



**AUDIT REPORT
ON
THE ACCOUNTS OF
UNION ADMINISTRATIONS
MUZAFFARGARH
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
MEPCO	Multan Electric Power Company
MFDAC	Memorandum for Departmental Accounts Committee
GST	General Sale Tax
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PFR	Punjab Financial Rules
PLGO	Punjab Local Government Ordinance
PPRA	Punjab Procurement Regulatory Authority
RCC	Reinforced Cement Concrete
RDA	Regional Directorate of Audit
S&GAD	Service and General Administration Department
MEPCO	Multan Electric Power Company
TMA	Tehsil Municipal Administration
TA/DA	Travelling Allowance/ Daily Allowance
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 Muzaffargarh 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 Muzaffargarh for the Financial Years 2008-15 and the findings are included in this Audit Report.

Union Administrations, (UAs) in District Muzaffargarh conduct their operations under Punjab Local Government Ordinance, 2001. UAs of District Muzaffargarh 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 Muzaffargarh for the Financial Years 2008-15, was Rs 44.624 million and

expenditure incurred was of Rs 25.076 million, showing savings of Rs 19.548 million. The total Non- development Budget for Financial Years 2008-15 was Rs 63.233 million and expenditure was of Rs 51.980 million, showing savings of Rs 11.253 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 70.499 million against which Rs 42.299 million were collected.

Audit of UAs of District Muzaffargarh 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 Muzaffargarh for the Financial Years 2008-15, auditable expenditure under the jurisdiction of Regional Director Audit D.G. Khan was Rs 628.216 million covering 92 UAs. Out of this, RDA D.G. Khan audited an expenditure of Rs 77.056 million covering ten UAs/PAOs/formations which, in terms of percentage, is 12% of total auditable expenditure and irregularities amounting to Rs 92.721 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 92 UAs of District Muzaffargarh for the Financial Years 2008-15, were Rs 389.151 million. RDA, D.G. Khan audited receipts of Rs 42.299 million of the ten UAs selected for audit which is 11% of total receipts and irregularities amounting to Rs 3.580 million were pointed out.

b. Recoveries at the Instance of Audit

Recoveries of Rs 3.580 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 Muzaffargarh 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 16.107 million was noted in one case.¹
- ii. Irregularities involving Rs 62.557 million were noted in five 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

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	92	628.216	389.151	1,109.367
2	Total Formations in Audit Jurisdiction	92	628.216	389.151	1,109.367
3	Total Entities (PAOs)/ DDOs Audited	10*	77.056	42.299	119.355
4	Total Formations/ DDOs Audited	10*	77.056	42.299	119.355
5	Audit & Inspection Reports	10*	77.056	42.299	119.355
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	62.557
3.	Weak Internal controls relating to financial management	-
4.	Others	16.107
Total		78.664

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	-	513.195	56.820	150.201	389.151	1,109.367	514.007
2	Outlays Audited	-	45.804	6.176	25.076	42.299	119.355*	68.929
3	Amount Placed under Audit Observation/ Irregularities Pointed out	-	1.062	16.107	57.915	3.580	78.664	45.901
4	Recoveries Pointed out at the instance of Audit	-				3.580	3.580	-
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 77.056 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.	58.977
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	3.580
6.	Non-production of record	16.107
7.	Others, including cases of accidents, negligence, non-accountal of store etc.	-
Total		78.664

Table 5: Cost - Benefit Ratio

		(Rupees in million)
Sr. No.	Description	Amount
1	Outlays Audited (Items 2 Table 3)	119.355
2	Expenditure on Audit	0.020
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 Muzaffargarh

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 92 UAs in District Muzaffargarh out of which UAs number 6,15,16,18,52,54,64,71,81 and 88 were audited on sample basis during 2015-16.

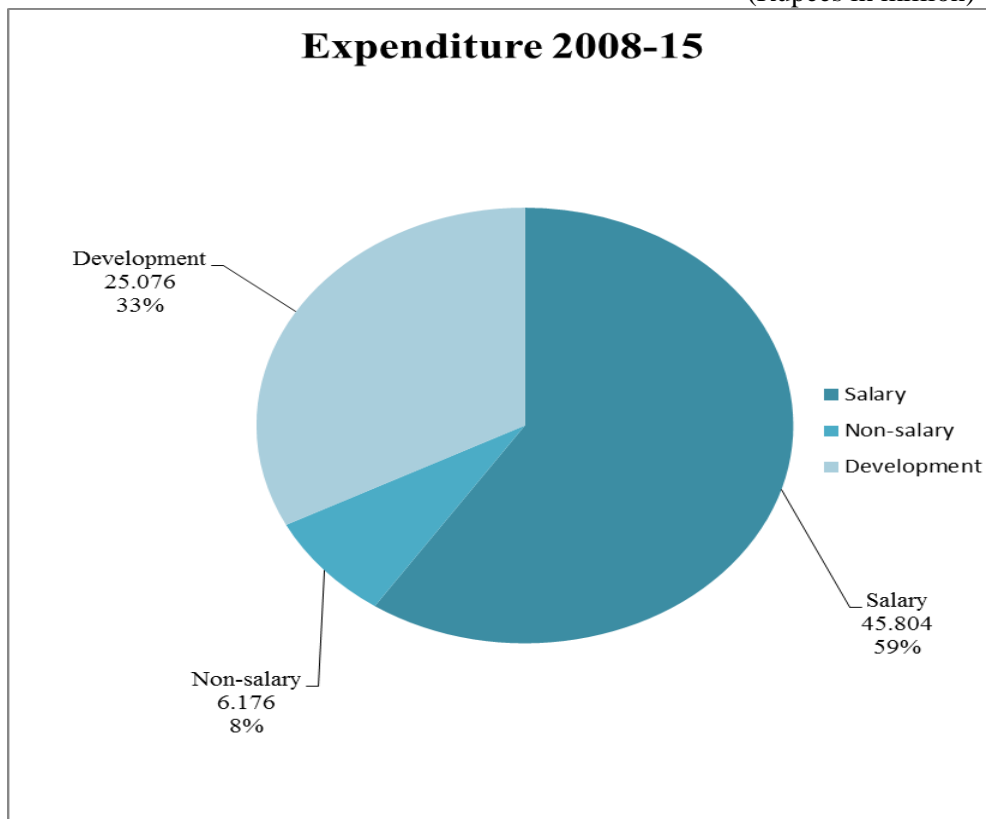
1.1.2 Comments on Budget and Accounts

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	Savings	%Saving
Salary	54.338	45.804	8.534	16%
Non Salary	8.895	6.176	2.719	31%
Development	44.624	25.076	19.548	44%
Total	107.857	77.056	30.801	29%
Revenue	70.499	42.299	28.200	40%

(Rupees in million)

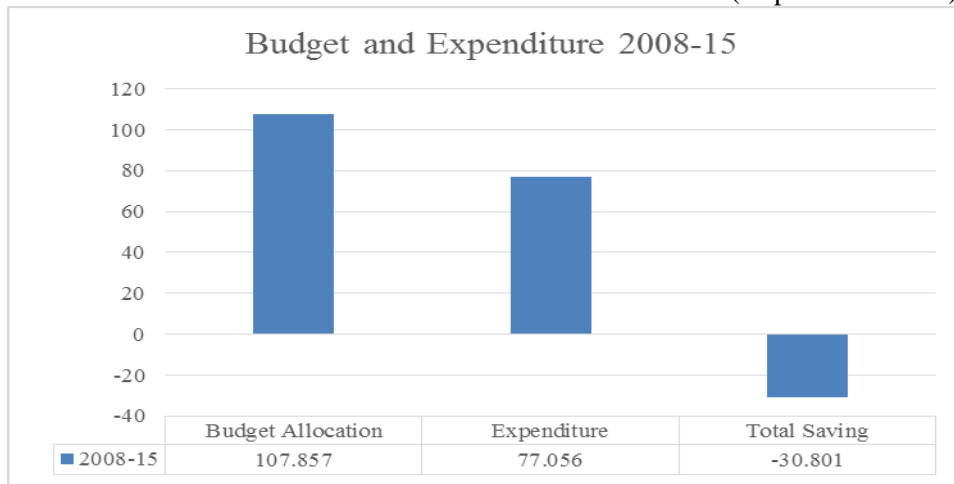


Detail of budget allocations, expenditures and savings of each UA of District Muzaffargarh for the Financial Years 2008-15 are at Annex-B.

As per budget books for the Financial Years 2008-15 UAs in District Muzaffargarh, the original and final budget of audited ten UAs was Rs 107.857 million. Total expenditure incurred by these UAs during Financial Years 2008-15 was Rs 77.056 million. A saving of Rs 30.801 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 and previous Financial Years is depicted as under:

(Rupees in million)



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	5	PAC not constituted
2.	2012-13	6	PAC not constituted
3.	2013-14	8	PAC not constituted

1.2 AUDIT PARAS

1.2.1 Non Production of Record

1.2.1.1 Non production of record – Rs 16.107 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 16.107 million on account of expenditure on development schemes, salary, contingent payment and sales tax during the financial years 2008-15.

(Rupees in million)

Sr. No.	Union Administrations	Period	Amount
1	Khargarh	2012-13	0.690
2	Manikpur	2008-15	0.938
3	Patti Ghulam	2010-13	1.124
4	Usman Korla	2010-14	0.497
5	Kashifabad	2009-14	0.633
6	Binda Ishaq		0.659
7	Shadi Khan	2008-09 & 2014-15	1.700
8	Juggiwala	2012-13	2.529
9	Yakaywali	2008-15	7.337
Total			16.107

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

Non production of record of Rs 16.107 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-88 AIR Para: 4], [UA-52 AIR Para: 6], [UA-16 AIR Para: 7], [UA-54 AIR Para: 6],
[UA-18 AIR Para: 7], [UA-64 AIR Para: 2], [UA-15 AIR Para: 5], [UA-71 AIR Para: 5],
[UA-81 AIR Para: 5]

1.2.2 Irregularities and non compliance

1.2.2.1 Irregular award of work without tenders – Rs 29.564 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 Rules 2014, 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 29.564 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.

(Rupees in million)

Sr. No.	Year	UA No. & Name	Description	Amount
1	2008-15	Khan Garh	Development works	2.661
2		Manikpur	RCC pipes, Hand pumps, iron grill	3.674
3		Patti Ghulam	Construction of culverts, bricks	1.044
4		Usman Koria	RCC pipes, hand pumps, soling etc	2.997
5		Kashifabad	Construction of culverts, CCB	3.414
6	2009-15	Binda Ishaq	RCC pipes, hand pumps, iron grill	2.778
7	2008-15	Hangari	Construction of culverts, hand pumps, RCC pipes	5.249
8		Shadi khan	Construction of culvert, Sewing machine	2.536
9		Juggi Wala	RCC pipes, hand pumps, iron grill	3.495
10		Yakay wala	Repair of soling, earth filling	1.716
Total				29.564

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 29.564 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-88 AIR Para: 1], [UA-52 AIR Para: 1], [UA-16 AIR Para: 2], [UA-54 AIR Para: 1], [UA-18 AIR Para: 2], [UA-64 AIR Para: 1], [UA-6 AIR Para: 1], [UA-15 AIR Para: 1], [UA-71 AIR Para: 1], [UA-81 AIR Para: 1]

1.2.2.2 Irregular expenditure without detailed measurement and technical sanction-Rs 14.960 million

According to Government of the Punjab Local Government & 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&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 14.960 million during 2008-2015 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.

(Rupees in million)

Sr. No.	Union Administration	Description	Amount
1	Khengarh	RCC pipes, hand Pumps	1.458
2	Manikpur	RCC pipes, hand Pumps, iron grill	2.303
3	Patti Ghulam	Construction of culverts, brick, CCB	1.444
4	Usman Koria	RCC pipes, hand Pumps, soling	1.788
5	Kashifabad	Construction of culverts, boundary wall, CCB	2.956
6	Hanjari	Construction of culverts	3.292
7	Shadi Khan	Construction of culverts	1.200
8	Juggi Wala	Construction of nali soling, earth filling	0.519
Total			14.960

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 14.960 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-88 AIR Para: 2], [UA-52 AIR Para: 2], [UA-16 AIR Para: 3], [UA-54 AIR Para: 2], [UA-18 AIR Para: 4], [UA-6 AIR Para: 2], [UA-15 AIR Para: 2], [UA-71 AIR Para: 2]

1.2.2.3 Unauthorized consumption of stores – Rs 13.391 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 13.391 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.

(Rupees in million)

Sr. No.	Union Administration	Description	Amount
1	Khan Garh	RCC Pipes, hand pumps, Development. Work	1.629
2	Manikpur	RCC Pipes, hand pumps, iron grill	3.083
3	Usman Korla	RCC Pipes, hand pumps, soling	1.441
4	Binda Ishaq	RCC Pipes, hand pumps, iron grill	1.028
5	Hanjari	RCC Pipes, hand pumps	1.956
6	Shadi Khan	Sewing machine, RCC pipes	1.260
7	Juggiwala	RCC pipes, hand pumps, iron grill	2.678
8	Yakkaywala	RCC pipes, hand pumps	0.316
Total			13.391

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 13.391 million without requisite record resulted in unauthorized 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 fixing of responsibility on the person(s) at fault, under intimation to Audit..

[UA-88 AIR Para: 7], [UA-52 AIR Para: 3], [UA-54 AIR Para: 3], [UA-18 AIR Para: 3], [UA-64 AIR Para: 3], [UA-6 AIR Para: 3], [UA-15 AIR Para: 3], [UA-71 AIR Para: 3], [UA-81 AIR Para: 3]

1.2.2.4 Loss due to non deposit of revenues – Rs 3.580 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 3.580 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 Administration	Description	Amount
1.	Khan Garh	Income Tax/General Sales Tax	0.100
		Birth, death, marriage registration fee	0.106
2.	Manikpur	Birth, death, marriage registration fee	0.179
		Income Tax/ General Sales Tax	0.282
3.	Patti Ghulam	Income Tax/ General Sales Tax	0.189
		Birth, death, marriage registration fee	0.084
4.	Usman Korla	Income Tax/ General Sales Tax	0.322
		Birth, death, marriage registration fee	0.178
5.	Kashifabad	Birth, death, marriage registration fee	0.190
		Income Tax/ General Sales Tax	0.110
6.	BibdaIshaq	Birth, death, marriage registration fee	0.426
		Income Tax/ General Sales Tax	0.552
7.	HanJari	Birth, death, marriage registration fee	0.042
		Income Tax/ General Sales Tax	0.360
8.	Shadi Khan	Birth, death, marriage registration fee	0.082
		Income Tax/ General Sales Tax	0.176
9.	Juggiwala	Birth, death, marriage registration fee	0.024
		Income Tax/ General Sales Tax	0.154
10.	Yakkaywal	Birth, death, marriage registration fee	0.024
		Income Tax/ General Sales Tax	0.154
Total			3.580

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

Non deposit of collected fee amounting to Rs 3.580 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 3.580 million besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[UA-88 AIR Para: 3,5], [UA-52 AIR Para: 4,5], [UA-16 AIR Para: 5], [UA-54 AIR Para: 4,5], [UA-18 AIR Para: 5,8], [UA-64 AIR Para: 4,7], [UA-6 AIR Para: 4,8], [UA-15 AIR Para: 4,7], [UA-71 AIR Para: 4,8], [UA-81 AIR Para: 4,9]

1.2.2.5 Irregular payment to work charged establishment – Rs 1.062 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.

Contrary to above, four Union Administrations recruited work charged employees as sanitary workers /chowkidars. An amount of Rs 1.062 million was paid out of non development budget on account of salaries to the work charged establishment 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	Hanjari	0.394
2	Binda Ishaq	0.094
3	Juggiwala	0.232
4	ManikPur	0.342
Total		1.062

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 1.062 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-6 AIR Para: 6], [UA-64 AIR Para: 6], [UA-71 AIR Para: 6], [UA-52 AIR Para: 7]

Annex

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

(Rupees in million)

Sr. No.	Name of Union Administration	AIR Para No.	Subject	Amount
1	Khan Garh	6	Recovery of overpayment of computer allowance	0.022
		8	Irregular expenditure on development schemes by splitting	0.503
		9	Recovery of unjustified Payments of honoraria	0.036
		10	Un-authorized payment of salaries due to unauthorized appointments	1.267
2	Manik Pur	7	Unauthorized payment on account of salaries of contingent paid staff	0.342
		8	Recovery of overpayment of computer allowance	0.030
		9	Unjustified advances to employee without sanction and recovery	0.049
		10	Recovery of unjustified payments of honoraria and election bonus	0.105
3	Patti Ghulam	1	Recovery of outstanding arrears against nikkah registrars	0.012
		4	Unjustified and doubtful payments to CCB's for the community development	0.400
		6	Loss due to non-deduction of GST and Income tax	0.090
		8	Unauthorized retention of public money by secretary union administration	0.018
		9	Balance not brought forwarded	0.048
		10	Irregular expenditure on development schemes by splitting	0.816
		11	Recovery of unjustified payments of honoraria and election bonus	0.022
4	Usman Koria	7	Recovery of overpayment of computer allowance	0.033
		8	Recovery of difference in closing balance	0.020
		9	Irregular Expenditure on development schemes by splitting	0.486

Sr. No.	Name of Union Administration	AIR Para No.	Subject	Amount
5	Kashifabad	1	Recovery of outstanding arrears against nikkah registrars	0.012
		4	Unjustified payments to MEPCO for the installation of electric towers	0.309
		6	Loss due to non-deduction of GST and Income Tax	0.149
		9	Un-authorized advertisement of tenders	0.500
		10	Irregular expenditure on development schemes by splitting	0.627
		11	Recovery of unjustified payments of additional allowance and election bonus	0.046
6	Binda Ishaq	5	Loss due to non-deduction of GST and Income Tax	0.174
		8	Recovery on account of inadmissible allowance/ honoraria	0.066
7	Hanjari	5	Loss due to non-deduction of GST and Income Tax	0.260
		7	Un-authorized payment of computer allowance	0.071
		9	Unjustified advances to other union administration	0.120
		10	Recovery of unjustified payments of TA/DA	0.016
		11	Recovery of unjustified payments of additional allowance and election bonus	0.051
8	Shadi Khan	4	Unjustified and doubtful withdrawal on account of construction works	1.048
		6	Un-authorized payment of computer allowance	0.072
		8	Unauthorized advances to employees	0.080
		9	Recovery of unjustified payments of additional allowance	0.043
9	Juggiwala	7	Unauthorized splitting of development schemes	0.290
		8	Loss due to non-deduction of GST and Income Tax	0.354
		9	Un-authorized payment of salaries due to unauthorized appointments	2.964
		10	Recovery of inadmissible computer allowance	0.119
		11	Unjustified expenditure on sports activity and 14 th August	0.199
		13	Recovery of unjustified payments of	0.024

Sr. No.	Name of Union Administration	AIR Para No.	Subject	Amount
			additional allowance	
10	Yakay Wala	2	Unjustified and irregular expenditure on repair and maintenance works	1.365
		6	Unauthorized retention of revenue on account of GST and Income Tax	0.676
		7	Recovery of inadmissible computer allowance	0.072
		8	Unjustified expenditure on sports activity	0.051

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

(Rupees in million)

Sr. No.	Union Administration	AIR Para No.	Subject	Amount
1	UA Khan Garh	1	Recovery of un authorized drawl of allowances	0.028
		2	Non deposit of birth/death/nikah registration fee into local fund	0.016
		3	Irregular appointment and payment to contingent paid staff	0.153
		6	Un-authorized advertisement of tenders	0.500
2	UA Rohilanwali	1	Recovery of un authorized drawl of allowances	0.051
		2	Non deposit of birth/death/nikah registration fee into local fund	0.106
		4	Irregular appointment and payment to contingent paid staff	0.161
3	UA Lutkaran	1	Recovery of un authorized drawl of allowances	0.053
		2	Non deposit of birth/death/nikah registration fee into local fund	0.044
		3	Irregular appointment and payment to contingent paid staff	0.156
4	UA Chak No.547	1	Recovery of un authorized drawl of allowances	0.072
		2	Non deposit of nikah registration fee into local fund	0.051
	UA Chak No.565	1	Non deposit of birth/death/nikah registration fee into local fund	0.028
5	UA# 61 Wan Pittafi	2	Recovery of un authorized drawl of allowances	0.064
		3	Non deposit of birth/death/nikah registration fee into local fund	0.100
		4	Non-recovery of loan/ advances	0.070
		11	Misappropriation of public money	0.129
6	UA# 63 Gull Wala	1	Recovery of un authorized drawl of allowances	0.060
		2	Non deposit of birth/death/nikah registration fee into local fund	0.103
		3	Non-recovery of loan/ Qarz-e-Hasna	
7	UA# 56 Shah Jamal	1	Recovery of un authorized drawl of Allowances	0.079
		2	Non deposit of birth/death/nikah registration fee into local fund	0.247
		4	Unauthorized expenditure on flood relief	0.112
8	UA# 20 Budh	1	Recovery of un authorized drawl of allowances	0.103
		3	Non deposit of birth/death/nikah registration fee	0.108

Sr. No.	Union Administration	AIR Para No.	Subject	Amount
			into local fund	
		4	Non-recovery of loan/ Qarz-e-Hasna	0.096
9	UA# 30 Rang Pur	1	Non deposit of birth/death/nikah registration fee into local fund	0.126
		2	Recovery of un authorized drawl of allowance	0.027
		3	Irregular appointment and payment to contingent paid staff	0.124
10	UA# 11 Pattal Munda	1	Non-recovery of loan/ Qarz-e-Hasna	0.050
		2	Non deposit of birth/death/nikah registration fee into local fund	0.037
11	UA# 29 Chak Farazi	1	Recovery of un authorized drawl of allowance	0.050
		2	Non-recovery of loan/ Qarz-e-Hasna	0.050
		3	Irregular appointment and payment to contingent paid staff	0.185
		4	Non deposit of birth/death/nikah registration fee into local fund	0.066
12	UA# 14 Ch Sarwar Shahed	2	Non-recovery of loan/ Qarz-e-Hasna	0.040
13	UA# 83 Bait Mulan Wali	2	Non deposit of birth/death/nikah registration fee into local fund	0.022
14	UA# 9 Mir Pur Bhagal	1	Non deposit of birth/death/nikah registration fee into local fund	0.033
15	UA# 14 C Sarwar Shahed	1	Non deposit of birth/death/nikah registration fee into local fund	0.073

Annex-B

UAs of District Muzaffargarh

Budget and Expenditure Statement for Financial Years 2008-15

(Rupees in million)

Sr. No.	Name of UAs	Nature of Expenditures	Final Budget Grant	Actual Expenditure	(+) Excess (-) Saving
1	UA Kashifabad	Salary	6.208	5.782	-0.426
		Non salary	0.976	0.818	-0.158
		Sub-Total	7.184	6.599	-0.585
		Development	4.567	3.818	-0.749
		Total	11.751	10.417	-1.334
2	UA Manik Pur	Salary	4.568	3.923	-0.645
		Non salary	0.810	0.436	-0.374
		Sub-Total	5.378	4.359	-1.019
		Development	3.561	2.949	-0.612
		Total	8.939	7.308	-1.631
3	UA Patti Ghulam	Salary	4.966	4.407	-0.559
		Non salary	0.952	0.741	-0.211
		Sub-Total	5.918	5.149	-0.769
		Development	2.889	1.745	-1.144
		Total	8.807	6.894	-1.913
4	UA Khan Garh	Salary	7.700	4.036	-3.664
		Non salary	0.541	0.351	-0.190
		Sub-Total	8.241	4.388	-3.853
		Development	7.200	2.472	-4.728
		Total	15.441	6.860	-8.581
5	UA Usman Koria	Salary	5.187	4.578	-0.609
		Non salary	0.861	0.641	-0.220
		Sub-Total	6.049	5.219	-0.830
		Development	4.867	4.172	-0.695
		Total	10.916	9.392	-1.524

Sr. No.	Name of UAs	Nature of Expenditures	Final Budget Grant	Actual Expenditure	(+) Excess (-) Saving
6	UA Hanjari	Salary	4.808	3.949	-0.859
		Non salary	1.202	0.987	-0.215
		Sub-Total	6.010	4.936	-1.074
		Development	6.320	5.119	-1.201
		Total	12.330	10.055	-2.275
7	Shadi Khan Munda	Salary	4.966	4.407	-0.559
		Non salary	0.952	0.741	-0.211
		Sub-Total	5.918	5.149	-0.769
		Development	2.889	1.745	-1.144
		Total	8.807	6.894	-1.913
8	Binda Ishaq	Salary	5.742	5.214	-0.528
		Non salary	1.025	0.479	-0.546
		Sub-Total	6.767	5.694	-1.073
		Development	5.665	1.414	-4.251
		Total	12.432	7.107	-5.325
9	Yakay Wala	Salary	5.742	5.214	-0.528
		Non salary	1.025	0.479	-0.546
		Sub-Total	6.767	5.694	-1.073
		Development	5.665	1.414	-4.251
		Total	12.432	7.107	-5.325
10	Juggi Wala	Salary	4.450	4.292	-0.158
		Non salary	0.550	0.502	-0.048
		Sub-Total	5.001	4.794	-0.207
		Development	1.000	0.228	-0.772
		Total	6.000	5.022	-0.978
Grand Total			107.856	77.056	-30.800