



**AUDIT REPORT
ON
THE ACCOUNTS OF
UNION ADMINISTRATIONS
RAJANPUR
AUDIT YEAR 2015-16**

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 regarding Financial Management | vii |
| Table 3: Outcome Statistics..... | viii |
| Table 4: Irregularities Pointed Out..... | ix |
| Table 5: Cost-Benefit | ix |
| CHAPTER 1 | 1 |
| 1.1 Union Administrations District Rajanpur | 1 |
| 1.1.1 Introduction | 1 |
| 1.1.3 Brief Comments on the Status of Compliance of MFDAC Audit Paras of Audit Report 2013-14..... | 3 |
| 1.1.4 Brief Comments on the Status of Compliance with PAC Directives..... | 3 |
| 1.2 AUDIT PARAS | 4 |
| 1.2.1 Non Production of Record..... | 5 |
| 1.2.2 Irregularities and non compliance | 7 |
| Annex | 17 |
| Annex-A | 18 |
| Annex-B | 21 |

ABBREVIATIONS AND ACRONYMS

| | |
|-------|--|
| DAC | Departmental Accounts Committee |
| DDO | Drawing and Disbursing Officers |
| FD | Finance Department |
| IPSAS | International Public Sector Accounting Standards |
| LG&RD | Local Government and Rural Development |
| MFDAC | Memorandum for Departmental Accounts Committee |
| HBA | House Building Advance |
| GST | General Sale Tax |
| HSRA | Health Sector Reform Allowance |
| PAC | Public Accounts Committee |
| PAO | Principal Accounting Officer |
| PLGO | Punjab Local Government Ordinance |
| PPRA | Punjab Procurement Regularity Authority |
| RCC | Reinforced Cement Concrete |
| RDA | Regional Directorate of Audit |
| TMA | Tehsil Municipal Administration |
| UAs | Union Administrations |

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 Rajanpur 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 Rajanpur for the Financial Years 2008-15 and the findings are included in this Audit Report.

Union Administrations, (UAs) in District Rajanpur conduct their operations under Punjab Local Government Ordinance, 2001. UAs of District Rajanpur 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)39-6/208 dated Lahore February 24th 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 Rajanpur for the Financial Years 2008-15, was Rs 28.064 million and expenditure incurred

was of Rs 12.081 million, showing savings of Rs 19.983 million. The total Non-development Budget for Financial Years 2008-15 was Rs 59.868 million and expenditure was of Rs 43.291 million, showing savings of Rs 16.577 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 45.916 million were collected.

Audit of UAs of District Rajanpur 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 Rajanpur for the Financial Years 2008-15, auditable expenditure under the jurisdiction of Regional Director Audit, D.G. Khan was Rs 243.637 million covering 44 UAs. Out of this, RDA D.G. Khan audited an expenditure of Rs 55.372 million covering ten UAs/PAOs/formations which, in terms of percentage, is 23% of total auditable expenditure and irregularities amounting to Rs 55.522 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 44 UAs of District Rajanpur for the Financial Years 2008-15, were Rs 121.220 million. RDA, D.G. Khan audited receipts of Rs 27.550 million of the ten UAs selected for audit which is 23% of total receipts and irregularities amounting to Rs 1.479 million were pointed out.

b. Recoveries at the Instance of Audit

Recoveries of Rs 1.479 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 Rajanpur was not found satisfactory during audit. Many instances of weak internal controls have been highlighted during the course of audit which include 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 17.097 million was noted in one case.¹
- ii. Irregularities involving Rs 34.487 million were noted in nine cases.²

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.

¹Para 1.2.1.1

²Para 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 | 44 | 243.637 | 121.220 | 364.857 |
| 2 | Total Formations in Audit Jurisdiction | 44 | 243.637 | 121.220 | 364.857 |
| 3 | Total Entities (PAOs)/ DDOs Audited | 10* | 55.372 | 27.550 | 82.922 |
| 4 | Total Formations/ DDOs Audited | 10* | 55.372 | 27.550 | 82.922 |
| 5 | Audit & Inspection Reports | 10* | 55.372 | 27.550 | 82.922 |
| 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 observation |
|--------------|---|--|
| 1 | Unsound asset management | - |
| 2 | Weak financial management | 34.487 |
| 3 | Weak Internal controls relating to financial management | - |
| 4 | Others | 17.097 |
| Total | | 51.584 |

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 | - | 166.874 | 23.606 | 53.157 | 121.220 | 364.857 | 240.542 |
| 2 | Outlays Audited | - | 37.926 | 5.365 | 12.081 | 27.550 | 82.922* | 40.147 |
| 3 | Amount Placed under Audit Observation/ Irregularities Pointed out | - | 32.362 | 2.132 | 15.611 | 1.479 | 51.584 | 22.429 |
| 4 | Recoveries Pointed out at the instance of Audit | - | - | - | - | 1.479 | 1.479 | - |
| 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 55.372 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. | 33.008 |
| 2 | Reported cases of fraud, embezzlement, thefts and misuse of public resources. | - |
| 3 | Accounting errors (accounting policy departure from IPSAS 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 systems | - |
| 5 | Recoveries and overpayments, representing cases of establishment overpayment or misappropriations of public monies | 1.479 |
| 6 | Non-production of record | 17.097 |
| 7 | Others, including cases of accidents, negligence, non-accountal of store etc. | - |
| Total | | 51.584 |

Table 5: Cost-Benefit

(Rupees in million)

| Sr. No. | Description | Amount |
|----------------|--|---------------|
| 1 | Outlays Audited (Items 2 Table 3) | 82.922 |
| 2 | Expenditure on Audit | 0.050 |
| 3 | Recoveries realized at the instance of Audit | - |
| 4 | Cost-Benefit Ratio | - |

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

CHAPTER 1

1.1 Union Administrations District Rajanpur

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 44 numbers of UAs in District Rajanpur out of which UAs number 8,9,10,17,18,32,38,39,43 and 44 were audited on sample basis during 2015-16.

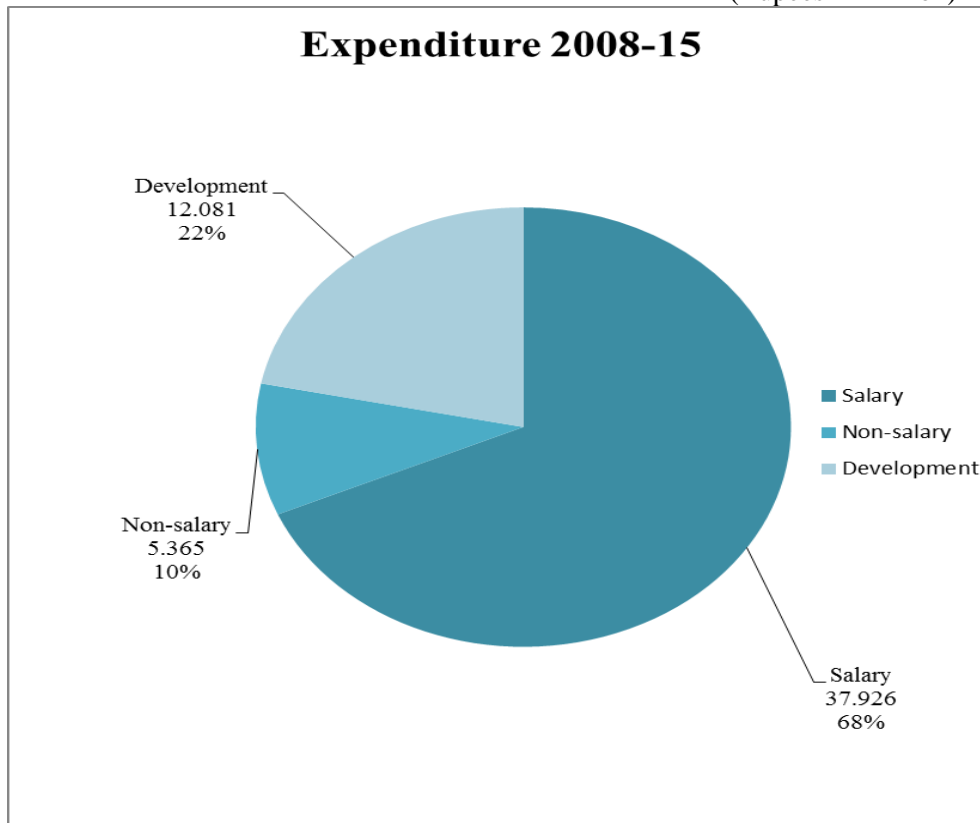
1.1.2 Comments on Budget and Accounts

The detail of budget and expenditure of ten UAs audited during 20015-16 is given below in tabulated form:

(Rupees in million)

| 2008-15 | Budget | Actual | Saving | % Saving |
|----------------|---------------|---------------|---------------|-----------------|
| Salary | 47.598 | 37.926 | 9.672 | 20% |
| Non Salary | 12.270 | 5.365 | 6.905 | 56% |
| Development | 28.064 | 12.081 | 19.983 | 57% |
| Total | 87.932 | 55.372 | 32.560 | 37% |
| Revenue | 50 | 45.916 | 4.084 | 8% |

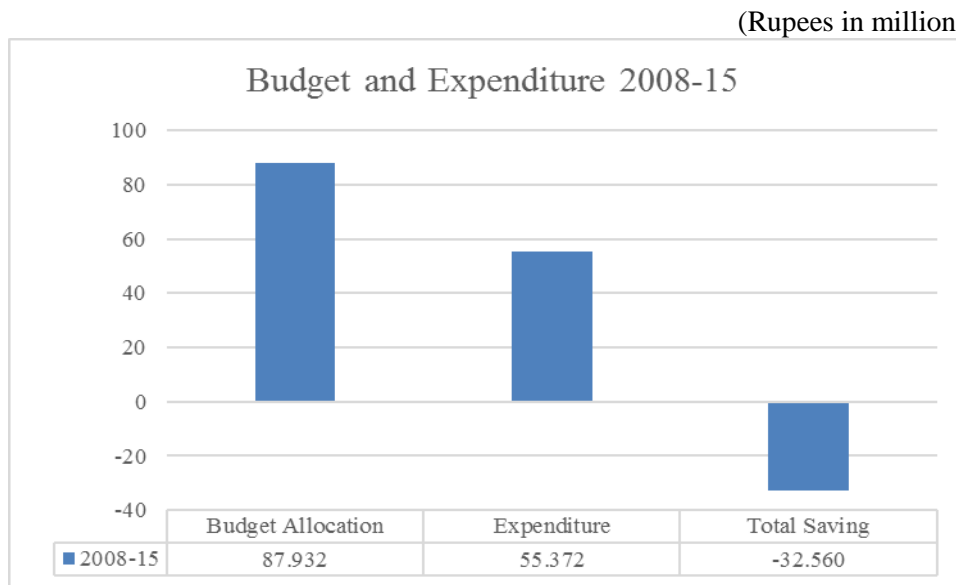
(Rupees in million)



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

As per budget books for the Financial Years 2008-15 UAs in District Rajanpur, the original and final budget of audited ten UAs was Rs 87.932 million. Total expenditure incurred by these UAs during Financial Years 2008-15 was Rs 55.372 million. A saving of Rs 32.560 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 | 3 | PAC not constituted |
| 2. | 2012-13 | 3 | PAC not constituted |
| 3. | 2013-14 | 4 | PAC not constituted |

1.2 AUDIT PARAS

1.2.1 Non Production of Record

1.2.1.1 Non production of record – Rs 17.097 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 withdrew Rs 17.097 million during financial years 2008-15 from concerned Union Administration bank accounts on accounts of development schemes, salary, contingent payment and income from various heads but the vouched accounts were not produced to audit for verification. The detail is given below:

(Rupees in million)

| Sr. No. | Year | Union Administrations | Amount |
|--------------|---------|-----------------------|---------------|
| 1 | 2011-12 | Bukhara Shareef | 4.048 |
| 2 | 2013-14 | Meeranpur | 3.076 |
| 3 | 2008-10 | Rojhan | 1.211 |
| 4 | 2009-10 | Tribal Area | 0.061 |
| 5 | 2008-15 | Noor Pur | 8.701 |
| Total | | | 17.097 |

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

Non production of record of Rs 17.097 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 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-9 AIR Para: 2], [UA-38 AIR Para: 2], [UA-39 AIR Para: 3], [UA-44 AIR Para: 8],
[UA-10 AIR Para: 2]

1.2.2 Irregularities and non compliance

1.2.2.1 Expenditure without Pre-Audit – Rs 8.644 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 8.644 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 | Bukhara Shareef | 2014-15 | 1.441 |
| 2 | MeeranPur | 2008-09 | 1.370 |
| 3 | Dajal | 2014-15 | 1.321 |
| 4 | Tribel Area | 2013-15 | 2.139 |
| 5 | JhanPur | 2013-15 | 1.628 |
| 6 | Noor Pur | 2014-15 | 0.745 |
| Total | | | 8.644 |

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

Withdrawal of funds amounting to Rs 8.644 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-9 AIR Para: 3], [UA-38 AIR Para: 4], [UA-17 AIR Para: 4], [UA-44 AIR Para: 1],
[UA-32 AIR Para: 1], [UA-10 AIR Para: 3]

1.2.2.2 Unauthorized payment without detailed measurement and technical sanction-Rs 8.819 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 8.819 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)

| Sr. No. | Union Administrations | Particular | Amount |
|----------------|------------------------------|--|---------------|
| 1 | Bukhara Shareef | Construction of drain, soling and earth filling | 1 |
| 2 | MeeranPur | Earth filling, sehat-o-saffai | 1.164 |
| | | Earth filling, nali soling | 1.024 |
| 3 | Muhammad Pur | Earth filling, nali soling, sehat-o-saffai | 0.655 |
| 4 | Rojhan | | 2.160 |
| 5 | Dajal | Construction of boundary wall, drain soling | 0.889 |
| 6 | Shah Wali | RCC pipes | 0.569 |
| | | RCC pipes, earth filling, construction of culverts | 1.043 |
| 7 | Bury Wala | RCC pipes | 0.315 |
| Total | | | 8.819 |

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

Payments without detailed measurement of construction work resulted in unauthentic expenditure of Rs 8.819 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-9 AIR Para: 7] [UA-38 AIR Para: 3,6], [UA-8 AIR Para: 4], [UA-39 AIR Para: 4], [UA-17 AIR Para: 3], [UA 43-AIR Para: 11,1], [UA-18 AIR Para: 8,2]

1.2.2.3 Irregular cash payments – Rs 4.694 million

According to Government of the Punjab Finance Department letter No. FD (FR) V-6/75 (P) dated 17.9.2008, all the payments exceeding Rs 100,000 should be made through crossed cheque.

Secretaries of following Union Administrations incurred expenditure amounting to Rs 4.694 million on account of salaries, contingent expenditure and development work during 2008-15. All the payments were made in cash instead of crossed cheques / direct credit into their bank account.

(Rupees in million)

| Sr. No. | Union Administrations | Year | Amount |
|----------------|------------------------------|-------------|---------------|
| 1 | Bukhara Shareef | 2013-15 | 0.416 |
| 2 | Tribel Area | 2013-15 | 0.592 |
| 3 | JhanPur | 2013-15 | 1.567 |
| 4 | Noor Pur | 2014-15 | 0.895 |
| 5 | Shah Wali | 2012-15 | 1.224 |
| Total | | | 4.694 |

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 / employees resulted in irregular payments amounting to Rs 4.694 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-9 AIR Para: 5], [UA-44 AIR Para: 6], [UA-32 AIR Para: 6], [UA-10 AIR Para: 1],
[UA-43 AIR Para: 4]

1.2.2.4 Irregular expenditure due to less response time – Rs 4.138 million

According to Rule 13(1) of the Punjab Procurement Rules 2014, under no circumstances the response time shall be less than fifteen days for national competitive bidding.

Secretaries of following Union Administrations advertised development schemes valuing Rs 4.138 million in local newspaper during 2014-15. As per advertisement the response time for receipt and opening of bids was only 9 or 10 days.

(Rupees in million)

| Sr. No. | Year | Union Administrations | Amount |
|----------------|-------------|------------------------------|---------------|
| 1 | 2011-12 | Bukhara Shareef | 1.000 |
| 2 | 2011-12 | Muhammad Pur | 1.100 |
| 3 | 2012-13 | Rojhan | 1.148 |
| 4 | 2011-12 | Dajal | 0.890 |
| | | Total | 4.138 |

Audit is of the view that due to weak internal controls, the Government instructions were not followed.

Less response time resulted in irregular expenditure of Rs 4.138 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 of the expenditure besides fixing of responsibility on the person(s) at fault under intimation to Audit.

[UA-9 AIR Para: 4], [UA-8 AIR Para: 5], [UA-39 AIR Para: 5], [UA-17 AIR Para: 7]

1.2.2.5 Loss due to unjustified consumption of stores – Rs 2.132 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 following Union Administrations incurred an expenditure of Rs 2.132 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 authenticity of the expenditure could not be verified.

(Rupees in million)

| Sr. No. | Union Administrations | Description | Amount |
|----------------|------------------------------|--|---------------|
| 1 | Bukhara Shareef | RCC pipes, moogas and general store item | 0.322 |
| 2 | MeeranPur | RCC pipes, Hand pumps | 0.862 |
| 3 | Muhammad Pur | RCC pipes, Hand pumps and general store item | 0.661 |
| 4 | Dajal | | 0.287 |
| Total | | | 2.132 |

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 2.132 million without requisite record resulted in unjustified consumption of stores and loss to the UAs 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 investigation of the matter besides fixing of responsibility on the person(s) at fault for issuing the store without maintaining requisite record.

[UA-9 AIR Para: 8], [UA-38 AIR Para: 7], [UA-8 AIR Para: 6], [UA-17 AIR Para: 8]

1.2.2.6 Irregular payment to work charged establishment – Rs 1.927 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 1.927 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 | Shah Wali | 0.429 |
| 2 | Tribel Area | 0.750 |
| 3 | Jhanpur | 0.319 |
| 4 | MiranPur | 0.288 |
| 5 | Rojhan | 0.141 |
| Total | | 1.927 |

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 1.927 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-43 AIR Para: 6], [UA-44 AIR Para: 2], [UA-32 AIR Para: 5], [UA-38 AIR Para: 8],
[UA-39 AIR Para: 6]

1.2.2.7 Irregular expenditure without tenders – Rs. 1.554 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 Rule 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 1.554 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 collected at personal level, which could not be treated as competitive.

(Rupees in million)

| Sr. No. | Year | Union Administration | Description | Amount |
|--------------|---------|----------------------|----------------------|--------------|
| 1 | 2013-15 | Bukhara Shareef | RCC pipes, moogas | 0.229 |
| 2 | 2009-15 | Meeran Pur | RCC pipes, Hand pums | 0.862 |
| 3 | | Muhammad Pur | | 0.264 |
| 4 | 2011-12 | Bury Waala | RCC pipes | 0.199 |
| Total | | | | 1.554 |

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 1.554 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-9 AIR Para: 6], [UA-38 AIR Para: 5], [UA-8 AIR Para: 8], [UA-18 AIR Para: 1]

1.2.2.8 Loss due to non deposit of the revenues – Rs 1.479 million

According to Rule 76 of the 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 1.479 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 | Bukhara Shareef | General Sales Tax /Income Tax | 0.074 |
| 2 | Meeran Pur | General Sales Tax | 0.074 |
| 3 | Muhammad Pur | General Sales Tax | 0.067 |
| | | Income Tax | 0.064 |
| | | Rent of shops | 0.601 |
| 4 | Rojhan | Income Tax | 0.068 |
| 5 | JhanPur | Income Tax | 0.046 |
| | | General Sales Tax | 0.049 |
| 6 | Shah Wali | Income Tax | 0.240 |
| | | General Sales Tax | 0.196 |
| Total | | | 1.479 |

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 1.479 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 1.479 million besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[UA-9 AIR Para: 9], [UA-38 AIR Para: 10], [UA-8 AIR Para: 10,1], [UA-39 AIR Para: 10], [UA-32 AIR Para: 2,4], [UA-43 AIR Para: 2,5]

1.2.2.9 Irregular technical sanction by the irrelevant authority - Rs 1.100 million

According to the Punjab Local Government and Rural Development Department Notification No. SOV(LG)5-33/2002 dated 6 July 2005, incase of cost of the project is not more the than Rs 100,000 the union Nazim before grant of approval, prepare and obtained sanction of cost of estimate and technical sanction of a project from concerned Assistant Town/Tehsil Officer (Infrastructure and services)

Secretary Union Administration Muhammad Pur got the technical sanctions of development scheme of earth filling, drain and soling valuing Rs 1.100 million during 2008-15 from irrelevant authority instead of Tehsil officer (I&S).

Audit is of the view that due to weak internal controls, technical sanction was obtained from irrelevant authority.

Obtaining of technical sanction from irrelevant authority resulted in Irregular expenditure of Rs 1.100 million

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

The matter was reported to Administrator 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 besides regularization of the expenditure under intimation to Audit.

[UA-8 AIR Para: 3]

Annex

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

(Rupees in million)

| Sr. No. | Name of UA | AIR Para No | Subject | Amount |
|---------|----------------|-------------|---|--------|
| 1 | Tribal Area | 3 | Non-refund of house buildings advance | 0.25 |
| 2 | | 4 | Unjustified expenditure on sanitation | 0.048 |
| 3 | | 5 | Non deduction of income tax | 0.046 |
| 4 | | 7 | Non-utilization of development fund | 9.876 |
| 5 | Jhan Pur | 3 | Stock found short | 0.287 |
| 6 | | 7 | Unjustified expenditure on sanitation | 0.319 |
| 7 | | 8 | Loss to Government due to unjustified expenditure on construction of culverts | 0.198 |
| 8 | Noor Pur | 4 | Stock found short | 0.112 |
| 9 | Manjhoo | 5 | Non deduction of sale tax | 0.019 |
| 10 | Wala | 6 | Loss due to theft of computer | 0.066 |
| 11 | Shah Wali | 3 | Stock found short | 1.29 |
| 12 | | 7 | Unjustified expenditure on sanitation | 0.137 |
| 13 | Bukhar Shareef | 1 | Non recovery of house buildings advance | 0.1 |
| 14 | | 9 | Un-authorized sanction of medical reimbursement bill beyond competency | 0.054 |
| 15 | Miran Pur | 1 | Non recovery of house buildings advance | 0.11 |
| 16 | | 9 | Unjustified release of security deposit | 0.126 |
| 17 | Muhammad Pur | 2 | Non recovery of house buildings advance | 0.272 |
| 18 | | 7 | Unauthorized payment without obtaining technical sanction | 0.563 |
| 19 | | 11 | Unauthorized payment on account of salaries of work charge staff | 0.035 |
| 20 | | 12 | Un-authorized sanction of medical reimbursement bill beyond competency | 0.052 |
| 21 | Rojhan | 1 | Non recovery of house buildings advance | 0.14 |
| 22 | | 2 | unauthorized drawl of inadmissible allowance | 0.048 |
| 23 | | 6 | Unauthorized payment on account of salaries of work charge staff | |
| 24 | | 7 | Unauthorized payment without obtaining technical sanction | 1.737 |
| 25 | | 8 | Unjustified release of security deposit | 0.114 |
| 26 | | 9 | Doubtful consumption of store | 0.147 |

| Sr. No. | Name of UA | AIR Para No | Subject | Amount |
|----------------|-------------------|--------------------|--|----------------------------|
| 27 | | 11 | Non deduction of GST | 0.016 |
| 28 | Dajal | 1 | Overpayment due to irregular award of advance increments on irrelevant qualification recovery there of | 0.144 |
| 29 | | 2 | Recovery of unauthorized payment of HSRA | 0.036 |
| 30 | | 5 | unauthorized payment without measurement | 0.073 |
| 31 | | 6 | unauthorized splitting of schemes | 0.599 |
| 32 | | 9 | Unjustified release of security deposit | 0.086 |
| 33 | | 10 | un-authorized payment of without obtaining technical sanction | 0.073 |
| 34 | | 11 | Non deduction of GST | 0.031 |
| 35 | | Baray Wala | 3 | Doubtful drawl and payment |
| 36 | 4 | | Doubtful payment due to non accountal of store | 0.107 |
| 37 | 5 | | Unacknowledged payment for pension contribution | 0.2 |
| 38 | 6 | | Unauthorized payment without measurement | 0.261 |
| 39 | 7 | | Non deposit of sales tax and income tax | 0.027 |
| 40 | 8 | | Non recovery of advances from employees on account of advances | 0.19 |

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

(Rupees in million)

| Sr. No. | Name of UA | AIR Para No | Subject | Amount |
|----------------|-------------------|--------------------|---|---------------|
| 1 | Jampur Gharbi | 15 | Irregular expenditure on development Schemes by Splitting | 0.681 |
| 2 | Jampur Sharqi | 8 | Doubtful payment due to execution of works without measurements | 0.187 |
| 3 | Tal Shumali | 8 | Irregular expenditure due to defective tendering process to avoid healthy competition | 0.547 |
| 4 | | 9 | Irregular development expenditure due to TS by irrelevant authority | 0.347 |
| 5 | Peer Bux Sharki | 2 | Unauthorized and doubtful expenditure on purchase of RCC pipes | 0.279 |
| 6 | Rajanpur Sharki | 2 | Misappropriation of development funds | 0.974 |

UAs of District Rajanpur

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 | Bukhara Shareef | Salary | 6.788 | 6.788 | 6.346 | -0.442 |
| | | Non-Salary | 1.025 | 1.025 | 0.835 | -0.190 |
| | | Sub-total | 7.813 | 7.813 | 7.181 | -0.632 |
| | | Development | 4.592 | 4.592 | 1.568 | -3.024 |
| | | Total | 12.406 | 12.406 | 8.749 | -3.657 |
| 2 | MiranPur | Salary | 6.290 | 6.290 | 5.912 | -0.378 |
| | | Non-Salary | 2.283 | 2.283 | 0.935 | -1.348 |
| | | Sub-total | 8.573 | 8.573 | 6.847 | -1.726 |
| | | Development | 5.389 | 5.389 | 2.635 | -2.754 |
| | | Total | 13.962 | 13.962 | 9.481 | -4.481 |
| 3 | Muhammad Pur | Salary | 6.923 | 6.923 | 6.693 | -0.230 |
| | | Non-Salary | 1.588 | 1.588 | 1.182 | -0.406 |
| | | Sub-total | 8.511 | 8.511 | 7.875 | -0.636 |
| | | Development | 2.701 | 2.701 | 0.948 | -1.753 |
| | | Total | 11.212 | 11.212 | 8.823 | -2.389 |
| 4 | Rojhan | Salary | 5.300 | 5.300 | 3.981 | -1.319 |
| | | Non-Salary | 2.100 | 2.100 | 1.514 | -0.586 |
| | | Sub-total | 7.400 | 7.400 | 5.495 | -1.905 |
| | | Development | 5.608 | 5.608 | 2.378 | -3.230 |
| | | Total | 13.008 | 13.008 | 7.873 | -5.135 |
| 5 | Dajal | Salary | 2.057 | 2.057 | 1.990 | -0.067 |
| | | Non-Salary | 0.457 | 0.457 | 0.055 | -0.402 |
| | | Sub-total | 2.514 | 2.514 | 2.045 | -0.469 |
| | | Development | 0.662 | 0.662 | 0.524 | -0.138 |
| | | Total | 3.175 | 3.175 | 2.569 | -0.606 |
| 6 | Tribal Area | Salary | 6.682 | 6.682 | 5.914 | -0.768 |
| | | Non-Salary | 1.215 | 1.215 | 0.246 | -0.969 |
| | | Sub-total | 7.897 | 7.897 | 6.160 | -1.737 |
| | | Development | 2.000 | 2.000 | 0.681 | -1.319 |
| | | Total | 9.897 | 9.897 | 6.841 | -3.056 |

| Sr. No. | Name of UAs | Nature of Expenditures | Original Grant | Revised / Final Grant | Actual Expenditure | (+) Excess (-) Saving |
|--------------------|-----------------------|------------------------|----------------|-----------------------|--------------------|-----------------------|
| 7 | Jhanpur | Salary | 5.362 | 5.362 | 4.276 | -1.086 |
| | | Non-Salary | 1.020 | 1.020 | 0.436 | -0.584 |
| | | Sub-total | 6.382 | 6.382 | 4.712 | -1.670 |
| | | Development | 1.649 | 1.649 | 0.000 | -1.649 |
| | | Total | 8.031 | 8.031 | 4.712 | -3.319 |
| 8 | Noor Pur | Salary | 4.255 | 4.255 | 0.990 | -3.265 |
| | | Non-Salary | 1.706 | 1.706 | 0.055 | -1.651 |
| | | Sub-total | 5.961 | 5.961 | 1.045 | -4.916 |
| | | Development | 1.939 | 1.939 | 0.725 | -1.214 |
| | | Total | 7.900 | 7.900 | 1.770 | -6.130 |
| 9 | Shah wali | Salary | 1.908 | 1.908 | 0.990 | -0.918 |
| | | Non-Salary | 0.389 | 0.389 | 0.055 | -0.334 |
| | | Sub-total | 2.297 | 2.297 | 1.045 | -1.252 |
| | | Development | 2.100 | 2.100 | 2.056 | -0.044 |
| | | Total | 4.397 | 4.397 | 3.101 | -1.296 |
| 10 | Rojhan Sharqi 2010-13 | Salary | 2.032 | 2.032 | 0.833 | -1.199 |
| | | Non-Salary | 0.488 | 0.488 | 0.055 | -0.433 |
| | | Sub-total | 2.521 | 2.521 | 0.887 | -1.634 |
| | | Development | 1.425 | 1.425 | 0.566 | -0.859 |
| | | Total | 3.945 | 3.945 | 1.453 | -2.492 |
| Grand Total | | | 87.932 | 87.932 | 55.372 | -32.560 |