr. No.</b>	<b>Union Administrations</b>	<b>Description</b>	<b>Amount</b>
1	Chorhata	Earth filling, saffai, soling	1.141
2	Gaddai	Disposal work, earth filling, repair of WSS	0.614
3	Mutafariq Chahan	Construction of culvert, earth filling, soling	2.929
4	Urban D.G. Khan	Repair work, earth filling, nali soling	1.423
5	Urban D.G. Khan		1.417
6	Hairo Sharqi	RCC pipe, earth filling, repair work	2.285
7	Makwal Kalan	Construction of drain, repair work	1.211
8	Nari Shumali	Construction of street, nali soling, earth filling	0.841
9	Nawan	RCC pipe, earth filling, waste collection	0.146
10	Kot Chutta	Construction of culverts, RCC pipes	2.186
<b>Total</b>			<b>14.193</b>

Audit is of the view that due to weak internal controls, payments of construction work were made without detailed measurement in measurement book.

Payments without detailed measurement of construction work resulted in irregular expenditure of Rs 14.193 million.

The matter was reported to the Union Secretaries / PAOs in March, 2016. The Secretaries signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress intimated till the finalization of this Report.

Audit recommends regularization besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[UA-15 AIR Para: 3], [UA-17 AIR Para: 2], [UA-30 AIR Para: 3], [UA-01 AIR Para: 2], [UA-02 AIR Para: 2], [UA-46 AIR Para: 6], [UA-45 AIR Para: 5], [UA-41 AIR Para: 6], [UA-32 AIR Para: 5], [UA-21 AIR Para: 3]

### **1.2.2.3 Irregular payment of work charged establishment – Rs 12.681 million**

According to preface of the Wage Rate Schedule 2012, appointment to a post included in the schedule shall be advertised properly in leading newspapers and recruitment to all posts in the schedule shall be made on the basis of merits specified for regular establishment vide Para 11 of the Recruitment Policy issued by the S&GAD vide No. SOR-IV(S&GAD)10-1/2003 dated 17.09.2004.

Secretaries of following Union Administrations recruited work charged employees as Sanitary Workers/Chowkidars. An amount of Rs 12.681 million was paid out of Non Development Budget on account of salaries to those employees during 2008-15. The recruitment process was conducted without observing the codal formalities i.e. advertisement of the posts, detail of the candidates applied, minutes of recruitment committee, offer letters and joining reports etc. The detail is given below:

(Rupees in million)

Sr. No.	Union Administrations	Amount
1	Chorhata	0.139
2	Gaddai	4.444
3	Mutafariq Chahan	2.033
4	D.G. Khan	0.419
5	D.G. Khan	0.558
6	Makkwal Kalan	0.099
7	HairoSharqi	0.193
8	Nari Shumali	0.118
9	Nawan	1.128
10	Kot Chutta	3.550
<b>Total</b>		<b>12.681</b>

Audit is of the view that due to weak internal controls, recruitment process was not followed as laid down in the Wage Rate Schedule, 2012.

Irregular recruitment of work charged employees resulted in irregular payment of Rs 12.681 million.

The matter was reported to the Union Secretaries / PAOs in March, 2016. The Secretaries signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress intimated till the finalization of this Report.

Audit recommends regularization besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[UA-15 AIR Para: 4], [UA-17 AIR Para: 4], [UA-30 AIR Para: 5], [UA-01 AIR Para: 4], [UA-02 AIR Para: 4], [UA-45 AIR Para: 8], [UA-46 AIR Para: 4], [UA-41 AIR Para: 4], [UA-32 AIR Para: 3], [UA-21 AIR Para: 2]

#### **1.2.2.4 Irregular cash payments – Rs 8.929 million**

According to the Government of Punjab Finance Department letter No. FD (FR) V-6/75 (P) dated 17.09.2008, all the payments exceeding Rs 100,000 should be made through crossed cheque.

Secretaries of following Union Administrations incurred expenditure amounting to Rs 2.750 million on account of contingent expenditure and

development work during 2008-15. All payments were made in cash instead of crossed cheques / direct credit into their bank account.

(Rupees in million)

Sr. No.	Union Administrations	Description	Amount
1	Hairo Sharqi	Sport festival, repair work	0.901
2	Makwal Kalan	Sport festival, const. of drain, Repair work	0.934
3	Nari Shumali	Payment to supplier	0.588
4	Nawan		0.814
5	Chorhata	RCC Pipes, Sewing Machines	0.235
6	Gaddai	Cash withdrwal	0.636
7	Mutafariq Chahan	Construction of Culvert, Earth filling	1.801
8	D.G. Khan	Earth Filling	0.380
9	Kot Chutta	Cash withdrwal	2.640
<b>Total</b>			<b>8.929</b>

Audit is of the view that due to weak internal controls, payments were made in cash instead of crossed cheques.

Cash payments made to contractors resulted in irregular payments amounting to Rs 8.929 million.

The matter was reported to the Union Secretaries / PAOs in March, 2016. The Secretaries signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress intimated till the finalization of this Report.

Audit recommends regularization besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[UA-46 AIR Para: 10], [UA-45 AIR Para: 10], [UA-41 AIR Para: 10], [UA-32 AIR Para: 4], [UA-15 AIR Para: 10], [UA-17 AIR Para: 12], [UA-30 AIR Para: 12], [UA-2 AIR Para: 10], [UA-21 AIR Para: 8]

#### **1.2.2.5 Non allocation of 25% budget for citizen community boards - Rs 5.163 million**

According to Rule 41 (2) of the Punjab District Government and TMA (Budget) Rules 2003, twenty five percent of the development budget shall be earmarked for execution through Citizen Community Boards. The Citizen

Community Boards projects shall be processed, included in the development budget and approved by the council in accordance with Rules.

Secretaries of following Union Administrations finalized the development budget for the period 2008-15 for Rs 20.653 million but 25% funds amounting to Rs 5.163 million were not earmarked for the CCBs.

(Rupees in million)

Sr. No.	Union Administrations	Development Budget	25% CCB Share
1	Chorhata	6.790	1.697
2	Gaddai	1.311	0.328
3	Mutafariq Chahan	6.290	1.573
4	1 D.G. Khan	3.486	0.871
5	2 D.G. Khan	2.776	0.694
<b>Total</b>		<b>20.653</b>	<b>5.163</b>

Audit is of the view that due to negligence of union administration authority, funds were not allocated in prescribed ratio for CCB schemes.

Non allocation of funds amounting to Rs 5.163 million resulted in non utilization of funds and benefit to the public.

The matter was reported to the Union Secretaries / PAOs in March, 2016. The Secretaries signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress intimated till the finalization of this Report.

Audit recommends fixing of responsibility on the person(s) at fault, under intimation to Audit.

[UA-15 AIR Para: 7], [UA-17 AIR Para: 8], [UA-30 AIR Para: 9], [UA-01 AIR Para: 7], [UA-02 AIR Para: 7]

#### **1.2.2.6 Unjustified consumption of stores –Rs 4.382 million**

According to Rule 15.4(a) and 15.5 of the Punjab Financial Rule, 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 following Union Administrations incurred an expenditure of Rs 4.382 million during the financial years 2008-15 on account of purchase of sports material, hand pumps, sewing machines, but neither their stock entries nor consumption record along with public requests demanding the sports material, installation of hand pumps and laying RCC pipes was available on record. In the absence of requisite record the authenticity of the expenditure could not be verified.

(Rupees in million)

Sr. No.	Union Administrations	Description	Amount
1	Hairo Sharqi	Hand Pumps, RCC Pipe and Store Item	0.285
2	Makwal Kalan		0.183
3	Nari Shumali		0.229
4	Nawan	RCC pipes, Sewing Machines and store item	0.104
5	Chorhata	RCC pipes, Sewing Machines, Hand Pumps	0.937
6	Gaddai	RCC pipes, Hand Pumps, General Store item	0.572
7	Mutafariq Chahan	RCC pipes, Sewing Machines, H.Pumps, General Store Item	0.395
8	1 D.G Khan	Sewing machines, Sports Arcticles	0.282
9	2 D.G Khan	Hand Pumps, Sports item, RCC pipes	0.143
10	Kot Chutta	Hand Pumps, RCC Pipes	1.252
<b>Total</b>			<b>4.382</b>

Audit is of the view that due to weak internal controls, stores items were issued without requisite record.

The issuance of stores amounting to Rs 4.382 million without requisite record resulted in unjustified consumption of stores and loss to the Government could not be ruled out.

The matter was reported to the Union Secretaries / PAOs in March, 2016. The Secretaries signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress intimated till the finalization of this Report.



Audit recommends to investigate the matter besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[UA-46 AIR Para: 5], [UA-45 AIR Para: 4], [UA-41 AIR Para: 5], [UA-32 AIR Para: 2], [UA-15 AIR Para: 6], [UA-17 AIR Para: 7], [UA-30 AIR Para: 8], [UA-1 AIR Para: 6], [UA-2 AIR Para: 6], [UA-21 AIR Para: 7]

### 1.2.2.7 Loss due to non deposit of revenues – Rs 1.689 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 following Union Administrations recovered Rs 1.689 million on account of birth, death and marriage registration fee etc. but did not deposit the same into the Government account during 2008-15.

(Rupees in million)

Sr. No.	Union Administrations	Description	Amount
1.	Hairo Sharqi	Birth, Death and Marriage Registration Fee	0.098
		Income Tax	0.140
		General Sales Tax	0.038
2.	Makwalkalan	Birth, Death and Marriage Registration Fee	0.069
		General Sales Tax	0.024
		Income Tax	0.080
3.	Nari Shumali	Birth, Death and Marriage Registration Fee	0.096
		Income Tax	0.060
		General Sales Tax	0.037
4.	Nawan	Birth, Death and Marriage Registration Fee	0.069
		Income Tax/ General Sales Tax	0.027
5.	Chorhata	Income Tax	0.113
6.	Gaddai		0.075
7.	Mutafariq Chahan	Birth, Death and Marriage Registration Fee	0.119
		Income Tax	0.164
8.	1 D.G. Khan	General Sales Tax /Income Tax	0.052
9.	2 D.G. Khan		
10.	Kot Chutta	Income Tax	0.086
		General Sales Tax	0.142
<b>Total</b>			<b>1.689</b>

Audit is of the view that due to weak internal controls, realized amount was not deposited into the Government account.

Non deposit of collected fee amounting to Rs 1.689 million resulted in loss to the Government exchequer.

The matter was reported to the Union Secretaries / PAOs in March, 2016. The Secretaries signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress intimated till the finalization of this Report.

Audit recommends recovery of Rs 1.689 million besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[UA-46 AIR Para: 2,7,8], [UA-45 AIR Para: 2,6,7], [UA-41 AIR Para: 2,7,8], [UA-32 AIR Para: 1,6], [UA-15 AIR Para: 1], [UA-17 AIR Para: 11], [UA-30 AIR Para: 1,11], [UA-1 AIR Para: 9], [UA-2 AIR Para: 9], [UA-21 AIR Para: 9,10]

### **1.2.2.8 Award of work without tenders – Rs 1.647 million**

According to Clause 12(1) of Punjab Procurements Rules 2014, procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the PPRA's website in the manner and format specified by regulation by the Punjab Procurement Regularity Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

Secretaries of following Union Administrations incurred expenditure to the extent of Rs 1.647 million on purchase of various items without advertisement on the PPRA's website and inviting tenders through newspapers. Further all the purchases were made on the basis of quotations, which could not be treated as competitive.

(Rupees in million)

<b>Sr. No.</b>	<b>Year</b>	<b>Union Administrations</b>	<b>Description</b>	<b>Amount</b>
1	2008-15	Chorhata	RCC pipes, Moogas	0.846
2	2008-12	Gaddai	RCC Pipes, Hand Pumps	0.300
4	2008-15	Mutafariq Chahan		0.332
5	2008-15	1 D.G. Khan	Sewing Machines	0.169
<b>Total</b>				<b>1.647</b>

Audit is of the view that due to weak internal controls, purchases were made without advertising and fair competition.

Purchases without advertisement on PPRA's website resulted in irregular expenditure of Rs 1.647 million.

The matter was reported to the Union Secretaries / PAOs in March, 2016. The Secretaries signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress intimated till the finalization of this Report.

Audit recommends regularization besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[UA-15 AIR Para: 5], [UA-17 AIR Para: 6], [UA-30 AIR Para: 7], [UA-1 AIR Para: 8]

### **1.2.2.9 Non auction of shops after the expiry period - Rs 1.097 million**

According to Rule,16 (a), (b)) of the Punjab Local Government Property Rules, 2003 the Immovable Property shall be given on lease through competitive bidding and the period of such lease shall be up to five years at a time.

Secretary Union Administration Kot Chutta, failed to re-auction the lease of rents of shops after the expiry of five year agreement period during 2008-15. The rent of shops was also not revised up to market value. The detail is given below:

(Rupees in million)

<b>Year of First Auction (construction)</b>	<b>No of Shops</b>	<b>Average Rent per month (Rs)</b>	<b>Market Rate of Rent per month (Rs)</b>	<b>Difference (Rs)</b>	<b>Period</b>	<b>Amount of Loss</b>
1995	24	2,100	5,500	3,400	2009-15	0.245
1995	4	3,410	8,000	4,590	2009-15	0.330
2001	12	2,100	5,500	3,400	2009-15	0.245
2008	1	1,650	5,500	3,850	2013-15	0.277
<b>Total</b>	<b>41</b>					<b>1.097</b>

Audit is of the view that due to weak internal controls, the sources of revenue could not be increased.

Non re-auctioning of shops resulted in loss of revenue amounting to Rs 1.097 million to the Local Government.

The matter was reported to the Union Secretaries / PAOs in March, 2016. The Secretaries signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress intimated till the finalization of this Report.

Audit recommends recovery of Rs 1.097 million besides fixing of responsibility on the person(s) at fault for non re-auctioning the sources of revenue, under intimation to Audit.

[UA-21 AIR Para: 5]

# **Annex**

**Annex-A****Part-I****Memorandum for Departmental Accounts Committee Paras  
pertaining to Audit Year 2015-16**

(Rupees in million)

<b>Sr. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>	<b>Amount</b>
1	UA Chorhatta	8	Non Accountal of stores	0.086
		9	Non maintenance of security deposit register	0.188
2	UA Gaddi	5	Un-justified expenditure on Moharram routs	0.067
		9	Shortage of stores	0.085
		10	Non maintenance of security deposit register	0.035
3	MutafariqChahan	2	Unjustified payment of computer allowance	0.031
		6	Non recovery of advances from employees on account of house building advance	0.030
		10	Un-justified expenditure on Moharram routs	0.321
4	UA No.1 D.G. Khan	1	Unjustified payment of computer allowance	0.029
		8	Non maintenance of security deposit register	0.101
5	UA No.2 D.G. Khan	1	Unjustified payment of computer allowance	0.012
		5	Non recovery of advances from employees on account of house building advance	0.025
		8	Non maintenance of security deposit register	0.089
6	Makwal Kalan	1	Non-recovery of loan/ advances	0.038
		3	Recovery of un authorized drawl of allowances	0.013
7	Hairo Sharqi	1	Non-recovery of loan/ advances	0.080
		3	Recovery of un authorized drawl of allowances	0.019
8	Nari Shumali	1	Non-recovery of loan/ advances	0.060
		3	Recovery of un authorized drawl of allowances	0.022
9	Kot Chutta	3	Recovery of un authorized drawl of Allowances	0.031
		8	Unjustified expenditure on sanitation	1.437

**Part-II****Memorandum for Departmental Accounts Committee Paras  
pertaining to Audit Year 2013-14**

(Rupees in million)

<b>Sr · N o.</b>	<b>Name of UAs</b>	<b>AIR Para No.</b>	<b>Subject</b>	<b>Amo unt</b>
1	Choti Zareen	1	Non deposit of birth and death fee into local fund	0.138
2		5	Non recovery of advances from employee on account of house building advance	0.103
3	Yaroo	1	Non deposit of birth and death fee into local fund	0.300
4		8	Non deduction of General Sales Tax	0.142

## UAs of District D.G. Khan

## Budget and Expenditure Statement for Financial Years 2008-15

(Rupees in million)

Sr. No.	Name of UAs	Nature of Expenditures	Original Grant	Revised / Final Grant	Actual Expenditure	(+) Excess (-) Saving
1	UA No.21 KotChutta 2008-15	Salary	6.930	6.930	6.861	-0.069
		Non-Salary	6.361	6.361	6.298	-0.063
		<b>Sub-total</b>	<b>13.290</b>	<b>13.290</b>	<b>13.159</b>	-0.131
		<b>Development</b>	2.144	2.144	2.123	-0.021
		<b>Total</b>	<b>15.434</b>	<b>15.434</b>	<b>15.282</b>	-0.152
2	UA No.32 Nawan 2012- 15	Salary	2.585	2.585	2.560	-0.025
		Non-Salary	1.511	1.511	1.496	-0.015
		<b>Sub-total</b>	<b>4.097</b>	<b>4.097</b>	<b>4.056</b>	-0.041
		<b>Development</b>	0.094	0.094	0.094	0.000
		<b>Total</b>	<b>4.191</b>	<b>4.191</b>	<b>4.150</b>	-0.041
3	UA NariShumalli 2008-15	Salary	3.964	3.964	3.924	-0.040
		Non-Salary	3.397	3.397	3.363	-0.034
		<b>Sub-total</b>	<b>7.361</b>	<b>7.361</b>	<b>7.288</b>	-0.073
		<b>Development</b>	2.664	2.664	2.638	-0.026
		<b>Total</b>	<b>10.025</b>	<b>10.025</b>	<b>9.925</b>	-0.100
4	UA HairoSharqi 2008-15	Salary	4.459	4.459	4.415	-0.044
		Non-Salary	0.794	0.794	0.786	-0.008
		<b>Sub-total</b>	<b>5.253</b>	<b>5.253</b>	<b>5.201</b>	-0.052
		<b>Development</b>	4.166	4.166	4.125	-0.041
		<b>Total</b>	<b>9.419</b>	<b>9.419</b>	<b>9.326</b>	-0.093
5	UA Makwal Kalan	Salary	6.642	6.642	6.576	-0.066
		Non-Salary	1.336	1.336	1.323	-0.013
		<b>Sub-total</b>	<b>7.978</b>	<b>7.978</b>	<b>7.899</b>	-0.079
		<b>Development</b>	2.393	2.393	2.369	-0.024
		<b>Total</b>	<b>10.371</b>	<b>10.371</b>	<b>10.268</b>	-0.103
6	UA NO. 1 D.G. Khan	Salary	8.110	8.110	7.421	-0.689
		Non-Salary	1.802	1.802	1.355	-0.447
		<b>Sub-total</b>	<b>9.912</b>	<b>9.912</b>	<b>8.776</b>	-1.136
		<b>Development</b>	4.182	4.182	2.613	-1.569
		<b>Total</b>	<b>14.094</b>	<b>14.094</b>	<b>11.390</b>	-2.704
7	UA NO. 2 D.G. Khan	Salary	7.220	7.220	6.839	-0.381
		Non-Salary	1.445	1.445	1.145	-0.300
		<b>Sub-total</b>	<b>8.665</b>	<b>8.665</b>	<b>7.984</b>	-0.681



		<b>Development</b>	3.723	3.723	2.736	-0.987
		<b>Total</b>	<b>12.388</b>	<b>12.388</b>	<b>10.721</b>	-1.667
8	Chorhatta	Salary	8.130	8.130	7.852	-0.278
		Non-Salary	1.220	1.220	1.103	-0.117
		<b>Sub-total</b>	<b>9.350</b>	<b>9.350</b>	<b>8.956</b>	-0.394
		<b>Development</b>	2.635	2.635	1.698	-0.937
		<b>Total</b>	<b>11.985</b>	<b>11.985</b>	<b>10.653</b>	-1.332
9	Gaddai	Salary	7.886	7.886	7.261	-0.625
		Non-Salary	1.516	1.516	1.362	-0.154
		<b>Sub-total</b>	<b>9.401</b>	<b>9.401</b>	<b>8.623</b>	-0.778
		<b>Development</b>	2.391	2.391	1.759	-0.632
		<b>Total</b>	<b>11.792</b>	<b>11.792</b>	<b>10.382</b>	-1.410
10	Mutafariq Chahan	Salary	5.080	5.080	4.819	-0.261
		Non-Salary	1.120	1.120	0.925	-0.195
		<b>Sub-total</b>	<b>6.200</b>	<b>6.200</b>	<b>5.744</b>	-0.456
		<b>Development</b>	4.811	4.811	3.872	-0.939
		<b>Total</b>	<b>11.011</b>	<b>11.011</b>	<b>9.616</b>	-1.395
<b>Grand Total</b>			<b>110.710</b>	<b>110.710</b>	<b>101.712</b>	-8.998