



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

**AUDITOR GENERAL OF PAKISTAN**

## TABLE OF CONTENTS

<b>ABBREVIATIONS AND ACRONYMS .....</b>	<b>i</b>
<b>Preface .....</b>	<b>ii</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>iii</b>
<b>SUMMARY, TABLES &amp; CHARTS .....</b>	<b>vii</b>
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
<b>CHAPTER 1 .....</b>	<b>1</b>
1.1 Union Administrations District Layyah .....	1
1.1.1 Introduction .....	1
1.1.2 Comments on Budget and Accounts .....	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
<b>1.2 AUDIT PARAS.....</b>	<b>4</b>
1.2.1 Non Production of Record.....	5
1.2.2 Irregularities and non compliance .....	7
<b>Annex .....</b>	<b>14</b>
Annex-A .....	15
Annex-B .....	17

## **ABBREVIATIONS AND ACRONYMS**

CCB	Citizen Community Board
DAC	Departmental Accounts Committee
DDO	Drawing and Disbursing Officer
IPSAS	International Public Sector Accounting Standard
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
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 Layyah 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 Layyah for the Financial Years 2008-15 and the findings are included in this Audit Report.

Union Administrations, (UAs) in District Layyah conduct their operations under Punjab Local Government Ordinance, 2001. UAs of District Layyah 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 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 Layyah for the Financial Years 2008-15, was Rs 33.366 million and expenditure incurred

was of Rs 16.057 million, showing savings of Rs 17.309 million. The total Non-development Budget for Financial Years 2008-15 was Rs 72.379 million and expenditure was of Rs 63.972 million, showing savings of Rs 8.407 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 45 million against which Rs 43.390 million were collected.

Audit of UAs of District Layyah 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 Layyah for the Financial Years 2008-15, auditable expenditure under the jurisdiction of Regional Director Audit D.G. Khan was Rs 352.132 million covering 44 UAs. Out of this, RDA D.G. Khan audited an expenditure of Rs 80.029 million covering ten UAs/PAOs/formations which, in terms of percentage, is 23% of total auditable expenditure and irregularities amounting to Rs 26.657 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 Layyah for the Financial Years 2008-15, were Rs 190.916 million. RDA, D.G. Khan audited receipts of Rs 43.390 million of the ten UAs selected for audit which is 23% of total receipts and irregularities amounting to Rs 1.543 million were pointed out.

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

Recoveries of Rs 1.543 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 Layyah 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 7.303 million was noted in one case.<sup>1</sup>
- ii. Irregularities involving Rs 19 million were noted in six 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.

---

<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

**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	352.132	190.916	543.048
2	Total Formations in Audit Jurisdiction	44	352.132	190.916	543.048
3	Total Entities (PAOs)/ DDOs Audited	10*	80.029	43.390	123.419
4	Total Formations/ DDOs Audited	10*	80.029	43.390	123.419
5	Audit & Inspection Reports	10*	80.029	43.390	123.419
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	19
3	Weak Internal controls relating to financial management	-
4	Others	7.303
<b>Total</b>		<b>26.303</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	-	235.290	46.187	70.655	190.916	543.048	484.985
2	Outlays Audited	-	53.475	10.497	16.057	43.390	123.419*	117.905
3	Amount Placed under Audit Observation/ Irregularities Pointed out	-	7.303	3.481	13.976	1.543	26.303	36.134
4	Recoveries Pointed out at the instance of Audit	-	-	-	-	1.543	1.543	-
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 80.029 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.	17.457
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	1.543
6	Non-production of record	7.303
7	Others, including cases of accidents, negligence, non-accountal of store etc.	-
<b>Total</b>		<b>26.303</b>

**Table 5: Cost-Benefit**

(Rupees in million)

Sr. No.	Description	Amount
1	Outlays Audited (Items 2 Table 3)	123.419
2	Expenditure on Audit	0.050
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 Layyah

### 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 Layyah out of which UAs number 1,6,9,14,27,29,30,32,38 and 42 were audited on sample basis during 2015-16.

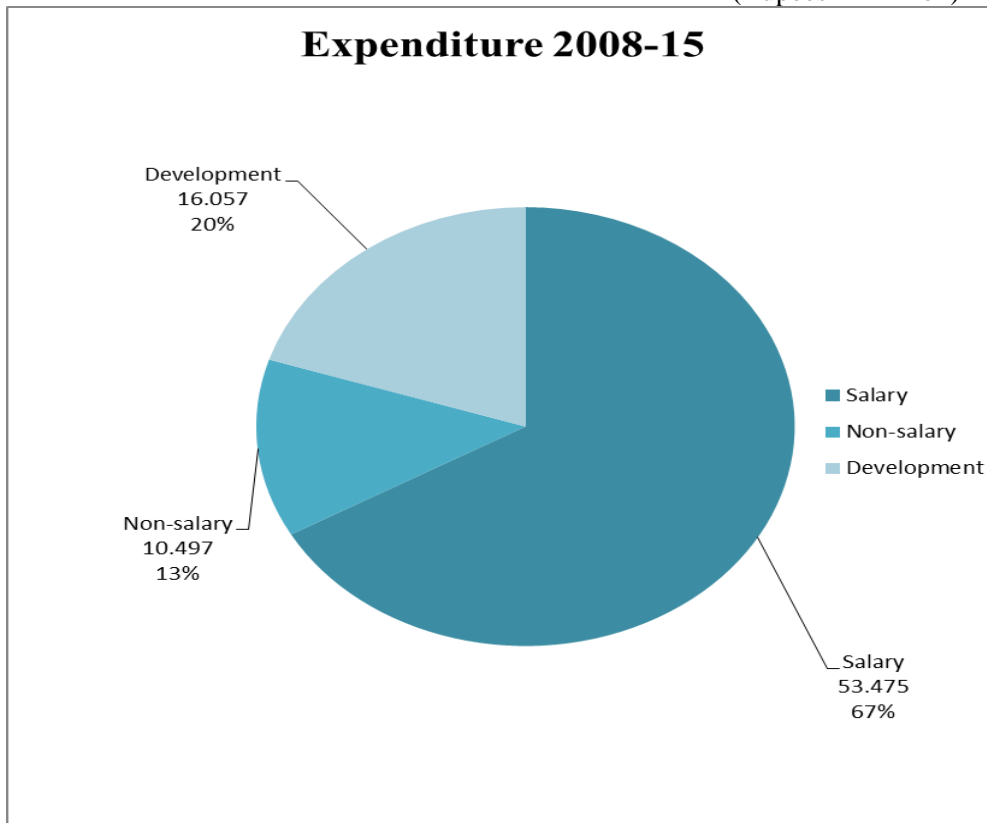
### 1.1.2 Comments on Budget and Accounts

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	58.553	53.475	5.078	9%
Non Salary	13.826	10.497	3.329	24%
Development	33.366	16.057	17.309	52%
<b>Sub Total</b>	<b>105.745</b>	<b>80.029</b>	<b>25.716</b>	<b>24%</b>
Revenue	45	43.390	1.610	4%

(Rupees in million)

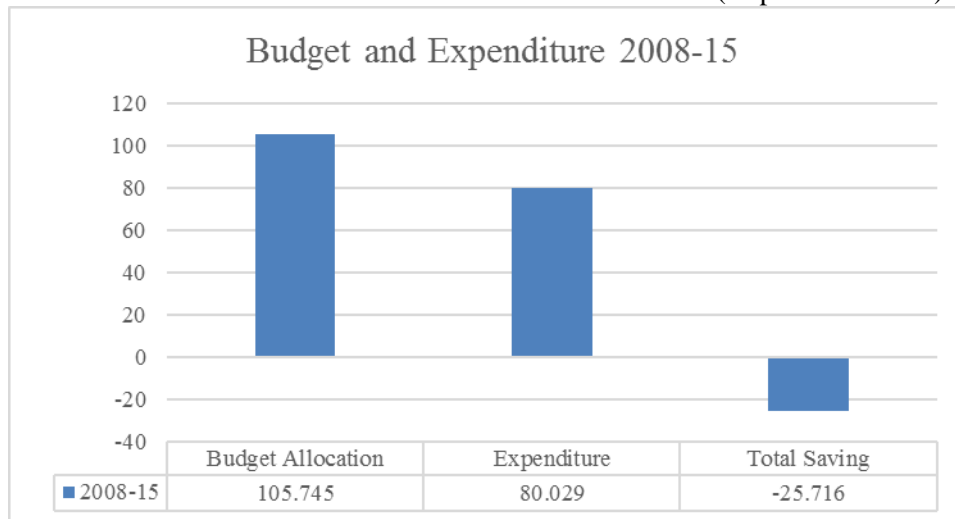


Detail of budget allocations, expenditures and savings of each UA of District D.G Khan for the Financial Years 2008-15 are at Annex-B.

As per budget books for the Financial Years 2008-15 UAs in District Dera Ghazi Khan, the original and final budget of audited ten UAs was Rs 105.745 million. Total expenditure incurred by these UAs during Financial Years 2008-15 was Rs 80.029 million. A saving of Rs 25.716 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:

(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	7	PAC not constituted
2.	2012-13	4	PAC not constituted
3.	2013-14	6	PAC not constituted

## **1.2 AUDIT PARAS**

## 1.2.1 Non Production of Record

### 1.2.1.1 Non production of record – Rs 7.303 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 7.303 million on account of expenditure on development schemes, salary, contingent payment and sales tax during the financial years 2008-15. The detail is given below:

(Rupees in million)

Sr. No.	Union Administrations	Period	Amount
1	Bakhry	2009-10	0.733
2	Shadoo Khan	2012-15	6.570
<b>Total</b>			<b>7.303</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 7.303 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 38 AIR Para: 4], [UA 9 AIR Para: 1]

## 1.2.2 Irregularities and non compliance

### 1.2.2.1 Award of work without tenders – Rs 6.875 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 PPRA 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 amounting to Rs 6.875 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	Union Administrations	Description	Amount
1	2012-13	Bakhry	Construction of culvert, soling	0.600
2		Jaman Shah	Construction of soling	1
3		Mandi Town		0.250
4		Layyah City	Soling	0.500
5		Chowk Azam	Construction of drain soling	0.600
6	2012-14	Karor Thal Jhandi	Providing and lying RCC pipes	0.160
7	2013-15	Khairy Wala	Construction of culvert	2.852
8		Rafique abad		0.794
9	2014-15	Sher Garh	White wash	0.119
<b>Total</b>				<b>6.875</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 6.875 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 38 AIR Para: 3], [UA 42 AIR Para: 2], [UA 6 AIR Para: 1], [UA 1 AIR Para: 2],  
[UA 32 AIR Para: 2], [UA 14 AIR Para: 1], [UA 27 AIR Para: 1], [UA 30 AIR Para: 1],  
[UA 29 AIR Para: 2]

### **1.2.2.2 Irregular expenditure without detailed measurement and technical sanction-Rs 4.993 million**

According to the 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 4.993 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.

(Rupees in million)

<b>Sr. No.</b>	<b>Union Administrations</b>	<b>Description</b>	<b>Amount</b>
1	Bakhry	Development work	0.305
2	Chowk Azam	Construction of drain soling	0.598
3	Karor Thal Jhandi	Construction of culvert, RCC pipe	0.314
4	Khairy Wala	Construction of culvert	2.852
5	Rafique Abad		0.794
6	Sher Garh	Earth filling, white wash	0.130
<b>Total</b>			<b>4.993</b>

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 irregular expenditure of Rs 4.993 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 38 AIR Para: 5], [UA 32 AIR Para: 5], [UA 17 AIR Para: 2], [UA 27 AIR Para: 3],  
[UA 30 AIR Para: 3], [UA 29 AIR Para: 4]

### **1.2.2.3 Irregular expenditure due to splitting of development schemes – Rs 2.108 million**

According to Para 2.70 of B&R Code and vide Finance Deptt. Letter No.FD(D-11)10(3)90 Dated 27<sup>th</sup> June 1991, the splitting will have to be got approved from the Chief Engineer concerned. Further, according to Rule 15.2 (c) of Punjab Financial Rules, Vol-I, expenditure should not be split up so as to avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount of the orders.

Secretaries of following Union Administrations executed works of Rs 2.108 million during Financial Years 2008-15 by splitting development schemes into parts without approval of the Chief Engineer. The schemes were split to avoid the sanction of higher authority.

(Rupees in million)

<b>Sr. No.</b>	<b>Union Administrations</b>	<b>Description</b>	<b>Amount</b>
1	Bakhry	Construction of bridges and soling	0.450
2	Jaman Shah	Construction of soling	0.400

<b>Sr. No.</b>	<b>Union Administrations</b>	<b>Description</b>	<b>Amount</b>
3	Layyah City No.1	Soling work	0.498
4	Chowk Azam	Construction of drain soling	0.600
5	Karor Thal Jhandi	Providing and laying RCC pipe	0.160
<b>Total</b>			<b>2.108</b>

Audit is of the view that due to weak internal controls, development schemes were split by the department without justification and approval of competent authority.

The splitting of schemes resulted in irregular expenditure and also wastage of funds amounting to Rs 2.108 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 38 AIR Para: 2], [UA 42 AIR Para: 1], [UA 1 AIR Para: 1], [UA 32 AIR Para: 4],  
[UA 14 AIR Para: 4]

#### **1.2.2.4 Irregular expenditure on sports festival- Rs 1.756 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 receiving Government servant should also be required to give a certificate that he has actually received the materials and recorded them in his appropriate stock registers.

Secretaries of following Union Administrations drew Rs 1.756 million out of Local Fund on account of purchase of sports festival/ purchase of sports material during 2014-15. Stock entries and further issuance record was not available. TMA authorities also incurred the same nature of expenditure, but no collaboration was made with TMA authorities.

(Rupees in million)

Sr. No.	Union Administrations	Period	Amount
1	Chowk Azam City	2012-14	0.161
2	Karor Thall jandi	2008-15	0.172
3	Khairay wala	2008-15	0.175
4	Rafique Abad	2008-15	0.179
5	Sheer Garh	2008-15	0.204
6	Bakhary Ahmed Khan	2008-15	0.249
7	Jaman Shah	2008-15	0.268
8	Mandi Town	2008-15	0.116
9	Layyah City No.1	2008-15	0.232
<b>Total</b>			<b>1.756</b>

Audit is of the view that due to weak internal controls, items were purchased and distributed without observing the codal formalities.

Purchases without consumption record resulted in irregular expenditure amounting to Rs 1.756 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 expenditure besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[UA 32 AIR Para: 7], [UA 14 AIR Para: 6], [UA 27 AIR Para: 5], [UA 30 AIR Para: 5], [UA 29 AIR Para: 6], [UA 38 AIR Para: 7], [UA 42 AIR Para: 5], [UA 6 AIR Para: 3,5]

#### **1.2.3.5 Irregular cash payments – Rs 1.725 million**

According to the Government of the 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 1.725 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	Amount
1	Chowk Azam	0.626
2	Rafique Abad	1.099
<b>Total</b>		<b>1.725</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 / employees resulted in irregular payments amounting to Rs 1.725 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 32 AIR Para: 3], [UA 30 AIR Para: 2]

#### **1.2.2.6 Loss due to non deposit of revenues – Rs 1.543 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 1.543 million on account of birth, death and marriage registration fee, house building advance etc. but did not deposit the same into the Government account during 2008-15. The detail is given below:

(Rupees in million)

Sr. No.	Union Administrations	Description	Amount
1.	Bakhri Ahmed Khan	Birth, death and marriage registration fee	0.117
		Income tax	0.058
2.	Jaman Shah	Income Tax	0.047
		Group Insurance, G.P fund	0.103

Sr. No.	Union Administrations	Description	Amount
		General Sales Tax	0.014
3.	Mandi Town	Income Tax	0.015
		Group Insurance, G.P fund	0.027
4.	Layyah City No.1	Income Tax	0.030
		Group Insurance, G.P fund	0.066
5.	Chowk Azam City	Birth, death and marriage registration fee	0.563
		Income Tax	0.036
6.	Karor Thall jandi	Income Tax	0.019
7.	Khairay Wala	Income Tax	0.171
8.	Rafiqe Abad	Income Tax	0.048
9.	Sheer Garh	Birth, death and marriage registration fee	0.169
		House building advance	0.042
		General Sales Tax	0.018
<b>Total</b>			<b>1.543</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 1.543 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 1.543 million besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[UA 38 AIR Para: 1,6], [UA 42 AIR Para: 3.4.7], [UA 6AIR Para: 2,4], [UA 1 AIR Para: 4.7],  
[UA 32 AIR Para: 1,6], [UA 14 AIR Para: 5], [UA 27 AIR Para: 4], [UA 30 AIR Para: 4],  
[UA 29 AIR Para: 1,3,7]



# **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 UA</b>	<b>AIR Para No</b>	<b>Subject</b>	<b>Amount</b>
1	Karor Thal Jhandi	3	Unjustified consumption of stores	0.032
2	Khairy Wali	2	Unjustified consumption of stores	0.059
3	Sheer Garh	5	Non deposit of Income Tax	0.010
		8	Non production of record	-
4	Bakhry	8	Non achievement of receipt targets, expected loss	0.078
		9	Double drawl on account of same item	0.005
		10	Overpayment on account of pay	0.078
5	Jaman Shah	6	Overpayment on account of pay	0.078
6	Layyah City 1	6	Non accountal of stores	0.057
7	Mandi Town	5	Overpayment on account of pay	0.058

**Part-II**

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

(Rupees in million)

<b>Sr. No.</b>	<b>Name of Formation</b>	<b>AIR AP No.</b>	<b>Subject</b>	<b>Amount</b>
1	UA Shahpur	2	Recovery of overpayment due to allowing unauthorized allowance	0.207
		3	Recovery of misappropriation of public money on account of receipts/ taxes	0.053
		12	Unjustified advances to employee without sanction and recovery	0.050
2	UA No. 6 Tail Indus	5	Irregular expenditure due to defective tendering process to avoid healthy competition	0.600
		6	Unjustified and doubtful expenditure on culverts	0.500
		10	Recovery of non deposit of income Tax/GST	0.055
		11	Recovery of overpayment due to wrong salary	0.041
3	UA No. 40 Chak 164/TDA	6	Non deposit of Income Tax	0.030
	UA NO.41 Ladhana	1	Misappropriation of birth /death And marriage registration fee and loss to local fund	0.141
		4	Non deposit of Income Tax	0.035
4	UA NO-33 Thal Kalan	5	Non deposit of Income Tax	0.036
5	UA NO.34 Mirhan	7	Non deposit of Income Tax	0.048
6	UA Sarishta Thal	5	Non deposit of Income Tax	0.048
7	UA Shokatabad	2	Non production of vouched account	0.384
		3	Unauthorized expenditure without calling tender	0.120
		4	Doubtful expenditure through project committee	0.460
8	UA Chowbarah	1	Unauthorized expenditure without calling tender	0.171
		04	Unjustified consumption of store	0.341
		05	Non Recovery of house building advance	0.090
9	UA Kotla Haji Shah	1	Unauthorized expenditure without calling tender	0.337
		04	Unjustified consumption of store	0.377
10	UA Nawan kot	04	Unauthorized payment of salaries contingent paid staff	0.160

## UAs of District Layyah

## 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	Layyah City 1	Salary	8.250	8.250	7.419	-0.831
		Non Salary	2.705	2.705	2.238	-0.467
		<b>Sub-total</b>	<b>10.955</b>	<b>10.955</b>	<b>9.658</b>	-1.297
		<b>Development</b>	1.200	1.200	1.018	-0.182
		<b>Total</b>	<b>12.155</b>	<b>12.155</b>	<b>10.676</b>	-1.479
2	Bakhry	Salary	5.209	5.209	4.729	-0.480
		Non Salary	1.471	1.471	1.271	-0.200
		<b>Sub-total</b>	<b>6.680</b>	<b>6.680</b>	<b>6.000</b>	-0.680
		<b>Development</b>	2.850	2.850	1.805	-1.045
		<b>Total</b>	<b>9.530</b>	<b>9.530</b>	<b>7.806</b>	-1.724
3	Shado Khan	Salary	5.419	5.419	4.912	-0.507
		Non Salary	0.936	0.936	0.558	-0.378
		<b>Sub-total</b>	<b>6.354</b>	<b>6.354</b>	<b>5.470</b>	-0.884
		<b>Development</b>	1.500	1.500	0.690	-0.810
		<b>Total</b>	<b>7.854</b>	<b>7.854</b>	<b>6.161</b>	-1.693
4	Mandi Town	Salary	4.450	4.450	4.293	-0.157
		Non Salary	0.551	0.551	0.502	-0.049
		<b>Sub-total</b>	<b>5.001</b>	<b>5.001</b>	<b>4.794</b>	-0.207
		<b>Development</b>	1.000	1.000	0.728	-0.272
		<b>Total</b>	<b>6.001</b>	<b>6.001</b>	<b>5.522</b>	-0.479
5	Jaman Shah	Salary	4.958	4.958	4.453	-0.505
		Non Salary	1.927	1.927	1.592	-0.335
		<b>Sub-total</b>	<b>6.886</b>	<b>6.886</b>	<b>6.044</b>	-0.842
		<b>Development</b>	1.800	1.800	0.932	-0.868
		<b>Total</b>	<b>8.686</b>	<b>8.686</b>	<b>6.976</b>	-1.710
6	Thal Jhandi	Salary	7.230	7.230	6.541	-0.689
		Non Salary	1.500	1.500	1.106	-0.394
		<b>Sub-total</b>	<b>8.730</b>	<b>8.730</b>	<b>7.647</b>	-1.083
		<b>Development</b>	2.840	2.840	1.682	-1.158
		<b>Total</b>	<b>11.570</b>	<b>11.570</b>	<b>9.330</b>	-2.240

Sr. No.	Name of UAs	Nature of Expenditures	Original Grant	Revised / Final Grant	Actual Expenditure	(+) Excess (-) Saving
7	Sher Garh	Salary	5.643	5.643	5.127	-0.516
		Non Salary	1.653	1.653	1.461	-0.192
		<b>Sub-total</b>	<b>7.296</b>	<b>7.296</b>	<b>6.588</b>	-0.708
		<b>Development</b>	6.507	6.507	1.596	-4.911
		<b>Total</b>	<b>13.803</b>	<b>13.803</b>	<b>8.184</b>	-5.619
8	Rafique Abad	Salary	5.881	5.881	5.595	-0.286
		Non Salary	0.741	0.741	0.495	-0.246
		<b>Sub-total</b>	<b>6.622</b>	<b>6.622</b>	<b>6.091</b>	-0.531
		<b>Development</b>	3.888	3.888	1.376	-2.512
		<b>Total</b>	<b>10.510</b>	<b>10.510</b>	<b>7.467</b>	-3.043
9	Khery Wala	Salary	5.742	5.742	5.214	-0.528
		Non Salary	1.025	1.025	0.479	-0.546
		<b>Sub-total</b>	<b>6.767</b>	<b>6.767</b>	<b>5.694</b>	-1.073
		<b>Development</b>	5.665	5.665	4.414	-1.251
		<b>Total</b>	<b>12.432</b>	<b>12.432</b>	<b>10.107</b>	-2.325
10	Chowk Azam	Salary	5.772	5.772	5.191	-0.581
		Non Salary	1.317	1.317	0.794	-0.523
		<b>Sub-total</b>	<b>7.089</b>	<b>7.089</b>	<b>5.985</b>	-1.104
		<b>Development</b>	6.116	6.116	1.815	-4.301
		<b>Total</b>	<b>13.205</b>	<b>13.205</b>	<b>7.800</b>	-5.405
<b>Grand Total</b>			<b>105.745</b>	<b>105.745</b>	<b>80.030</b>	-25.715