



**PERFORMANCE AUDIT REPORT  
ON  
NATIONAL PROGRAM FOR  
IMPROVEMENT OF WATERCOURSES  
DISTRICT DERA GHAZI KHAN**

**Audit Year 2012-13**

**15<sup>th</sup> May, 2013**

**AUDITOR GENERAL OF PAKISTAN**

## **PREFACE**

The Auditor-General conducts audit as per Article 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with Section 115 of the Punjab Local Government Ordinance 2001.

The Directorate General Audit District Governments Punjab (South), Multan, field office of Auditor General of Pakistan is mandated to conduct financial attest audit of accounts, compliance audit and performance audit of District Governments in Punjab (South). The audit of the National Program for Improvement of Watercourses District Dera Ghazi Khan was conducted during April & May 2013 with a view to reporting significant findings to the stakeholders. Audit examined planning, implementation, execution and achievement of objectives with reference to the economy, efficiency and effectiveness of the National Program for Improvement of Watercourses in District Dera Ghazi Khan. This was an important program to increase agricultural production by effective utilization of irrigation water through improvement of canal commanded watercourses. Overall implementation of the program was not satisfactory. The Audit Report indicates specific actions that, if taken, will help the management to realize the objectives of the National Program for Improvement of Watercourses.

The audit report is submitted to the Governor Punjab in pursuance of Article 171 of Constitution of the Islamic Republic of Pakistan, 1973, read with Section 115 of the Punjab Local Government Ordinance, 2001 to cause it to be laid before the Provincial Assembly.

Islamabad  
Dated:

**(Muhammad Akhtar Buland Rana)**  
**Auditor-General of Pakistan**

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## **ABBREVIATIONS AND ACRONYMS**

AAE	Assistant Agriculture Engineer
ADP	Annual Development Program
DAC	Departmental Accounts Committee
DCO	District Coordination Officer
D.G	Director General
DIC	District Implementation Committee
DRC	District Rate Committee
DO	District Officer
EDO	Executive District Officer
FBR	Federal Board of Revenue
FCR	Final Completion Report
INTOSAI	International Organization of Supreme Audit Institutions
ISSAI	International Standards of Supreme Audit Institutions
NESPAK	National Engineering Services of Pakistan
NPIW	National Program for Improvement of Watercourses
O&M	Operate and Maintain
OFWM	On Farm Water Management
PC-1	Planning Commission Profarma-1
PIC	Provincial Implementation Committee
PPRA	Punjab Procurement Regulatory Authority
PSDP	Public Sector Development Program
TA/DA	Traveling Allowance/ Daily Allowance
TMA	Tehsil Municipal Administration
TSE	Technically Sanctioned Estimate
WMO	Water Management Officer
WUA	Water Users Association

## **EXECUTIVE SUMMARY**

Directorate General of Audit, District Governments Punjab (South), Multan carried out the Performance Audit of Punjab National Program for Improvement of Watercourses (NPIW), District Government Dera Ghazi Khan (for the period 2004-05 to 2011-12) from 16.04.2013 to 15.05.2013 in accordance with INTOSAI Auditing Standards.

Main objectives of the audit were to examine:

- Whether activities performed by the organization were based on the principles of economy, efficiency and effectiveness or otherwise.
- The evaluation of results for the activities/services rendered by the organization.
- Effectiveness of internal control system, organization and management.

The Government of the Pakistan launched the NPIW in the District Government Dera Ghazi Khan, through District Officer (On Farm Water Management). Funds of Rs610.424 million were released by the Government of Punjab for the said program between 2004 and 2012, out of which, an expenditure of Rs 607.589 million was incurred.

The proposed project has been designed for effective/efficient utilization of the available water at the farm level, for enhancing productivity of scarce irrigation resources by accelerating improvement of the watercourses in canal commanded areas. The program was planned to be implemented through newly recruited technical staff, as well as existing staff of On Farm Water Management. Construction of watercourses was entrusted to Water Users Associations. Funds were released to the Water Users Association for further payment to the suppliers/contractors after verification of the work by the technical third party appointed by the Government of Punjab. The brick work (lining) for saline water

and fresh water was specified for 30% and 15% of overall length; the earthen improvement of the remaining portion of the watercourses was to be done by the WUAs.

Provincial Implementation Committee (PIC) and District Implementation Committee (DIC) were established to review the progress of the Program.

The successful implementation of NPIW program will reduce the water losses up to 33%, resultantly 15-17 percent crop yield would be increased in the command area.

Following were the audit findings for non-achievement of targets as desired in PC-1:

1. Staff shortage was not minimized because of new recruitment
2. Staff recruited for NPIW was deployed on the tasks other than envisaged in Program
3. Payment to WUAs were made without proper check and measurement, which resulted in undue blockage of Government money with WUAs
4. Excess payment was made to NPIW staff, WUAs and FBR
5. Undue benefit was granted to WUAs by ignoring the lining criteria of fresh water
6. Due to non-convening of DIC and PIC meetings, only 46% of the targets could be achieved.

Audit suggests focusing on the following institutional, technical, and financial recommendations to improve overall performance of the program:

- i. The vacant posts should be filled by adopting the prescribed procedure and all the staff should be deputed as per job description.
- ii. Overpayments made to WUAs, NPIW staff and FBR should be recovered and utilized for construction of further watercourses.
- iii. Purchases should be made in accordance with NPIW guidelines with observance of principles of economy, efficiency and effectiveness.

- iv. Activities of strengthening the internal controls & financial management should be implemented in letter and spirit vis-à-vis observance of Government Rules and ancillary instructions while incurring the expenditure.
- v. All the monitoring committees should convene their meetings to review the progress of work.

## **1. INTRODUCTION**

### **1.1 Program Background**

Punjab is the largest province of the country with respect to population. Its total geographical area is 20.63 million hectares or 50.98 million acres, out of which 0.50 million hectares or 1.24 million acres (2.42 %) are under forests, 2.98 million hectares or 7.36 million acres (14.5%) are uncultivable, 1.63 million hectares or 4.03 million acres (7.90%) are cultivable waste, and 12.57 million hectares or 30.06 million acres (60.93%) are cultivated. More than 70 percent cropped area of the Indus food machine is situated in the Punjab. Its share in total agricultural production of the country is more than 80 percent in case of cotton, almost 70 percent for wheat, nearly 60 percent for sugarcane, and 50 percent in rice. Major crops are wheat (38%), cotton (15%), rice (10%), sugarcane (4%), and orchard (about 2%).

The Punjab is Pakistan's agricultural and economic heartland contributing over 80 percent towards agricultural output and about 90 percent of it comes from irrigated areas. Despite its everlasting significance in this vital sector of country's economy, the province is facing acute water shortages creating threats for food security of its people. Furthermore, the dismally low irrigation efficiencies at the farm level are major constraint in attaining potential production from otherwise highly productive agricultural lands. The water shortages registered during the last few years were as high as 40-50 percent. Although water resources have been considerably expanded due to construction of dams, canals etc. during last four decades but these developments are not consistent with population growth.

On the basis of current water shortages and rapidly competing future demands, the foreseen situation would simply be unsustainable for agriculture on which national economy is based. Improving water productivity through capitalizing modern water resource conservation technologies and practices is the most viable option for maintaining the long term integrity of agriculture recourses; particular water. In fact, raising crop water productivity is the cornerstone of any demand management strategy to sustain crop production under escalating water shortages.

The PC-1 of the National Program for Improvement of Watercourses (Punjab Component) was approved during 2004 by the Government of Punjab to reduce the water shortage on farm level. The watercourse improvement consists of complete demolishing of community channel and its re-building/re-aligning according to the engineering design with clean compacted soil. Parts of the reconstructed channels are lined and necessary water control structures are installed to improve conveyance of the canal water.

Tertiary level irrigation in the District Dera Ghazi Khan Khan comprises about 2,840 watercourses. It has been established that a significant percentage of irrigation water losses (about 40%) occur from these century old community watercourses because of their poor maintenance and aging. This has resulted severe water shortage at the farm level that is continuously aggravating due to increasing pressure on agriculture. Up to year 2004, out of 2,840 watercourses in Dera Ghazi Khan, only 743(26%) watercourses were improved while 236 (8%) watercourses were being improved by some other projects. Leaving a balance of 1,861(66%) still to be improved.

The project was initiated to improve all 1,861 unimproved watercourses in Dera Ghazi Khan. But up to year 2012, only 798 watercourses could be improved with the cost of 607.589 million. The detail is as below:

(Rupees in million)

Sr. No.	Year	Tehsil D.G. Khan	Tehsil Taunsa	Total Watercourses Improved	Expenditure Incurred
1	2004-05	25	27	52	34.728
2	2005-06	67	131	198	131.242
3	2006-07	32	98	130	96.335
4	2007-08	55	125	180	106.674
5	2008-09	15	23	38	40.767
6	2009-10	21	43	64	49.883
7	2010-11	49	77	126	105.067
8	2011-12	-	10	10	42.893
<b>Total</b>				<b>798</b>	<b>607.589</b>

## **1.2 PROGRAM PLANNING**

### **1.2.1 Program Period**

The NPIW was started in 2004 and it was planned to be completed by 30<sup>th</sup> June 2012.

### **1.2.2 Execution Plan**

The program will be executed through farmers' active participation. There will be one Water Users Association (WUA) for each canal outlet in irrigated areas that will comprise of irrigators of that respective watercourse. The WUA will be key institution for implementation of project activities. The WUA will arrange skilled and unskilled labour required for improvement of watercourse, procure construction material for carrying out civil works and undertake O&M of improved watercourses.

OFWM staff will mobilize shareholders of the watercourse to organize WUA. The scheme will be registered under OFWM and WUA Ordinance 1981. The OFWM staff in respective tehsil will conduct engineering surveys of the command area and prepare design and cost estimate in consultation with WUA that will be checked / verified by supervisory consultant. The competent authority will accord the Technical Sanction.

WUA will carry out earthen improvement of entire section of the watercourses leaving the part that will be lined. OFWM staff will provide technical assistance to water users for all works. Each OFWM staff team will be headed by Assistant Agricultural Engineer-AAE (Field Team Engineer). DO(OFWM) will finally verify that prescribed specification are being followed.

A team of supervisory consultants would be engaged by the Punjab Government out of provincial ADP, for third party validation of the program works that will inter alia, include construction supervision, quality assurance, technical assistance and overall coordination of projection implementation. The

supervisory consultants will review plans and design for civil works, verify rate of construction materials, spot check quality of earthen and lining work during construction, facilitate timely completion of works and certify quantity and quality of completed civil works.

### 1.2.3 Financing Plan

Major contribution of finance is provided by the Federal Government which is a part of Public Sector Development Program (PSDP). Federal Government released the amount to the Provincial Government. Provincial Government by adding its share made release to District Government as tied grant. Following is the financing contribution ratio:

Federal Government	69.83 %
Provincial Government	1.50 %
Farmers' Contribution	28.67 %

DO (OFWM), a functionary of District Government further releases the amount to the respective WUAs on the basis of work done and verified by the supervisory consultants. DO (OFWM) also verifies that the WUAs' share has been deposited in the bank account.

As per PC-I an amount of Rs1,671.38 million was described for NPIW District Dera Ghazi Khan component with detail as below:

Detailed Head	Amount (Million)
Administrative Cost (Pay & Allowances)	56.00
Transport (Recurring Cost)	21.00
Non Recurring Cost	21.08
Watercourse Improvement (Civil Works) Govt.	1,066.62
Watercourse Improvement (Civil Works) Farmers	479.19
Training Cost	2.59
Supervisory (Consultancy)	24.90
<b>Total Cost</b>	<b>1,671.38</b>

Total releases by the Government of Punjab for the program were Rs610.424 million whereas total expenditure was Rs607.589 million against the releases. The detail is as below:

(Rupees in Millions)

<b>Sr. No.</b>	<b>Year</b>	<b>Released Amount</b>	<b>Actual Expenditure</b>	<b>Progressive Balance</b>
1	2004-05	46.253	34.728	11.525
2	2005-06	166.196	131.242	46.479
3	2006-07	84.011	96.335	34.155
4	2007-08	89.933	106.674	17.414
5	2008-09	27.673	40.767	4.320
6	2009-10	59.373	49.883	13.810
7	2010-11	103.665	105.067	12.408
8	2011-12	33.320	42.893	2.835
<b>Total</b>		<b>610.424</b>	<b>607.589</b>	

#### **1.2.4 Planned Program Description**

The proposed project is in line with objectives of the 9<sup>th</sup> Five Year Plan under sub-sectors Agriculture and Water Resources. The ninth five year plan states that following the Water Accord, there shall be emphasis on integrated management of Agriculture, Irrigation, and Drainage leading to efficient use of land and water resources. This has envisaged to be achieved by development of farmers' organizations, institutional re-organizations, and staff training together with improvement, rehabilitation, and development of water resources.

The proposed project has been designed for effective/efficient utilization of the available water at the farm level for enhancing productivity of scarce irrigation resources by accelerating improvement of the watercourses in canal commanded areas.

Out of 58,110 watercourses in the Punjab, 22,971 were improved up to 2004 leaving a balance of 35,139 to be improved. About 7,139 watercourses were planned for improvement under some other projects such as OFWM component

of National Drainage Program, District Government Funded Schemes, Government of the Punjab financed Accelerated Improvement of Watercourses in the Punjab and World Bank assisted On Farm Water Management (OFWM-IV) project. In the NPIW program, the improvement of remaining 28000 watercourses were planned to conserve water resources. District Government Dera Ghazi Khan was given a target of improvement of 1,861 watercourses.

#### **1.2.5. Planned Program Outcome**

The successful implementation of NPIW program will reduce the water losses up to 33% resultantly 15-17 percent crop yield would be increased in the command area. Following were the major objectives of the program:

- i. Increasing agricultural production by effective utilization of irrigation water through improvement of the canal commanded watercourses.
- ii. Strengthening farmers' participation to improve their capabilities for better management of water at the farm level.
- iii. Promoting increased employment opportunities in the rural sector by utilizing local resources.

### 1.3 Responsible Authorities

#### District Implementation Committee (DIC)

At District Govt. level the DIC was constituted and it was proposed to meet on monthly basis. The major functions of DIC are as follows:

- i. Review physical and financial progress
- ii. Ensure effective implementation of program
- iii. Review the progress about flow of funds
- iv. Monitoring of Physical Progress

<b>Authority</b>	<b>Responsibilities</b>
<b>District Coordination Officer</b>	(Chairman DIC)
<b>Executive District Officer (Finance &amp; Planning)</b>	(Member DIC)
<b>Executive District Officer (Agriculture)</b>	(Member DIC)
<b>District Officer (On Farm Water Management)</b>	(Secretary DIC) (Member PIC*) Head of Field Teams
<b>Farmers/ Water Users Associations (WUAs)</b>	Organizing the farmers, Arranging funds as matching grant, execution of civil works

\*Provincial Implementation Committee.

## 1.4 Financial Resources

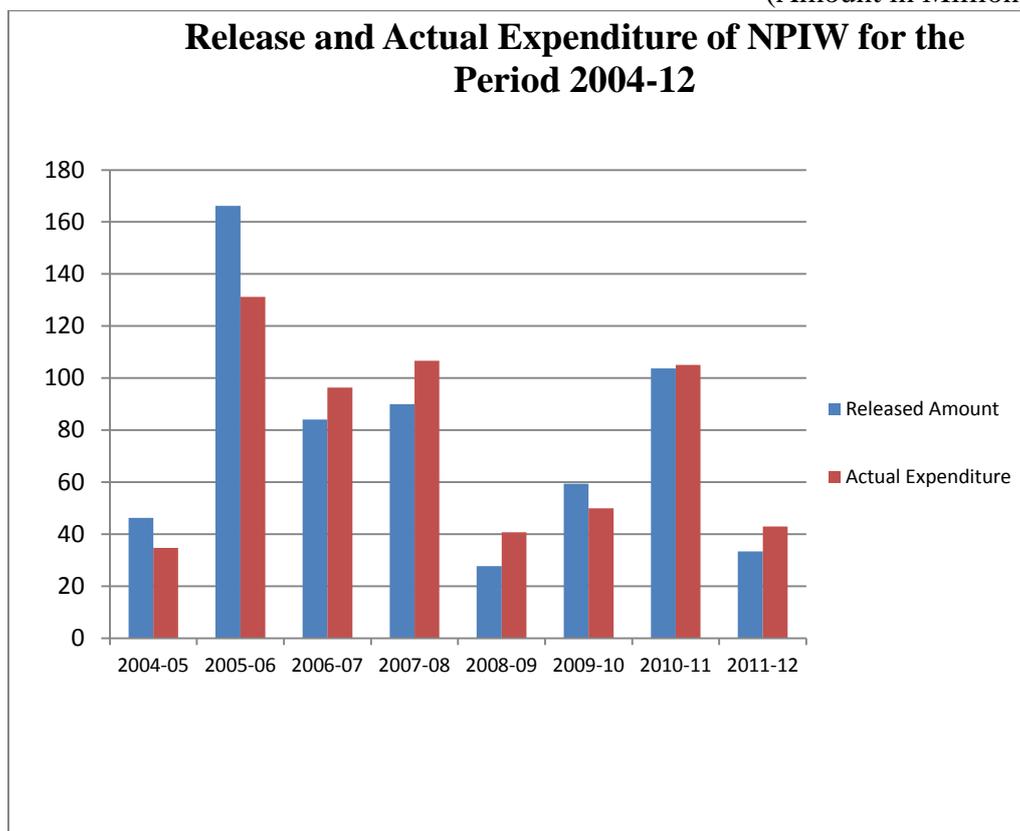
Total releases by the Government of Punjab for the period 2004 to 2012 were Rs610.424 million whereas total expenditure was Rs607.589 million against the releases. The detail is as below:

(Rupees in million)

Sr. No.	Year	Released Amount	Actual Expenditure	Progressive Balance
1	2004-05	46.253	34.728	11.525
2	2005-06	166.196	131.242	46.479
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6	2009-10	59.373	49.883	13.810
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8	2011-12	33.320	42.893	2.835
<b>Total</b>		<b>610.424</b>	<b>607.589</b>	

The budget and expenditures position of the program at a glance is as under:-

(Amount in Million)



## **2. AUDIT OBJECTIVES**

Major objectives of audit were to:

- i. Review whether activities performed by the organization were based on the principles of economy, efficiency and effectiveness or otherwise.
- ii. Evaluate the results for the activities/services rendered by the organization.
- iii. Examine the effectiveness of internal control system, organization and management.

### **3. AUDIT SCOPE AND METHODOLOGY**

#### **3.1 Audit Scope**

The audit covers all the aspects of the Program i.e. planning, financing, execution and implementation. Operation of the program in district Dear Ghazi Khan is covered in the performance audit. Audit covers the period from 2004-05 to June 2012.

Utilization of funds released for construction of watercourses in District Dera Ghazi Khan was reviewed. The factors of economy, efficiency, and effectiveness were focused while conducting the audit.

#### **3.2 Audit Methodology**

The performance audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI) keeping in view the rules and regulations framed by the Government from time to time. The following audit methodology was adopted during performance audit:

- i. Collection and scrutiny of relevant data i.e. files, reports, newspapers, vouched accounts and stock registers etc.
- ii. Interviews with concerned staff of Water Management Department and general public.
- iii. Scrutiny of vouched accounts to assess if the provided financial resources were spent with economy and for the purpose for which they were allocated.
- iv. Scrutiny of goals planned and achievement from the statistical data provided to audit.

## 4. AUDIT FINDINGS AND RECOMMENDATIONS

In execution, we assess the achievement of program objectives in terms of economy, efficiency and effectiveness. Performance was observed on the basis of achievement of targets set at the time of planning phase, scrutiny of allied record, reports and visits to watercourses at site to evaluate the benefits under the program during its execution and implementation. Shortcomings during implementation of program and need for improvement in the following areas were observed.

### 4.1 Organization and Management

#### 4.1.1 Non recruitment of staff against vacant posts

Page 42 of the PC-1 of Program stipulates that each field team will comprise field staff as in column-2 and as per Annexure-J of the PC-1, total 17 field teams will be deputed in District Dera Ghazi Khan with sanctioned strength as below:

<b>Designation</b>	<b>employees in Each Team</b>	<b>Total Field staff</b>
Assistant Agriculture Engineer	1	17
Water Management Officer	1	17
Water Management Supervisor	6	102
Computer Operator	1	17
Naib Qasid	1	17
Rod Man	6	102

In NPIW Dera Ghazi Khan, staff remained short throughout its execution and no serious efforts were made to recruit the staff as per PC-1. Further from different reports submitted to Secretary Agriculture Punjab it was revealed that staff shortage was shown less as compared to actual position, due to which the staff could not be properly recruited.

During the currency of the program, staff position remained as below.

Sr. No.	Designation	Sanctioned strength	Available strength		
			2004	2005	2007-12
1	Assistant Agriculture Engineer	17	7	7	3
2	Water Management Officer	17	04	13	12
3	Water Management Supervisor	102	33	69	35
4	Computer Operator	17	6	9	3
5	Naib Qasid	17	8	9	8
6	Rod Man	102	16	16	72

Most of the field operational posts, as on Sr. No.3 to 6 of above table were vacant, due to which only 798 watercourses could be completed against the target of 1,861. Further, due to vacancy of field supervisory posts i.e at Sr. No.1 and 2, the quality of work was not ensured.

It is recommended that staff recruitment should be conducted at initial phase of the project so that man power could be made available for achievement of targets.

#### **4.1.2 Deployment of NPIW staff to irrelevant tasks**

Despite shortage of technical Staff and non-achievement of annual targets as given by the Director General Water management, Lahore, DO(OFWM) Dera Ghazi Khan also continued to deploy the staff on general duty to the office/places other than the Program. The detail is as below:

Name and Designation	Period	Deployed to
Mr. Wazir Ahmed- Computer Operator	10-9-2008 to 09-3-2010	DCO Office
Mr. Shoukat Ali- Computer Operator	2.9.2008 to 30.6.2012	DCO, EDO office
Mr. Ali Raza Water Management Supervisor	29.10.2009 to 30.6.2012	Nawaz Sharif Bio Diversity Park

Due to deployment of NPIW staff to other offices/ places achievement of targets was affected.

It is recommended that all the staff should be deployed as per their job description.

## 4.2 Financial Management

### 4.2.1 Payment to the WUAs without check and measurement resulting in blockage of Government money

According to article 3 of agreement between DO (OFWM) and WUAs for Construction of Watercourse given in PC-1, 45% of the material cost (1<sup>st</sup> installment) will be released on completion of entire earthen improvement of watercourses by the second party, 45% of the material cost will be released when at least 40% of the planned civil works has been completed and 10 % of the material cost will be released after completion of entire works.

DO (OFWM) Dera Ghazi Khan made release of Rs292.492 million to WUAs without ensuring the criteria of work done as given in the above para due to which heavy amount of Rs7,436,195 was transferred in excess. It was shown when measurement was taken by the NESPAK Engineer in the Final Completion Report. The year wise detail is as under.

(Amount in Rupees)

Year	Total Releases	Amount utilized	%age of amount utilized
2004-05	34,728,000	100,517	0.29
2005-06	131,242,000	1,840,011	1.40
2006-07	21,903,042	2,806,163	12.81
2007-08	81,898,776	1,057,276	1.29
2008-09	2,620,758	245,166	9.35
2009-10	4,596,434	362,512	7.89
2010-11	15,188,157	872,798	5.75
2011-12	315,382	151,752	48.12
<b>Total</b>	<b>292,492,549</b>	<b>7,436,195</b>	<b>2.54</b>

The above quoted overpaid amount remained with the WUAs for years and even the recovery could not be finalized till the time of audit.

Due to financial mismanagement, the funds released by the Government for construction of watercourses in Dera Ghazi Khan remained blocked in private bank accounts (WUAs) that proved to be a reason for non-achievement of target.

It is recommended that Program resources should be utilized vigilantly for achievement of targets.

#### **4.2.2 Non reconciliation of Accounts**

In NPIW Dera Ghazi Khan accounts, there was a huge difference in FI data maintained by the District Accounts Officer and accounts kept with DO (OFWM). The detail is as below:

(Amount in Rupees)

<b>Financial Year</b>	<b>Actual Expenditure as per FI data total</b>	<b>Expenditure as per DO(OFWM) Total</b>	<b>Difference</b>
2011-12	88,294,567	53,651,436	34,643,131
2009-10	50,179,677	49,225,677	954,000
<b>Total</b>	<b>138,474,244</b>	<b>102,877,113</b>	<b>35,597,131</b>

Audit was of the view that due to financial mismanagement, the accounts were not reconciled with FI data, due to which actual financial position could not be extracted from the DO (OFWM) accounts record.

It is recommended that DO(OFWM) should probe the reason for difference in accounts.

#### **4.2.3 Extravagant expenditure on TA/DA**

According to appointment orders of the NPIW staff, the staff was recruited for the project on fixed monthly pay only, and no other benefit i.e. T.A/D.A or pension benefit was allowed.

DO (OFWM) Dera Ghazi Khan, granted TA /DA of Rs 2.413 million out of NPIW grant to its employees during 2011-12, with construction of only 10 watercourses, so the expenditure was unrealistic and unjustified. Whereas, during previous years, achievement of target was greater than as compared to 2011-12

and the watercourses were completed ranged between 100 to 200 No's and there was no/ nominal expenditure on TA/DA.

Further, the TA/DA was paid to field staff that was not entitled as per the appointment contract and nature of duties. The detail is as below:

<b>Year</b>	<b>Watercourses Improved</b>	<b>TA/DA (Rs)</b>
2004-05	52	Nil
2005-06	198	Nil
2006-07	130	Nil
2007-08	180	Nil
2008-09	38	Nil
2009-10	64	166,040
2010-11	126	199,520
2011-12	10	2,412,820
<b>Total</b>	<b>798</b>	<b>2,778,380</b>

Audit is of the view that due to financial mismanagement, huge amount on account of TA/DA was paid to the employees of NPIW without entitlement and achievement of any high target, which is unjustified and unrealistic.

It is recommended to probe the matter in detail and matter may be justified.

#### **4.2.4 Expenditure in excess of Administrative Approval and Technically Sanctioned Estimate**

According to Second Schedule Part-II of Delegation of Financial Power Rules 2006, over and above the amount for which administrative approval has been accorded does not exceed 10 per cent. In case the excess exceeds 10 per cent, fresh approval will be required.

DO (OFWM) Dera Ghazi Khan did not observe the criteria of Administrative Approval and Technically Sanctioned Estimate while sanctioning the payment. An amount of Rs2.063 million was paid to the WUAs in excess of Administrative Approval and TSE. (**Annexure-A**)

Audit is of the view that due to financial mismanagement, the criteria given in the rule was not observed.

Audit recommends that expenditure incurred in excess of Administrative Approval and Technically Sanctioned Estimate may be got regularized under intimation to audit.

#### **4.2.5 Drawl of inadmissible allowance**

DO (OFWM) withdrew an amount of Rs954,000 on account of Tertiary and other Subsidy Allowance for his staff which was not admissible to them. (Annexure-B)

Due to financial mismanagement, the allowance not admissible to the employees of NPIW was paid.

Audit recommends that overpaid amount should be recovered and deposited into Government Treasury.

#### **4.2.6 Loss due to Non Recovery of Unspent Amounts from the WUAs**

DO (OFWM) did not recover an amount of Rs556,567 transferred to WUAs in excess of civil work verified by the NESPAK in the FCR. (Annexure-C)

Audit recommends that overpaid amount should be recovered and deposited into Government Treasury.

#### **4.2.7 Non Recovery of Motor Cycle Advance**

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

A lump sum advance was granted out of NPIW grant to each field staff of NPIW for purchase of Motor Cycles during 2004-05, and the same was refundable in

three years easy installments. An amount of 372,268 remained still unrecovered despite lapse of sufficient time. (Annexure-D)

Audit was of the view that due to financial mismanagement, the advance amount could not be recovered.

It is recommended the DO(OFWM) should take all the necessary steps, as per rule, to expedite the recovery.

#### **4.2.8 Undue deduction of Income Tax on unspent amount**

In the below mentioned cases, income tax was deducted at source while making the payment from District Accounts Office to WUAs. However, an amount of Rs7,436,195 remained unspent which was deposited back to Account-IV and revalidated for further disbursement to WUAs and again the income tax amounting to Rs257,165 was deducted on same amount. The detail is as below:

(Amount in Rupees)

<b>Year</b>	<b>Total Releases</b>	<b>Unspent Amount</b>	<b>Income tax deducted</b>
2005-06	131,242,000	1,840,011	64,400
2006-07	21,903,042	2,806,163	98,216
2007-08	81,898,776	1,057,276	37,005
2008-09	2,620,758	245,166	8,581
2009-10	4,596,434	362,512	12,688
2010-11	15,188,157	872,798	30,548
2011-12	315,382	151,752	5,727
<b>Total</b>			<b>257,165</b>

The income tax deducted on unspent amount was undue and loss to Government.

It is recommended that matter may be taken up with the FBR for refund of double deduction of income tax and its utilization for the improvement of watercourses.

### 4.3 Procurement and Contract Management

#### 4.3.1 Unjustified payments to Suppliers through WUAs

As per letter No. 12207-37/DGA/WM/Dev: DA/1 Director General Agriculture (Water Management) Punjab, Lahore Dated 19.08.2010, it is responsibility of the Water User Association to call tenders of construction material, such as bricks, cement and sand etc. and approve rates in consultation with purchase committee in the light of rates fixed by the DRC for that area.

DO (OFWM) transferred Rs8.235 million to ten (10) Water User Associations' account, during 2010-11 and 2011-12. The WUAs neither called tenders nor comparative statements were prepared. Rather all the purchases were made at the maximum rates fixed by the DRC. No role of purchase committee was evident for all the procurement.

(Amount in Rupees)

Sr. No.	Watercourse	Expenditure
1	16400 TR	1,978,710
2	46133 L	1,527,860
3	4140 R	351,862
4	8750 R	535,340
5	1645 L	729,962
6	27932 R	784,545
7	14290 L	450,716
8	5500 L	616,883
9	10880 R	681,655
10	2250 L	577,945
<b>Total</b>		<b>8,235,478</b>

Economy of the expenditure was not ensured by calling tender in the open market.

It is recommended that DO(OFWM) should take up the matter for non adopting the tender process for procurement and expedite recovery if any overpayment is involved.

#### **4.4 Construction and Works**

##### **4.4.1 Non observance of the criteria for Lining Percentage**

According to page 18 of PC-1, the lining of watercourses would be carried out up to 15 percent of total length of community in fresh ground water areas and 30 percent in saline groundwater zones. It has however, been experienced under past project that actual lining remained lower than the maximum ceilings. It is therefore, proposed to fix lower limit in this regard as well, which will be 10 and 20 percent, respectively of the areas having fresh and saline subsurface water. Further as per annexure-B of the PC-1, construction of 586 watercourses for fresh water and 1275 watercourses for saline water area was planned.

Total 798 watercourses were improved in District Dera Ghazi Khan under NPIW for the period 2004-12. In all the watercourses lining was carried out 30% of the length of watercourses. All the watercourses were marked as saline water area in the FCR. No proof in shape of water testing lab result or any other document was available in the file. From a report by EDO(Agriculture), only a few areas, such as Pachadh, Darkhast Jamal Khan, Chit Sarkani and Bhakarwah has brackish water (Saline water) in the Tehsil Dera Ghazi Khan. Whereas, DO (OFWM) Dera Ghazi Khan treated all the District as Saline area. Due to 30% lining of the watercourses instead of 15% for fresh water, the resources were made limited to only 46% of targeted areas and the whole district could not be benefited from the program.

It is recommended that DO (OFWM) should get the matter regularized for non-observance of the lining criteria from competent authority.

## 4.5 Asset Management

In assets management, the internal controls and utilization of assets, which were purchased under the said program were assessed. District Officer (OFWM) purchased and handed over various equipment, furniture and computers valuing Rs1.700 million, to 17 field teams during 2004-05. However, at the close of program during June 2012, neither the same assets were shown as returned to the office nor were the same transferred to any other projects.

It is recommended that DO (OFWM) should investigate the matter and take disciplinary action against the officials responsible for loss of Government money, besides recovery of Government loss.

## 4.6 Monitoring and Evaluation

For better execution, performance monitoring and evaluation system play a major role for its effectiveness and obtaining desired results. For monitoring and evaluation of NPIW, the Committee at District Level and Provincial level such as DIC and PIC were framed. The said committees were required to meet at least once in a month. However, no meetings of the said committees were convened.

Total 1,861 watercourses were planned to be completed up to 2008. However, the project could not be completed by 2008 and was extended many times and was finalized on June 2012. However, despite extension of the period, only 798 watercourses i.e. 42% of planned watercourses could be improved. Due to inefficient monitoring, time was wasted and objectives of the Program could not be achieved. Detail of planned and actual watercourses is as below:

(Rupees in million)

Year	Water Course Planned		Water Course Completed	
	No. of Water Courses	Expenditure Incurred	No. of Water Courses	Expenditure Incurred
2004-05	384	155.835	52	34.728
2005-06	492	302.874	198	131.242

2006-07	492	302.874	130	96.335
2007-08	493	303.293	180	106.674
2008-09		-	38	40.767
2009-10	-	-	64	49.883
2010-11	-	-	126	105.067
2011-12	-	-	10	42.893
<b>Total</b>	<b>1,861</b>	<b>1,064.876</b>	<b>798</b>	<b>607.589</b>

It is recommended that DO (OFWM) being secretary of DIC, should implement all the monitoring measures designed for successful accomplishment of program.

#### **4.7 Environment**

According to PC-1, the negative effect of the implementation of NPIW may result in increased use of pesticides, as increase in cropped area and cropping intensity will be a major project output.

There was no record available with the DO (OFWM) and the Agriculture Department for taking any measures to monitor and safeguard the environment from ill-effects of increased pesticides. It is, therefore, apprehended that the environment could have been adversely affected from the Program.

Audit recommends that a survey should be conducted to know about the areas and severity of the environment pollution, arising from the increased use of pesticides and remedial action in this regard should be taken.

#### **4.8 Program Sustainability**

The responsibility of O&M of a watercourse was entrusted to the WUAs and life of the watercourses was supposed to be 20 years. However no mechanism was framed to conduct any periodical supervision visit by the OFWM/ NPIW staff. No such record was available in the office from where it could be extracted that the watercourses are actually maintained by the WUAs, as desired in PC-1, and the watercourse will be beneficial for 20 years to the

irrigators. Maintenance position of the watercourses developed during various years is as under:

#### **4.9 Overall Assessment**

For evaluation of the objectives of the program, overall assessment is necessary for improvement and removal of deficiencies.

##### **i) Relevance:**

Lining of watercourses up to 15% of total length of community in fresh ground water areas and 30 % in saline groundwater zones was prescribed as per PC-1 of the Program. Further as per annexure-B of the PC-1, construction of 586 watercourses for fresh water and 1275 watercourses for saline water areas was planned in District Dera Ghazi Khan. Total 798 watercourses were improved in the District and in all cases, lining was carried out on 30% of the length of watercourses, despite the fact that some areas were described as the areas of fresh water by the EDO (Agriculture). So, the expenditure on lining in the area of fresh water beyond 15% was irrelevant.

##### **ii) Efficacy:**

According to clause 4(b), part-A of PC-1, with completion of NPIW, the water losses in the canal command areas would be decreased to 33% which resulted in increased crop per yield by 15-17%.

During the course of performance audit of NPIW Dera Ghazi Khan, the average per acre yield (three years basis) in Dera Ghazi Khan could not be increased as desired. In the case of cotton crop, a decreasing trend has been shown. The detail is as below:

<b>(Maunds/Acre)</b>				
<b>Years taken in average</b>	<b>Wheat</b>	<b>Sugar Cane</b>	<b>Rice</b>	<b>Cotton</b>
2006-09	26.36	560	23.42	22.28

2009-12	28.28	608.3333	24.49	18.81
Increase	7%	9%	5%	-16%

(Figures by Asstt. Director Crop Reporting Dera Ghazi Khan)

The project was initiated to improve all 1,861 unimproved watercourses in D.G. Khan. But up to year 2012, only 798 i.e. 42% watercourses could be improved. Increase in crop yield of wheat, sugar cane and rice remained between 5% to 9%, while the cotton was reduced to 16%, which is a matter of concern. If all the watercourses were improved, the target of increase in crop yield for wheat, sugar cane and rice could have been achieved.

**iii) Efficiency:**

Improvement of 1,861 watercourses was planned within a period of 4 years i.e 2004 to 2008. The period was enhanced for further 4 years i.e up to 2012. The goals of the program could not be achieved efficiently as 798 watercourses could be improved. It depicts that 42% of the target was achieved even after enhancement of 4 years. In absence of planned input and lack of proper direction / monitoring from the program director and coordinators, the efficiency of the program remained low.

**iii) Economy:**

Procurement of construction material was un-economical as no tenders were called. Further, all the materials were procured on maximum rates fixed by DRC.

**v) Effectiveness:**

The targeted community could not be completely benefitted due to non improvement of desired watercourses.

**vi) Compliance with Rules:**

Expenditure beyond Administrative Approval and Technically Sanctioned Estimate, procurement without observing the PPRA Rules and improper monitoring were evidence for violation of rules.

**vii) Performance Rating of the Program:**

Performance of the program was unsatisfactorily as most of the expenditure was irrelevant to PC-1. Delay in completion of schemes resulted in increase in cost of the project. Further, no mechanism was available to evaluate the goals set in the program.

**viii) Risk Rating of Program:**

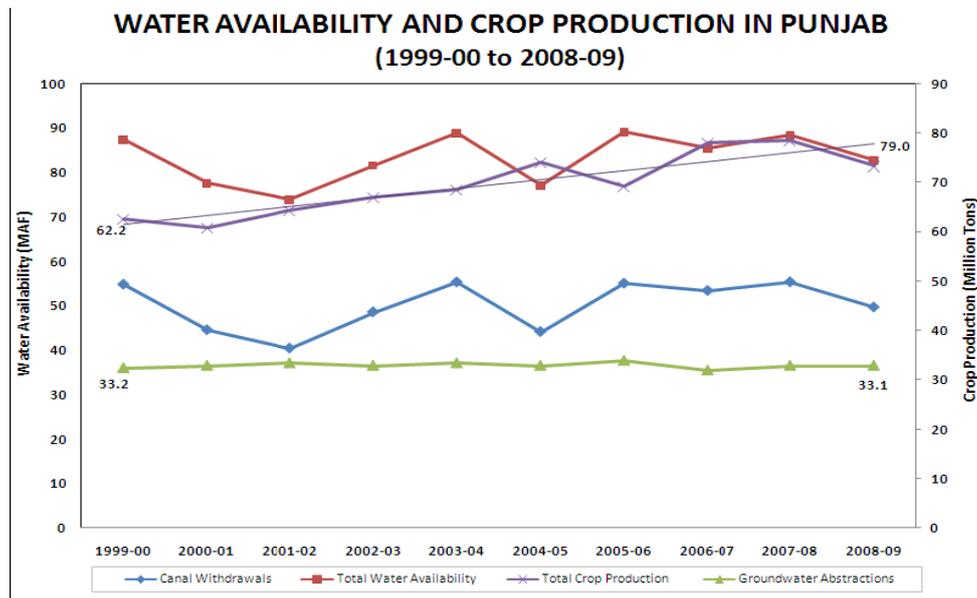
High

## 5. IMPACT ANALYSIS

### Non achievement of desired target of decrease in water losses and increase in agriculture production

As per PC-1, it was planned by the Government of Punjab that total 1,861 watercourses will be improved in District Dera Ghazi Khan. The proposed Program was expected to reduce water losses up to 33%. However, against the said target, only 798 watercourses were improved and reduction of loss could be achieved by 14% only.

The program was initiated to increase agricultural production up to 25% by effective utilization of irrigation water through improvement of the canal commanded watercourses. However, due to non-improvement of all the planned watercourses the increase in crops was reported only by 7% to 9%. The role of other factors such as improved use of mechanical sources and increased use of pesticides was prominent during the period. So the contribution of NPIW in increase of crops was not up to the mark.



## 6. CONCLUSION

In the Program Life Cycle, there are seven stages through which practically every major program goes through:

- (1) **Identification:** stage where one program-idea out of several alternatives is chosen and defined.
- (2) **Preparation:** defined idea is carefully developed to the appraisal stage.
- (3) **Appraisal:** every aspect of the project idea is subjected to systematic and comprehensive evaluation, and a project plan is prepared.
- (4) **Presentation:** detailed plan is submitted for approval and financing to the appropriate entities.
- (5) **Implementation:** with necessary approvals and financing in place, the project plan is implemented.
- (6) **Monitoring:** at every stage the progress of the project is assessed against the plan.
- (7) **Evaluation:** upon completion the project is reassessed in terms of its efficiency and performance.

If we measure the performance of NPIW against above mentioned stages, we can see that management expressed negligence in all the seven stages of this Program. At Identification stage, the management did not consider the part of work executed through other institutions simultaneously i.e. PRSP, NGOs. Further, at the Preparation and Appraisal stages, the program was not framed to cover the all portion of the watercourse i.e. only 30% and 15% area was planned for brick work, whereas the remaining area was left to be as earthen. Hence, all the irrigated area could not be benefited. At the presentation and Implementation stages, only 42% watercourses were constructed despite availability of funds and availing the time of 8 years instead of 4 years. At the monitoring and evaluation stages, the PIC and DIC never took notice of slow progress of implementation of the program which resulted in achievement of desired target of 1,861 watercourses.

## **6.1. Lessons Identified:**

- i. Clear understanding of the issues is extremely important for proper planning.
- ii. Only integrated planning & complete system produce desired & sustainable results.
- iii. Merit-based selection and capacity building of staff is crucial for implementation of a plan.
- iv. Sustainability and smooth running of NPIW is not possible without training, proper supervision, strengthening of internal controls and awareness of the community.

## **ACKNOWLEDGEMENT**

We wish to express our appreciation to the Management i.e Executive District Officer (Agriculture) and District Officer (OFWM) and staff of office of the District Officer (Agriculture) of District Government Dera Ghazi Khan for the assistance and cooperation extended to the auditors during this assignment.

# **ANNEXURES**

(Annexure-A)

**Detail of Expenditure in excess of Administrative Approval and Technically Sanctioned Estimate**

(Amount in Rupees)

<b>Sr. No</b>	<b>W/C No.</b>	<b>Field Team</b>	<b>TSE date</b>	<b>AA/TSE Amount</b>	<b>Total Expenditure</b>	<b>Excess Amount</b>	<b>Excess %</b>
1.	40725-L	DGK WM	2011-12	816,278	927,746	111,468	14%
2.	16320-R	DGK WM	-do-	1,046,481	1170,120	123,639	12%
3.	15140-R	SS Din	-do-	1,483,539	1790,288	306,749	21%
4.	1200-R	Taunsa NP	2010-11	563,252	707,261	144,009	26%
5.	3600-L	Karim Wala	2011-12	853,579	1075,368	221,789	26%
6.	10450-TL	Kath Garh	2010-11	1,895,092	2370,576	475,484	25%
7.	34050/R	Bohar	2006-07	610,591	700,174	89,583	15%
8.	39495/TF	Karimwala	-do-	385,081	471,358	86,277	22%
9.	37925/TF	Karimwala	-do-	326,413	640,783	314,370	96%
10.	27200/R	Tibi Qaisrani	-do-	351,885	541,090	189,205	54%
<b>Total</b>				<b>8,332,191</b>	<b>10,394,764</b>	<b>2,062,573</b>	

(Annexure-B)

**Detail of Drawl of inadmissible allowance**

(Amount in Rupees)

<b>Grant</b>	<b>Cost Center</b>	<b>G/LA account</b>	<b>G/LA account Description</b>	<b>Amount</b>	<b>Date</b>	<b>Document No.</b>
DG22C36	DK6007	A12203	Tertiary and other subsidy	286,456	05.10.2009	1901908082
DG22C36	DK6007	A12203	Tertiary and other subsidy	277,272	16.11.2009	1901984975
DG22C36	DK6007	A12203	Tertiary and other subsidy	190,725	09.12.2009	1902041399
DG22C36	DK6007	A12203	Tertiary and other subsidy	199,547	30.12.2009	1902079176
<b>Total</b>				<b>954,000</b>		

(Annexure-C)

**Detail of Non Recovery of Unspent Amounts from the WUAs**

<b>Field Team Incharge/ Field Team</b>	<b>W/C No.</b>	<b>2004-05</b>		<b>Total</b>
Hafiz Usman	49000/L		2006-07	5,000
Mumtaz Sarkani	12070/R		2005-06	22,805
.do.	13490/R		2005-06	37,774
EB Bodla	24770/L		2006-07	52,342
.do.	8400/R		2006-07	18,742
.do.	15750/L		2006-07	145,114
.do.	3500/L		2006-07	8,469
.do.	3500/R		2006-07	67,424
Khurram Hasnain Shah	19586/TR		2006-07	79,387
Zaka Ullah	15000/R		2005-06	14,863
.do.	36200/L		2005-06	29,349
.do.	783/RD		2005-06	7,465
Khalid uz Zaman	12900/R		2010-11	30,000
Hafiz Usman	16500/R		2009-10	15,600
Khalid uz Zaman	20635/L		2009-10	6,591
Shadan Lund	200/R		2007-08	695
Taunsa-II	2250/R		2007-08	830
Tibi Qaisrani	25620/R		2005-06	513
Khad Buzdar	25265/TF		2005-06	6,990
Karim Wala	22000/R		2005-06	600
Trimin	17400/R	6,014	2004-05	6,014
<b>Total</b>				<b>556,567</b>

(Annexure-D)

**Detail of Non Recovery of Motor Cycle Advance**

(Amount in Rupees)

<b>Sr. No</b>	<b>Name of Officer/Official /Allotee of Motorcycle</b>	<b>Total Cost</b>	<b>Last Payment Cheque No &amp; Date</b>	<b>Balance Recovery</b>
1	Muhammad Jahangir (WMO) s/o Abdul Rasheed	59800	059742-26/03/05	22,808
2	Kashif Abbas (AAE) s/o Mumtaz Hussain	61300	072983 - 02-11-06	49,400
3	Muhammad Aqeel s/o Ghulam Mustafa	59800	061642-16-05-05	29,994
4	Kashif Mehmood s/o Manzoor Elahi	59800	059746-26/03/05	41,518
5	Farrukh Shahzad s/o Muhammad Ajmal	59800	059749-26/03/05	49,828
6	Mujahid Ali s/o Wahid Baksh	59800	059747-26/03/05	26,166
7	Khalid Ameer s/o Ameer Muhammad	59800	059748-26/03/05	28,032
8	Muhammad Yousaf s/o Muhammad Iqbal	59800	065313-04/07/05	26,418
9	Farooq Ahmad s/o Muhammad Ishaq	59800	068913-01/03/06	40,404
10	Sami Ullah (DGK) s/o Latif Ullah	59800	072995 - 02/11/06	33,100
11	Ghulam Murtaza s/o Manzoor Ahmad	61300	072996 - 02/11/06	24,600
<b>Total</b>				<b>372,268</b>

(Annexure-E)

**Detail of Recovery of unauthorized drawl of Computer Allowances**

(Amount in Rupees)

<b>Fund</b>	<b>Cost Center</b>	<b>G/L Acc</b>	<b>G/L Acc Description</b>	<b>Document No</b>	<b>Document Date</b>	<b>Amount</b>
DG22C36	DK6007	A01226	Computer allowance	1903395496	23.08.2011	27,000
DG22C36	DK6007	A01226	Computer allowance	1903596534	14.10.2011	6,750
DG22C36	DK6007	A01226	Computer allowance	1903625367	29.10.2011	2,250
DG22C36	DK6007	A01226	Computer allowance	1903684659	02.01.2012	2,250
DG22C36	DK6007	A01226	Computer allowance	1903911255	13.04.2012	4,500
DG22C36	DK6007	A01226	Computer allowance	1903397495	13.08.2012	2,250
DG22C36	DK6007	A01226	Computer allowance	1903375011	01.10.2012	4,500
DG22C36	DK6007	A01226	Computer allowance	100514011	22.10.2012	750
DG22C36	DK6007	A01226	Computer allowance	100578922	30.11.2012	750
DG22C36	DK6007	A01226	Computer allowance	100630755	29.12.2012	750
DG22C36	DK6007	A01226	Computer allowance	100585133	27.01.2013	750
DG22C36	DK6007	A01226	Computer allowance	100596964	27.02.2013	750
DG22C36	DK6007	A01226	Computer allowance	100579260	29.03.2013	750
<b>Total</b>						<b>54,000</b>