



**PERFORMANCE AUDIT REPORT
ON
ENHANCING BEEF
PRODUCTION THROUGH SAVE
THE BUFFALO CALVES
AND FEEDLOT FATTENING
GOVERNMENT OF THE PUNJAB
AUDIT YEAR 2023-24**

AUDITOR-GENERAL OF PAKISTAN

SERVING THE NATION BY PROMOTING ACCOUNTABILITY, TRANSPARENCY
AND GOOD GOVERNANCE IN THE MANAGEMENT AND USE OF PUBLIC RESOURCES
FOR THE CITIZENS OF PAKISTAN

PREFACE

The Auditor-General of Pakistan conducts audit under Article 169 and 170 of Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001. The audit was conducted in accordance the International Standards of Supreme Audit Institutions (ISSAIs).

Directorate General Audit Punjab, Lahore conducted Performance Audit of the Project "Enhancing Beef Production Through Save the Buffalo Calves and Feedlot Fattening" in May 2024, for the financial year 2019-23 with a view to report significant findings to stakeholders. The audit examined the economy, efficiency, and effectiveness of the activities carried out. In addition, the audit also assessed whether the management complied with applicable laws, rules and regulations in managing the affairs of the project.

All the observations included in this report has been finalized in the light of discussion held with the management at Departmental Accounts Committee (DAC) meeting held on 06-08-2024.

The Audit Report is submitted to Governor of the Punjab in pursuance of Article 171 of Constitution of the Islamic Republic of Pakistan, 1973 for causing it to be laid before the Provincial Assembly.



Islamabad
Dated: 25 APR, 2025

(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

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ABBREVIATIONS & ACRONYMS

ADP	Annual Development Plan
ADL	Additional Director Livestock
AMIS	Audit Management Information System
COVID-19	Coronavirus Disease of 2019
CVD	Civil Veterinary Dispensary
DAC	Departmental Accounts Committee
DG	Director General
FLF	Feedlot Fattening
GDP	Gross Domestic Product
GoPb	Government of the Punjab
ISSAIs	International Standards of Supreme Audit Institutions
L&DD	Livestock & Dairy Development
OPD	Outpatient Department
PC-1	Planning Commission-I
PFR	Punjab Financial Rules
PSDP	Public Sector Development Program
SOPs	Standard Operating Procedures
STC	Save the Calve
TMR	Total Mix Ration
TPV	Third Party Validation

EXECUTIVE SUMMARY

In 2015, the pilot project "Enhancing Beef Production in Punjab" was initiated with a three-year timeframe. Upon its successful completion, a full-scale project was launched in 2019, running through to 2023, to further develop and expand beef production in the region. The project was initiated with the main objective to increase beef production by saving the calves and raising them on balanced diet which will ultimately increase income of the beef producers. Directorate General Audit, Punjab, Lahore conducted performance audit of the Livestock and Dairy Development (L&DD) Punjab's Project "Enhancing Beef Production Through Save the Buffalo Calves and Feedlot Fattening".

This project is significant as it addresses critical issues in buffalo calves farming, which is vital for meat supply in rural Pakistan. With Livestock contributing 14.36% to the gross domestic product (GDP)¹, the project's focus on improving management practices, genetic quality, and nutrition aims to increase meat production efficiency. By registering and monitoring calves, providing vaccinations, and offering financial subsidies, the initiative seeks to enhance productivity and support farmers, ultimately contributing to the agricultural economy and food security in the region.

Directorate General Audit, Punjab, Lahore, selected five districts, Lahore, Okara, Multan, Faisalabad, and Gujranwala, for audit, focusing on Directorate General Production as the executing agency for financial management. Subsidy payments were processed by Divisional Directors, and all project-related records, including calf registrations, inspections, and beneficiary data, are maintained at the district level.

¹ Pakistan Economic Survey 2022-23

Key Audit Finding

- i. There was a disproportionate allocation of registration targets for calves among districts and incorrect selection of beneficiaries for the Save the Calve component².
- ii. Discrepancies in registration process included the registration of calves that were either under age or over age, as well as registration of multiple animals under the same tattoo/tag number³.
- iii. There was a failure to meet registration targets for calves and a lack of vaccination for these animals⁴.
- iv. Underestimation of animal purchase costs significantly affected the feasibility assessment of Feedlot Fattening calves in PC-I⁵.
- v. Payments through open cheques to project beneficiaries amounted to Rs. 677.153 million, while undisbursed amount Rs. 27.212 million at the close of the project⁶ was kept in the bank account.
- vi. The Provincial Government contributed less than agreed for Rs. 21.984 million⁷.
- vii. Irregular consumption of medicine accounted for Rs. 3.434 million, alongside non-replacement of substandard medicine costing Rs. 76,440⁸.
- viii. The monitoring system was ineffective, with non-adherence to SOPs and PC-1, as well as improper maintenance of records⁹.

² 2.3.2, 2.3.4

³ 2.3.1, 2.3.3 2.1.3

⁴ 2.2.1, 2.1.2

⁵ 2.1.1

⁶ 2.2.3, 2.2.4

⁷ 2.2.2

⁸ 2.2.5, 2.2.6

⁹ 2.2.7, 2.2.9, 2.2.11

- ix. There was no arrangement for forward linking producers with processors, and staff training was not conducted¹⁰.

Conclusion

The primary objective of the project i.e., enhancing the beef production could not be fully realized due to less registrations of calves and other inherent risks.

Recommendations

- i. Transparent allocation of targets based on buffalo population, would greatly contribute to achieving the project objectives.
- ii. Improve project implementation processes to address the discrepancy regarding the age of calves at the time of registration, which is not in accordance with the criteria.
- iii. Perform comprehensive reviews and analyses of projects to identify the root causes of unachieved targets and address these causes in future projects.
- iv. Proper feasibility study after a detailed analysis would significantly enhance the likelihood of the project's success.
- v. Ensure efficient utilization of resources to implement measures that guarantee subsidies and resources are used effectively, targeting and supporting the intended beneficiaries exclusively.
- vi. To ensure transparency in future projects, applications may be received through an application software and data regarding inspections, service delivery and training may be uploaded on the application.
- vii. Conduct thorough reviews and improvements of planning and budgeting practices to support better resource allocation and project management, implementing measures to achieve and

¹⁰ 2.2.8, 2.2.10

demonstrate improved progress and performance in future projects.

- viii. Strict and continuous monitoring and evaluation mechanisms should be put in place to ensure efficient and effective utilization of resources.
- ix. The project cycle may be completed by forward linking producers with beef processors for better returns for the farmers.

1. INTRODUCTION AND METHODOLOGY

1.1 Background

Buffalo calf farming is a primary source of meat for millions of rural households in Pakistan. Livestock contributes 62.68 percent to agriculture and 14.36 percent to GDP, growing at a rate of 3.78 percent compared to 2.25 percent of previous year. The total buffalo population in the country is estimated to be 45 million¹¹. However, due to low genetic quality, poor management, lack of balanced diet and inadequate disease prevention, per capita meat production is very low.

The Livestock and Dairy Development Department (L&DD) of Government of the Punjab (GoPb) introduced the project "Enhancing Beef Production Through Save the Buffalo Calves and Feedlot Fattening." This project was executed by the L&DD Punjab. Financial management was supervised by the Director General (DG) Production, while operations were managed by Divisional Directors and Additional Directors of the Livestock (ADLs) across all nine divisions and 36 districts of Punjab, with a gestation period from 2019-23.

The project consists of two components: Save the Calves (STC) and Feedlot Fattening (FLF). Under the STC component, calves up to 30 days old were to be registered and raised for four months. For the FLF component, calves aged one to one and half year were to be registered and raised for three months.

The department was responsible for registering the calves, as well as for their deworming and vaccination. Calves were weighed every 15 days for both components. Calves registered under the STC component were monitored by the department for 120 days, while those in the FLF component were monitored for 90 days. A subsidy of Rs. 6,500 per calf was paid under the STC component and Rs. 4,000 per

¹¹ Pakistan Economic Survey 2022-23

calf was paid under the Feedlot Fattening component to farmers whose calves successfully completed the project.

Detail of budget, allocation and funds utilization is as under:

(Rs. in million)

Year	Allocation as per PC-I			Released			Utilization		
	PSDP	ADP	Total	PSDP	ADP	Total	PSDP	ADP	Total
2019-20	86.340	345.360	431.700	67.805	171.175	238.980	67.805	171.055	238.86
2020-21	93.797	375.187	468.984	98.431	375.187	473.618	89.955	358.28	448.24
2021-22	93.797	375.187	468.984	86.120	375.187	461.307	86.120	374.245	460.37
2022-23	93.866	375.466	469.332	77.120	275.546	352.666	77.120	270.500	347.62
G. Total	367.800	1471.200	1839.000	329.476	1197.095	1526.571	321.000	1174.1	1495.1

According to the PC-I of the project, the total estimated cost was Rs. 1,839 million. It was decided that the Government of Punjab would contribute 80% of the required funds, while 20% would be shared by the Federal Government of Pakistan. The total amount released for the project was Rs. 1,526.571 million and the total utilization was Rs. 1,495.1 million.

Details of calves registered by the department against the targets were as under:

Sr. No.	Year	STC component			FLF Component		
		Target as per PC-1	Achievement	Achievement in %	Target as per PC-1	Achievement	Achievement in %
1	2019-20	40,000	39,216	98.04%	30,000	29,489	98.30%
2	2020-21	40,000	17,856	44.64%	40,000	36,553	91.38%
3	2021-22	40,000	39,225	98.06%	40,000	39,292	98.23%
4	2022-23	40,000	28,641	71.60%	40,000	28,805	72.01%
Total		160,000	124,938	78.09%	150,000	134,139	89.43%

The target for the STC component was 78.09% achieved whereas achievement for FLF component was 89.4% of the target.

1.2 Audit Objectives

Audit was conducted with the objectives of:

- i. To evaluate the adequacy of project feasibility studies to assess the viability of the project. This includes reviewing the methodology, data, assumptions, and conclusions to determine if they provide a dependable foundation for decision-making.
- ii. To assess project management practices to ensure timely completion of the project and effective follow-up and impact analysis. This involves examining project timelines, monitoring and assessing outcomes to identify any delays or inefficiencies.
- iii. To assess the economy, efficiency and effectiveness of financial management practices in controlling procurement, preventing cost overruns and adhering to planned spending timelines. This includes evaluating the procurement process and expenditures to ensure they are economically viable, efficient in achieving intended outcomes and effective in supporting the project's financial goals.
- iv. To evaluate vaccination and medication practices to reduce mortality rates in infant calves. This involves assessing the timeliness and effectiveness of these practices in alignment with targeted outcomes.
- v. To assess factors that could impede the success of the feedlot fattening program, including farmers' financial and managerial capabilities, feed supply, farmer motivation, and achievement of targets. This involves evaluating whether farmers have the necessary resources and capabilities, assessing feed supply and storage, determining farmer motivation and ensuring targets are met in a timely manner.
- vi. To assess challenges such as delayed vaccination and medication, inadequate provision of feed, and lack of farmer motivation. This involves assessing the impact of these challenges on the implementation of the project and identifying measures to mitigate them.

1.3 Audit Scope and Limitation

This audit focuses on the project "Enhancing Beef Production Through Save the Buffalo Calves and Feedlot Fattening" 2019-23 in Punjab, Pakistan. Five districts were selected out of the total 36 districts in Punjab. It aims to evaluate the project's effectiveness in achieving its goals of improving beef production and buffalo calf management. It will analyze the operational framework and financial management practices and measure the project's effects on calf health and farmers' livelihoods. By comparing targeted versus actual calf registrations, the research will identify factors affecting success and aim to provide insights and recommendations for future livestock management initiatives.

The audit, conducted in May 2024, following the completion of the project, faced several limitations. Physical verification of calves and their weight was not possible. Due to time constraints, only five districts out of the total 36 were selected for sample-based record reviews, management interviews, and telephone surveys with farmers. Additionally, the data on calves was not maintained using reliable software, further complicating the audit process.

1.4 Methodology

The key performance indicators (KPIs) for evaluating the 5Es were primarily derived from the PC-1, financial rules, SOPs, and agreements with farmers, as discussed in the following sections. The research methodology involved data collection through both primary and secondary sources.

- **Primary Data**

Examination of the data of calves maintained in MS Excell, vaccination data maintained in 9211 software and the records/documents of five districts, along with their Divisional Directors and the DG Production Lahore.

- **Secondary Data**

Interviews and discussions with the management by circulating questionnaires and collecting responses from beneficiaries through telephonic surveys.

2. AUDIT FINDINGS AND RECOMMENDATIONS

Audit findings and recommendations are divided into three segments i.e., Economy & Efficiency, Effectiveness and Equity which have briefly been drafted in shape of audit observations hereunder.

2.1 Economy & Efficiency

The economy and efficiency of a project are crucial for ensuring that public funds are utilized effectively to achieve the desired outcomes. Attaining both requires meticulous planning, robust project management, and ongoing oversight to minimize costs while ensuring that outcomes are delivered in the most effective and timely manner.

Audit observations regarding economy and efficiency are given below:

2.1.1 Underestimating the cost of purchasing animals while calculating the feasibility of Feedlot Fattening calves

According to the Feasibility of Feedlot Fattening (FLF) Farm given in annexure-VII of PC-I of the project, farmers would have to provide FLF calves with either (option-I) 10 kg of silage plus 1.25 kg of concentrate per day or (option-II) 6 kg of Total Mixed Ration (TMR) per day. Profit was estimated Rs.8,787 and Rs.6,200 for option (i) and (ii) respectively using cost of purchase the calve @ Rs.150/ live weight per kg and sale price Rs.180/ live weight per kg. As per PC-I (page-15), at the rearing shed, the animals will be fed on fattening rations for 90 days.

During the performance audit of the project "Enhancing Beef Production Through Save the Buffalo Calves and Feedlot Fattening" for the period 2019-23, it was observed that feasibility of Feedlot Fattening Farm Assumption was given under Annexure-VII of PC-1. While calculating the cost of purchase, the calf rate of Rs. 150/kg live weight was used, whereas for sale, Rs. 180/kg live weight was used, which seems unjustifiable.

With age, calves gain weight, not the per kg rate. The calves aged 1 year to 1.5 years were to be registered and were to remain under the program for 90 days. The use of different rates for purchase and sale is unrealistic. Two feeding options were given: First was silage + concentrate @ Rs. 11,913 per calf, and second was Total Mixed Ration (TMR) @ Rs. 14,500 per calf for 90 days.

Data analysis of five selected districts using Rs. 180/kg live weight cost for the purchase and sale of calves for the project to assess the feasibility of rearing calves as under.

District	Number of calves registered (successful)	Calves in loss on sale with silage + concentrate cost of feeding Rs. 11,913 given in PC-1	Calves in loss on sale with TMR cost of feeding Rs. 14,500 given in PC-1
Lahore	4,012	1,176	3,637
Okara	8,250	2,443	8,064
Multan	3,367	405	3,313
Faisalabad	7,426	3,034	7,029
Gujranwala	4,530	796	4,472
Total	27,585	7,854	26,515

It was observed from the above table that 96% (26515) farmers using TMR for feeding the calves were at a loss upon completion of the project, whereas 28% (7854) farmers were at a loss who were using silage + concentrate for feeding the calves.

Data analysis using Rs. 150/kg live weight cost for the purchase and Rs.180/kg live weight sale price of calves to assess the feasibility of rearing calves is as under.

District	Number of calves registered (successful)	Calves in loss on sale with silage + concentrate cost of feeding Rs. 11,913 given in PC-1	Calves in loss on sale with TMR cost of feeding Rs. 14,500 given in PC-1
Lahore	4,012	0	348
Okara	8,250	0	273
Multan	3,367	0	6
Faisalabad	7,426	0	473
Gujranwala	4,530	0	40
Total	27,585	0	1,140

It was observed that 8% (1140) farmers were at a loss who were using TMR for feeding the calves.

Additionally, it is worth mentioning here that department used weight tape for measuring live weight by measuring chest girth of the calves instead of using most reliable method i.e., Schaeffer's formula $W = (L \times G^2)/300$, where W is body weight in lbs, L is length of the animal from point of shoulder to pin bone in inches, and G is the chest girth of the animal in inches. This formula is one of the most widely used technique for predicting the live body weight especially in large animals like cattle in India.

There was a failure in achieving the core objective of the project which was to motivate farmers to engage for feedlot fattening. As a result, the farmers may not be willing to continue calf farming once the project is concluded.

The lapse occurred due to poor planning of the project.

When pointed out the observation during May 2024, the management replied that when a business is started feasibility is made on the real market values, the rate of purchase is different and when we produce some product for in this case, we are fattening the calves there is production cost involved in terms of feed, labor and other misc. Therefore, the cost of selling is always increased. Further in case of TMR the profit is less as compared to silage feeding but, in the PC-1 there is no prohibition

to feed the calves only on TMR/ Silage some farmers have their own feed. The project is mainly focused on the minimum weight gain of the calves. i.e., 700gm/day, irrational the feed they fed but must be balanced ration.

Reply of the department is not tenable as in feasibility given in PC-1, two different live weight rates were used for purchase and sales of calve registered under of FLF calve component of age 1 to 1.5 years and remained under supervision for only three months. Audit is of the view that for three months calve will gain live weight not the rate.

The Departmental Accounts Committee (DAC) meeting was held on 06.08.2024 in which the committee kept the para pending for numerical justification to support department stance.

The audit recommends that the department provides detailed numerical justification to support its stance, as requested by the DAC Committee. Additionally, a detailed feasibility study must be conducted before the initiation of such projects in the future so that their successful completion may be ensured.

(AMIS ID 2024-000001594_F00001)

2.1.2 Non vaccination of the calves

As per PC-1 of the project titled “Enhancing Beef Production Through Save the Buffalo Calves and Feedlot Fattening” 2019-23, page-8 states that the Save the Calve animals at the registered farms would also be provided treatment, vaccination & deworming free of cost. Page-13 of the PC-1 states that the registered Feedlot Fattening animals would also be tagged, vaccinated, dewormed.

During the performance audit of the project, scrutiny of calves’ data of Lahore, Faisalabad, Multan, Gujranwala, Okara district and vaccination data of 9211 software for period 2022-23 provided to audit, it was noticed that department vaccinated only 4,159 calves out of registered 12,191 Save the Calves & Feedlot Fattening calves in the five districts. The department did not vaccinate 8,032 calves of farmers registered under

the project during 2022-23 in contrary to the PC-1 (Annexure-1). Vaccination data for 2019-22 was not provided. Due to non-vaccination, 2692 calves either died or remained underweight in the divisions of selected districts.

The audit is of the view that the lapse was due to weak supervisory and management controls.

When pointed out the observation during May 2024, the management of Gujranwala district replied that all animals were vaccinated according to the Standard operating procedures (SOPs) outlined in the PC-1 and vaccination data was uploaded on the 9211 software on farmer basis rather than per individual animal basis. The management of Lahore district replied that during 2019-23 the 9211 system was not active, but during 2022-23 some data was shared as recovered by Punjab Information Technology Board. The management of Okara district replied that all the calves under the project were vaccinated as per schedule & uploaded on Strengthening of Performance Management System 9211. The management of Multan district replied that the department since 2021 is trying its best to adopt Strengthening of Performance Management System 9211 100% but due to some technical and administrative issues raised time to time the said virtual system could not achieve its targets 100% uploading.

As evident from replies, 9211 software has been functional since 2021. Audit was provided data of the software for only 2022-23 being complete data on the software. Comparison of registered farmers under the project with the farmers whose animals were vaccinated during 2022-23 based on computerized national identity card. Department is incurring millions of expenditures on the software annually for computerization of service delivery like registration, vaccination, Outpatient Department (OPD) treatment etc. for the animals in Punjab.

The DAC meeting was held on 06.08.2024 in which the committee, after detailed discussion, kept the para pending with direction to provide the manual data for 2019-22 for verification and resubmit the reply with full justification

Audit recommends that the manual data for the period 2019-22 be provided for verification, in accordance with the DAC decision. Additionally, for future projects, it is advised that the data be uploaded to the dedicated 9211 application.

(AMIS ID 2024-0000001594_F00022)

2.1.3 Registering more than one animal against same tattoo/Tag number

Page-14 of the PC-1 states that all record/data of farmers, tagging, deworming & vaccination of calves will be maintained in the office of concerned additional Directors Livestock.

During the performance audit of the project, scrutiny of calves' data of selected five districts it was revealed that same tattoo/tag numbers were allocated to more than one calves in the same financial year registered under the project. Total 905 FLF calves were identified where more than one calves were registered against one tag number. Similarly, 906 STC calves were identified where more than one calves were registered against one tattoo number (Annexure-2).

It is worth mentioning here that permanent record (like register) was not maintained for recording registration data of calves including tag / tattoo number, age, weight, date of registration, farmer detail etc. of registered animals in the offices of ADLs to verify the change of change/cutting on registration forms.

The audit is of the view that weak supervisory, management, and internal controls led to this lapse.

When the observation was raised in May 2024, the management of Lahore district responded that tattoo numbers were allotted sequentially, and there was no possibility of tag duplication, as each tag is printed individually for one animal. The management further explained that the tags cannot be removed or reused, as they break when detached from the ear. On the other hand, the management of Okara district stated that buffalo calves registered under the scheme were allocated tattoo/tag numbers on an individual basis. The records for each calf, including age, weight, date of registration, and farmer details, were maintained at the respective Civil Veterinary Hospitals/Dispensaries. However, the department's response lacks documentary evidence to support these claims. Additionally, the weight sheets of calves, signed by the Additional Director Livestock, Deputy Director Livestock, and Veterinary Assistant, show that the same tattoo/tag number was allocated to multiple calves, indicating discrepancies in the allocation process.

The DAC meeting was held on 06.08.2024 in which the committee kept the para pending and directed to produce the record to reconcile the data with the annexure.

Audit recommends the compliance with the decision of DAC be made and record be produced for verification.

(AMIS ID 2024-0000001594_F00021)

2.2 Effectiveness

Effectiveness is a vital metric for evaluating the success of projects. It goes beyond completing the project on time or within budget; it's about fulfilling the commitments made to the public and achieving positive, sustainable outcomes. A robust financial management system, along with strict adherence to relevant laws, rules, and regulations, is essential for ensuring a project's effectiveness and overall success. The audit reviewed the project's financial management system and identified several deviations, which are outlined below:

2.2.1 Non-achievement of Targets in Registration of Calves

Annexure-V of PC-I of the project "Enhancing Beef Production Through Save the Buffalo Calves and Feedlot Fattening" for the period 2019- 23 specified target for registration of calves.

Target for registration of calves given in PC-1 is as under:

Component	Unit	2019-20	2020-21	2021-22	2022-23	Total
Feed Lot Fattening	No of Calves	30,000	40,000	40,000	40,000	150,000
Save the Calves	No of Calves	40,000	40,000	40,000	40,000	160,000
Total	No of Calves	70,000	80,000	80,000	80,000	310,000

According to Para 2.8 of Chapter 2 of the Performance Audit Manual, Effectiveness refers to the extent to which objectives have been achieved.

During the Performance Audit of the project, it was observed from the review of targets and achievements that the management did not give due care to achieving targets related to the registration and fattening/saving of the calves, as there were fewer achievements compared to planned targets.

Shortfall in target achievement:

Sr. No.	Year	Target as per PC-1		Total target	Target Achievement	Less achievement of target in %
		STC	FLF			
1	2019-20	40,000	30,000	70,000	68,730	1.81%
2	2020-21	40,000	40,000	80,000	54,409	31.99%
3	2021-22	40,000	40,000	80,000	78,517	1.85%
4	2022-23	40,000	40,000	80,000	57,421	28.22%
Total		160,000	150,000	310,000	259,077	16.43%

Above table reflected that against target of 310,000 calves only 259,077 calves were successfully registered resulting in a shortfall of 50,923, i.e., 16.43% of the original overall target and shortfall was 31.99% during 2020-21.

The lapse occurred due to poor planning, execution and monitoring mechanism of the project as registration targets were not achieved which

resulted into diminished project effectiveness and unsatisfactory performance evaluation.

When pointed out the observation during May 2024, the management replied that the criteria for subsidy disbursement was according to minimum weight gain i.e. for STC 300 gm/day up to 120 days and 700gm/day in FLF up to 90 days, those calves / owner who have not gain the weight of their calves were rejected, some of them sold the animals before completion of the project so the successful calves were paid accordingly. The main reason for not achieving the targets was funds non-availability. The funds released by Federal as well as Provincial Govt. were less than allocated in approved PC-1. Further the coronavirus disease of 2019 (COVID-19) crisis was the main hurdle. The reply of the department is although self-explanatory, however, the objectives of the project in terms of registration targets remained unfulfilled. Audit suggests that PC-1 could have been revised to reduce the targets in special circumstance like these.

The DAC meeting was held on 06.08.2024 in which the committee directed to produce the revised targets duly approved by the appropriate forum for the project and kept the para pending.

The audit recommends conducting a thorough project review and analysis at departmental level to identify the root causes of unachieved targets and address these causes in future projects of similar nature.

(AMIS ID 2024-0000001594_F00004)

2.2.2 Less contribution by the Provincial Government Rs. 21.984 million

According to PC-I of the project the Provincial government had to contribute 80% of the required funds while 20% would be shared by the Federal Government of Pakistan.

During the performance audit of the project, it was observed that the total expenditure incurred on the project was Rs. 1,495.100 million.

The Provincial Government had required to contribute 80% of the funds, i.e., Rs. 1,196.064 million, and the Federal Government 20%, i.e., Rs. 299.016 million. However, the Provincial Government contributed Rs. 1,174.100 million, and the Federal Government contributed Rs. 321.000 million for the expenditure, resulting in an excess payment by the Federal Government and less payment by the Provincial government of Rs. 21.984 million (Annexure-3).

The lapse occurred due to weak financial monitoring.

When pointed out the observation during May 2024, the management replied that the fourth quarter of Public Sector Development Program (PSDP) fund was not released during 2019-20. In 2020-21 the targets were allocated according to available funds at that year, but the unreleased funds of 4th quarter 2019-20 was released during 2020-21 which remained unutilized as the project cycle was near to end i.e., 4 months in STC and 3 months in Feedlot Fattening. The department accepted the observation.

The DAC meeting was held on 06.08.2024 in which the committee directed to justify the para with facts & figures and kept the para pending.

Audit recommends showing complete compliance with DAC decision.

(AMIS ID 2024-0000001594_F00003)

2.2.3 Payment through open cheques amounted to Rs. 677.153 million

Rule 4.5.8.3 of Accounting Policy and Procedure Manual, cheques shall be either typed or hand written. All cheques shall be drawn “to order” and shall be crossed and marked “Not Negotiable”, except cheques drawn in the name of the Drawing & Disbursing Officer for imprest and for salaries paid in cash.

During the performance audit of the project, scrutiny of record of disbursement of payment to project beneficiaries of selected districts revealed that funds Rs.677,153,827 (Annexure-4) were disbursed through open cheques of commercial bank accounts instead of through cross cheques by Lahore, Okara, Multan and Faisalabad districts which resulted in non-transparent subsidy disbursement through cash drawl as evident from bank statements. Funds were provided to ADLs by the Divisional Directors through commercial bank account after drawl from District Accounts Offices.

The audit is of the view that weak supervisory, management, and internal controls led to the cash drawl for the beneficiaries through open cheques, contrary to established procedures.

When pointed out the observation during May 2024, the management of Okara and Multan districts replied that most of the farmers selected under project are illiterate having no bank account. The management of Lahore district replied that as there is a large number of farmers registered in the scheme therefore it's a hectic and time taking process to clear the subsidy payment in time. The management of Faisalabad district noted the observation.

The DAC meeting was held on 06.08.2024 in which the committee kept the para pending for probe at the level of Administrative Department and thereafter get regularized from the Finance Department.

Audit recommends showing complete compliance for DAC decision.

(AMIS ID 2024-0000001594_F00013)

2.2.4 Non-disbursement of payments amounting to Rs. 27.212 million after the close of the project and non-preparation of bank reconciliation statements

Rule 2.10(a)(1) of Punjab Financial Rules Vol.-I provides that the same vigilance should be exercised in respect of expenditure incurred

from Government revenue as a person of ordinary prudence should exercise in respect of the expenditure of his own money.

During the performance audit of the project, scrutiny of payment records of five selected districts revealed that funds of the project were kept in the commercial bank account of the Director's office and bank account of ADL. A total cumulative variation of Rs. 93,709,308 in bank accounts balances and cash books balances at each year-end were observed, but bank reconciliation statements were not prepared by the department. Therefore, there was a lack of clarity regarding the accuracy and authenticity of the financial records. The failure to reconcile the bank balances with the cash books raises concerns about potential discrepancies, mismanagement of funds, and the possibility of unauthorized transactions.

Further, the bank balance as of 30-6-2023 was Rs. 27,212,378 in the bank accounts which were not disbursed even after the project was closed on 30-6-2023 (Annexure-5).

The audit is of the view that weak supervisory, management, and internal controls on bank accounts led to un reconciled and undisbursed balance on project end.

When pointed out the observation during May 2024, the management of Multan district noted the observation for compliance. The management of Gujranwala district replied that the government direction regarding balance will be followed. The management of Lahore district replied that an amount of Rs. 157000/- was deposited by ADL Lahore in the treasury vide challan dated 28.02.2024. However, there is a minor balance of Rs. 5112. The management of Okara district replied that reconciliation of bank accounts prepared showed no variation. Hence, no amount is due for disbursement at Director level.

The Multan and Gujranwala districts accepted the observations. The management of Lahore district stated amount has been deposited into treasury and minor amount left in the accounts but did not provide

evidence in support of reply. The management of Okara district stated that the amount did not pertain to the project but did not produce bank reconciliation statement.

The DAC meeting was held on 06.08.2024 in which the committee after detailed discussion kept the para pending and directed to furnish the reconciliation statements of 05 districts for verification.

The audit recommends that the department immediately implement a proper reconciliation process and review its internal controls to prevent such issues in the future. The reconciliation statement needs to be produced for verification and any undistributed amount should be either disbursed to the concerned farmers or be deposited into government treasury.

(AMIS ID 2024-0000001594_F00020)

2.2.5 Irregular consumption of medicine Rs. 3.434 million

As per clause 8 of the integrity pact provided in the bidding document, the supplying firm undertakes that the drug analysis and results conveyed by the drug testing labs of the Government of the Punjab Health Department will be accepted as such, and any extra sample required for drug testing laboratory will be provided free of cost.

During the performance audit of the project, scrutiny of the records of Director Livestock Sahiwal revealed that medicine costing Rs. 3,434,852 was procured and consumed (Annexure-6). Record of veterinary hospitals revealed that medicine was shown as consumed without mentioning tattoo and tag numbers in the field/OPD registers. Further, inspection reports on procurement of medicine were not on record.

The audit is of the view that weak supervisory controls led to the lapses.

The audit observed unauthentic consumption of medicine under the project.

When the observation was raised in May 2024,, the management responded that inspection reports were enclosed and that the medicines issued under the project were properly used for STC and FLF registered calves, with proper records of Tattoo and Tag numbers maintained in the OPD register/Services register of the concerned veterinary institutions. However, the department's reply was not tenable as it lacked documentary support.

The DAC meeting was held on 06.08.2024 in which the committee kept the para pending.

The audit recommends that a thorough inquiry be conducted into the matter to ascertain legitimacy of consumption of the medicines.

(AMIS ID 2024-0000001594_F00024)

2.2.6 Non replacement of substandard medicine of Rs. 76,440

As per supply order 14-2-2023 random sample shall be taken by the drug inspector for drug testing. Required number of samples for analysis from drug testing laboratory The contractor have not replaced substandard medicine shall be provided free of cost. During testing fee will also be paid by the firm. The firm was requested to replace the substandard vide letter dated 3-10-2023, 24-10-23, 16-10-2024.

As per PPRA rule 4, a procuring agency, while making any procurement, shall ensure that the procurement is made in a fair and transparent manner, the object of procurement brings value for money to the procuring agency and the procurement process is efficient and economical.

During the performance audit of the project, scrutiny of the records of Director Livestock Gujranwala revealed that a quantity of 1200 Injection Oxycon-50 was procured from M/s Vetcon Pharmaceutical Lahore vide bill no. 1337 dated 06-03-2023 batch no.OX010 for amounting Rs.76,440 which was declared substandard by drug testing laboratory but was not got replaced from the firm till close of audit i.e.,

May 2024, even the project was closed on 30-6-2023.

The audit is of the view that weak supervisory and management controls led to the lapses that caused non-replacement of substandard medicine.

When pointed out in the observation during May 2024, the management replied that the decision of the Provincial Quality Control Board Punjab is still pending.

The DAC meeting was held on 06.08.2024 in which the Committee kept the para pending for compliance.

The audit recommends that strenuous efforts be made to obtain the decision of the Provincial Quality Control Board Punjab at the earliest.

(AMIS ID 2024-0000001594_F00025)

2.2.7 Ineffective monitoring system

According to the PC-I Monitoring and Evaluation Mechanism, various responsibilities are assigned to different levels of the department for effective project management.

During the Performance Audit of project, it was noted that the project, with an estimated cost of Rs. 1,839 million in 36 districts of Punjab, lacked a robust internal monitoring system. Monthly monitoring reports primarily focused on achievements of targets, trainings, and funds utilization without addressing discrepancies such as fake registrations, mismanagement of calf records, and other irregularities. Similar instances of fake records were also identified in Third Party Validation report of the project conducted by University of Veterinary and Animal Sciences Lahore, indicating a lack of authenticity in beneficiary data. Despite being a unique project, impact assessments were not conducted to evaluate outcomes such as increased meat production and improved income for farmers, or to assess the capacity building of technical staff and farmers in beef farming management.

The ineffectiveness stemmed from weak monitoring practices within the department.

Inadequate monitoring compromised the efficiency and transparency of the project, leading to potential mismanagement and irregularities.

When pointed out the observation during May 2024, the management replied that the subsidy was disbursed after the clear cut verification of the calves presence, their weight gain, owners ID card specifications and address of the owners, the verification of the calves was done by local service providers, i.e. veterinary Assistants /Veterinary officers, concerned Deputy Directors, ADLs then Divisional Directors there is no chance of fake entries, further the tags were printed and can't be removed once applied so there was no chance of delinquency. The Third-Party Validation record about fake entry-based on telephonic survey mostly farmers gave numbers of their relatives or neighbors therefore they can deny being registered in the scheme. Reply of the department is not tenable without documentary support and inquiry was not carried out on the findings of Third-Party Validation report regarding fake entries.

The DAC meeting was held on 06.08.2024 in which the committee kept the para pending for probe at departmental level into the instances reported by Third Party Validation and update on steps taken for impact assessment.

Audit recommends the compliance with the decision of DAC be made as well as implementing a result-oriented monitoring system to enhance effectiveness and transparency, ensuring better management and accountability in project implementation.

(AMIS ID 2024-0000001594_F00012)

2.2.8 Forward linking of producers with processors not arranged

As per PC-1 (page 11), when the STC calf completes the period of 120 days, it may be sold through forward linkage. Page 13 states that the registered farmers for FLF calves would also be encouraged & facilitated to have forward linkage with Meat Processors. When the animal completes the period of 90 days, it may be sold through forward linkage. Page 21 stated that a meeting of meat processors and meat producer will be arranged.

During the performance audit of the project, it was noticed that the department was required to arrange a meeting of the farmers with meat processors and farmers were to be facilitated to have forward linkage with private meat processors. However, neither such meeting was convened, nor such linkage was developed for fetching the best return for the registered farmers and facilitating the beef producing farms for overall enhancing beef production in the province.

The audit is of the view that the lapse was due to weak internal controls as non-compliance to PC-1 and forward linkage of beef producer and beef processor was not developed.

When pointed out the observation during May 2024, the management replied that the forward linkages were arranged, the list of registered farmers was published on official departmental website and social media pages, as;

[https://livestock.punjab.gov.pk/market-linkages,](https://livestock.punjab.gov.pk/market-linkages)
[https://livestock.punjab.gov.pk/stc-flf-lists,](https://livestock.punjab.gov.pk/stc-flf-lists)
[https://twitter.com/PunjabLivestock/status/1518896722767798272?t=yplxKbg96x_8udKKUGqiBg&s=08,](https://twitter.com/PunjabLivestock/status/1518896722767798272?t=yplxKbg96x_8udKKUGqiBg&s=08)
https://m.facebook.com/story.php?story_fbid=387627386706834&id=100063787266955&sfnsn=s_cwspwa&mibextid=FozI eG

Letters were also addressed to offices of meat exporters by Directorate General (Production) with enclosed lists of registered farmers

with their calf's availability to purchase directly vide no. 5885-25/171-III-C/(DEV) dated 10.05.2022, also emailed in soft forms on their email addresses as well. Records will be shown to Audit at the time of record verification.

The department reply is self-explanatory. No meeting of beef producers and processors was convened which was required as per PC-1.

The DAC meeting was held on 06.08.2024 in which the committee kept the para pending for provision of evidence of success story.

The audit recommends that the department provides concrete evidence of successful forward linkages with the meat processors, as required by the PC-1.

(AMIS ID 2024-0000001594_F00005)

2.2.9 Non-Adherence to SOPs and PC-1

According to the feeding criteria, only those farmers having male buffalo calves of below 1 month of age maintained along with the dam in the Save the Calf component will be registered. During the 120 days, the calves will be offered milk calf feed after registration (page 10 of PC-I). As per approved SOPs for STC component, use of Oxytocin injection was prohibited.

During the performance audit of the project, it was noticed that as per SOPs use of Oxytocin injection prohibited for milking, but no mechanism was developed for monitoring the use of Oxytocin injections by the registered farmers. Furthermore, STC calves were to be registered having a dam, but it was observed that neither the dam was tagged, nor any record was maintained for the dam. In the absence of a dam, STC calves could not be reared.

The audit was of the view that the lapse was due to weak supervisory controls.

The lapses caused non-compliance with PC-1 and SOPs.

When pointed out the observation during May 2024, the management replied that in STC the calves were registered with dam, and the project concern was only with weight gain and saving of the calves. It is ensured the calf must be with his dam, otherwise the calves were not registered; further when the calf take milk directly from mother, there is no chance of inj. Oxytocin to be injected. Records will be shown to Audit at the time of record verification.

The DAC meeting was held on 06.08.2024 in which the committee kept the para pending with directions to provide the SOPs observed during the implementation of the project for STC.

The matter may be justified besides strengthening of controls to avoid such lapses in future projects.

(AMIS ID 2024-0000001594_F00008)

2.2.10 Training of Staff

Page-9 of the PC-1 of the project states that the Service Provider will be rendered modular trainings on Farm Management & Operational Mechanism of the project during the 1st year of the project and the registered farmers will be provided modular training of management health and nutrition each year of the project.

During the performance audit of the project, it was observed that approved schedules of training for staff, names of trainings, lists of staff imparted training, and their attendance were not maintained. Staff were not formally trained as no such events were organized for staff training.

The audit found that weak supervisory controls led to these lapses.

Weak controls resulted in non-imparting trainings to staff.

When pointed out the observation during May 2024, the management replied that the record of training of farmers and service providers is present at ADL and Divisional level.

The DAC meeting was held on 06.08.2024 in which the committee kept the para pending with direction that the record of trainings to be shared with the Audit.

Audit recommends that the matter needs to be justified, and appropriate actions should be taken to rectify these deficiencies.

(AMIS ID 2024-0000001594_F00007)

2.2.11 Improper maintenance of records

As per PC-1 (page 9&14), all record/data of farmers, tattoo, tagging, deworming & vaccination of calves will be maintained in the office of concerned Additional Directors Livestock. Additional Directors Livestock will be responsible for tattooing, & vaccination through concerned service provider (Veterinary Assistant & Veterinary Officer). Calf farms will be registered based on recommendation of concerned Service Provider through its Additional Directors Livestock / Deputy Director Livestock.

During the performance audit of the project, it was found that records of farmers, calves, medicines, and training were maintained manually instead of using the designated 9211 software. This led to errors in data provided to the audit and required repeated corrections. Additionally, while initial registration and agreements with farmers were documented, farmer's acknowledgment for subsequent inspections and medication were not consistently maintained. The absence of permanent records of calf registration and tattoo/tag numbers in form of register at the district level further hindered audit verification processes.

Weak supervisory and management controls contributed to the manual maintenance of records and lack of consistency in data recording.

Manual record-keeping without farmer acknowledgment and failure to upload data on the designated software resulted in reduced transparency and accuracy in project documentation.

When pointed out the observation during May 2024, the management of Gujranwala, Lahore and Multan districts replied that data was maintained in Excel and manual records to prevent any loss of information and to ensure continuity of operations. There is no any option to upload trainings and medicine stock/consumption on 9211 system. Farmer signatures were not consistently obtained, field officers conducted regular visits and maintained detailed logs of all inspections and interactions. The Okara district replied that record was properly maintained at each veterinary institution and uploaded on SPMS 9211 System after provision of services to the farmer regarding treatment and vaccine.

The DAC meeting was held on 06.08.2024 in which the committee, after detailed discussion, kept the para pending with direction to furnish proper justification with record.

Implementation of proper record-keeping practices, including consistent use of designated software and obtaining acknowledgment from farmers for service delivery, would enhance transparency and accountability in the project management process.

(AMIS ID 2024-0000001594_F00018)

2.3 Equity

Equity refers to the fair and impartial distribution of resources, opportunities, and benefits among all project beneficiaries. This involves assessing whether all participants have equal access to essential resources, including beneficiary registration, training, awareness programs, veterinary services, and other forms of support. The performance audit of the project identified several deficiencies, and addressing these issues could significantly enhance the overall effectiveness of the project:

2.3.1 Deficiencies in registration process of farmers/calves

As per PC-1 (page 8) of the project titled “Enhancing Beef Production Through Save the Buffalo Calves and Feedlot Fattening,” for

the registration of calves under the STC component, applications for registration of calf farms will be invited through press advertisement. According to PC-1 (page 13), FLF calves will be registered after receiving applications from interested livestock farmers following an advertisement in the print media. Application will be scrutinized based on criteria for selection. The selection will be made by a committee comprising of Additional Director Livestock (ADL), Deputy Director Livestock and Service Provider based on the following criteria.

- i. Farmer should be interested and have infrastructure to keep the animals
- ii. Compliance of tagging, vaccination and deworming at the farm
- iii. Ready to undergo training program
- iv. Financially able to carry out project activities
- v. Must abide by the terms & conditions

During the performance audit of the project, it was observed that staff of Civil Veterinary Hospital (CVH)/ Dispensary (CVD) registered the calves/farmers as per their choice. No system was developed for receiving applications from farmers following advertisements, scrutinizing the applications as per criteria, declaring the list of eligible and ineligible farmers, and dealing with the eligible applications where more applications received than allocated targets. Neither any meeting was convened nor minutes available for scrutiny of application forms and selection of the farmers, which is in contrary to the PC-1. The department registered the farmer of their choice. Further, the financial position of the farmers was also not evaluated as required in the criteria.

Moreover, a telephonic survey of 202 farmers in five districts revealed that 155 farmers stated that the department informed them about the program, 36 farmers stated that friends / department told them about the project, and only 10 farmers stated that they got to know about the project from the media (Annexure-7). These results highlight the ineffectiveness of the media campaign which undermines the project

objectives. The minimal role played by the media in raising awareness suggests that the project's outreach strategy relied too heavily on direct communication from the department and personnel networks, rather than utilizing media channels to reach a broader audience. Strengthening the media campaign could have increased awareness among a larger number of farmers, particularly those in remote areas.

The audit is of the view that non-transparent registrations were due to weak supervisory and management controls as it was in contradiction to PC-1.

When pointed out the observations during May 2024, the management of Gujranwala district replied that applications were received based on predefined criteria through field staff in community meetings to ensure accessibility for all farmers in response to the advertisement floated by DG Production. However, formal minutes were not consistently recorded. The management of Lahore district replied that farmers were selected as per criteria on first come first register basis. The management of Okara district replied that the committee scrutinized the applications as per terms & conditions of the PC-I. The management of Multan district replied that all the calves were registered by the committee mentioned at page No. 9 of the PC-I. Reply of the department is not tenable as minutes of selection committee, detail of applications received, scrutiny report and merit list not produced.

The DAC meeting was held on 06.08.2024 in which the committee kept the para pending with direction to probe the matter at internal level.

Audit recommends that the department ensure compliance with the DAC decision and improve its media outreach efforts in future projects to ensure greater visibility and wider beneficiary engagement through TV and social media.

(AMIS ID 2024-0000001594_F00016)

2.3.2 Disproportionate Allocation of Calves' Registration Targets to Districts

As per PC-1 (Page 19) of the project, targets of both components will be fixed as per district wise Buffalo population.

During the Performance Audit of the Project, it was observed that the Director General of Production livestock allocated targets for the registration of calves to 36 districts of Punjab. However, the target allocation was not systematic based on the buffalo population of each district.

Upon analyzing the buffalo population and allocated targets of each district, it was found that the least target was allocated to district Faisalabad, with 1937 FLF calves, which was less than the proportionate buffalo population of the district. Conversely, the highest target for FLF calves' registration was allocated to Pakpattan, with 1961 calves excess than the proportionate buffalo population of the district. Similarly, for STC calves, the target was highest for Muzaffargarh district with 2271 calves more than the proportionate buffalo population of the district, while the least target was allocated to Khanewal district with 1690 calves less than proportionate buffalo population of the district (Annexure-8).

The audit identified weak supervisory and administrative internal controls as the reasons for this inappropriate allocation of targets.

Allocation of registration targets not in consistency with the population of the districts may put extra burden on some districts, affecting their performance and the overall outcome of the project.

When pointed out the observation in May 2024, the management responded by stating that the target allocation was not extensive. They explained that the advertisement announcing the completion of calf registrations within the month was due to the large population of buffaloes available across Punjab, no problem was faced during the registration of the calves, the variation of targets allocated was due to some internal

matters and pending liabilities. The reply of the department was not tenable as the department did not produce any evidence in support of the reply.

The DAC meeting was held on 06.08.2024 in which the committee did not agree with the justification and kept the para pending with directions to furnish the reply linked with the relevant data.

Audit recommends showing compliance with the DAC decision as the buffalo calves' registering targets should be in accordance with the buffalo population of the districts to ensure fairness and efficiency in the implementation of the project.

(AMIS ID 2024-0000001594_F00010)

2.3.3 Registration of under and over age calves

As per Sr.No.2 of the terms and conditions of agreements between the department and farmers, calves aged between 1 year to 1.5 years are to be registered under the feedlot fattening component, while calves aged between 1 day to 30 days are to be registered under the Save the Calves (STC) component.

During the performance audit of the project, scrutiny of inspection reports of five selected districts it was observed that 694 number of FLF calves and 130 number of STC calves were registered as over age/under age, contrary to the terms and conditions of the agreement, standard operating procedures (SOPs) and PC-1 (Annexure-9).

It is worth mentioning here that no permanent record (like register) was maintained for recording registration data of calves including tag / tattoo number, age, weight, date of registration, farmer detail etc. of registered animals was available in the office of Additional Director Livestock offices to verify the changes/cutting on registration forms.

The audit identified weak supervisory, management, and internal controls resulted in registration of under/over age calves.

When pointed out the observation during May 2024, the management Gujranwala district replied that during the implementation phase, several practical challenges influenced the selection process. In certain regions, there was a limited availability of calves strictly within the ideal age range. In some instances, selecting slightly under age or over age calves was to maintain farmer participation and goodwill, ensuring broader community support and engagement. The management of Lahore district replied that the age of the registered calves entered in number of days, there is a chance of human error. The management of Okara district replied that the age calculation of the animals in the field is tentative due to nonexistence of birth certificate of animals. The management of Multan district noted the observation for compliance. The management of Faisalabad district did not offer any reply.

The management of district Gujranwala, Okara and Multan accepted the registration of calves against the criteria whereas management of Lahore district did not produce any record in support of reply.

The DAC meeting was held on 06.08.2024 in which the committee kept the para pending for verification of rest of record with manual data.

Audit recommends inquiring into the matter at administrative department level as well as compliance with the DAC decision.

(AMIS ID 2024-0000001594_F00014)

2.3.4 Wrong selection of beneficiary for Save the Calve component

As per PC-1 (page 8), most of the farmers from commercial dairy production systems sell their calves within 2-3 days, which are slaughtered for meat purposes as they cannot afford milk feeding. In the villages male calves are kept with mother up to one year of age and then sold for slaughtering. These calves remained under weight because of under feeding. The provision of a subsidy of Rs. 6500/- per saved calf to farmers for rations of calves up to 120 days after registration.

During the performance audit of the project, while a telephonic survey of farmers of Save the Calve component, 109 farmers were interviewed in five districts, 29 farmers stated that they were already retaining calves for age upto 1 to 2 years, 80 farmers stated that they were retaining calves upto age above 2 years (Annexure-10). The audit is of the view that as per PC-1, mostly dairy farms sold calves of age of few days but the department had not registered the calves of dairy farms and registered the calves of farmers who were already retaining/saving their calves. Thus, the expenditure on Save the Calve component was not efficient and effective.

The lapse occurred due to a lack of emphasis on selecting calves from dairy farms in the selection criteria.

When pointed out the observation during May 2024, the management of Gujranwala district replied that the primary objective of Save the Calve component was to incentivize farmers to rear calves up to 120 days to improve meat quality. The management of Lahore district replied that the dairy farms are very low in number and mostly the animals are kept on conventional system, all calves were registered either in dairy farms or in conventional system to achieve the physical targets. The management of Okara district replied that before this initiative/project most of the farmers sold their calves at the age of 1-3 months and some rear their calves up to 03 years on unbalanced diet. The project gave a new technical sense to the farmer regarding good health and more weight gain of animal in less time period. The management of Multan district replied that there was no bar on not registering the farmers who were already saving calves.

Audit is of the view that registration of calve of farmers/dairy farms who were not retaining infant calves would save the calves from slaughter. Purpose of the component is also explicit from name of the component i.e., "Save the Calves".

The DAC meeting was held on 06.08.2024 in which the committee kept the para pending with directions to furnish the detailed reply with full justification.

Audit recommends that the department provides a comprehensive explanation for not saving the calves that are being slaughtered and justify why calves from non-retaining farmers were not included in the program. This justification should address how the current approach aligns with the intended goals of the project.

(AMIS ID 2024-0000001594_F00017)

3. AUDIT FOLLOW-UP

At the conclusion of the audit, observations were discussed with the project management, and initial responses were obtained and incorporated into the report. A SDAC meeting was held on 06-08-2024, and the decisions made during the meeting were also included in the final report.

4. AUDIT IMPACT ASSESSMENT

The audit was conducted to evaluate various aspects of the project and revealed several key issues that directly impacted on its overall success. Regarding the feasibility studies, the project's foundation was compromised by the underestimation of costs and the inadequacy of the methodology used to assess its viability. For instance, the discrepancy between purchase rates and production costs such as feed, labor, and other miscellaneous expenses did not adequately address the concerns identified in the audit. This lack of a thorough and accurate feasibility study resulted in challenges in properly allocating resources and ensuring that financial assumptions remained valid throughout the project's lifecycle. The project's objectives were not achieved due to various inherent factors, which could have been addressed during the execution phase.

In terms of project management, the audit revealed that the key elements of effective management, such as timely completion of targets and impact analysis, were not adequately adhered to. The project suffered from inefficiencies, with registration targets not met and inconsistencies in operational execution. The failure to establish forward linkages with processors and the lack of proper staff training further hindered the overall management of the project.

The audit also assessed financial management, particularly the economy, efficiency, and effectiveness of the procurement process and expenditure management. It was found that payment discrepancies existed, and the procurement process did not always align with the planned financial goals. Mismanagement of resources, including irregular consumption of medicines and failure to replace substandard stock, exacerbated financial inefficiencies.

Regarding vaccination and medication practices, the audit pointed out that a significant percentage of calves were not vaccinated, which was a critical oversight given the project's health-related goals. The timeliness

and adequacy of these practices were not consistent with the targeted outcomes, leading to a risk to calf health and overall project objectives as 2692 calves either died or remained underweight in the selected districts.

The feedlot fattening program faced challenges due to factors such as insufficient farmer motivation, financial and managerial limitations, and inconsistent feed supply. These issues impeded the achievement of the program's targets, highlighting a gap in the resources, support, and incentives needed to engage farmers effectively.

Finally, the audit identified challenges such as delayed vaccinations, inadequate feed provision, and lack of farmer motivation, ineffective media campaign and other operational and managerial issues collectively impacted the project's implementation. These obstacles undermined the project's ability to meet its objectives and reduced its overall effectiveness.

The PC-1 did not include any provisions to substantiate the effectiveness and the statistical achievements of the project. As a result, the successful implementation and achievement of the primary objective of the project i.e., enhancing the beef production could not be established through statistical evidence.

5. CONCLUSIONS

The Livestock Department's initiatives have shown progress toward the sustainable development of the livestock sector but continue to face challenges in economy, efficiency, and effectiveness. During the performance audit of the project, several systemic failures in the internal control structure were identified. A critical issue was the inappropriate feasibility study, which was essential for ensuring the project's success. Calf registration targets were not systematically allocated to districts based on buffalo population, and the overall target was not achieved. Moreover, calf registration often deviated from the established criteria. Significant discrepancies were found in financial management, such as less releases of funds, insufficient contributions by the GoPb. Non-vaccination of calves was recorded at 65.88% in selected districts. Additionally, there were inconsistencies in record-keeping, medicines was being consumed without liking of tattoo/tag of registered calves. Financial evaluations of farmers, as per SOPs, were also overlooked. Forward linking of producers with the beef processors was not established in contrary to PC-1. The project's impact evaluation was not conducted, leading to an incomplete project cycle. These core issues highlight the need for a prompt and proactive approach from management to address weaknesses in the internal control environment that hinder financial and administrative discipline. Adherence to audit recommendations will strengthen management performance and enhance the outcomes of future projects.

6. RECOMMENDATIONS

- Transparent allocation of targets based on buffalo population, would greatly contribute to achieving the project objectives.
- Improve project implementation processes to address the discrepancy regarding the age of calves at the time of registration, which is not in accordance with the criteria.
- Perform comprehensive reviews and analyses of projects to identify the root causes of unachieved targets and address these causes in future projects.
- Proper feasibility study after a detailed analysis would significantly enhance the likelihood of the project's success.
- Ensure efficient utilization of resources to implement measures that guarantee subsidies and resources are used effectively, targeting and supporting the intended beneficiaries exclusively.
- To ensure transparency in future projects, applications may be received through an application software and data regarding inspections, service delivery and training may be uploaded on the application.
- Conduct thorough reviews and improvements of planning and budgeting practices to support better resource allocation and project management, implementing measures to achieve and demonstrate improved progress and performance in future projects.
- Strict and continuous monitoring and evaluation mechanisms should be put in place to ensure efficient and effective utilization of resources.
- The project cycle may be completed by forward linking producers with beef processors for better returns for the farmers.

7. ACKNOWLEDGEMENT

We wish to express our appreciation to the management and Staff of the Director General (Production), Lahore, and district managements for cooperation and assistance extended to the auditors during this assignment.

8. ANNEXURES

(Annexure-1) para 2.1.2 (AMIS ID 2024-0000001594_F00022)

Detail of calf's registration and vaccination

Sr No	Name of Formation	Number of Calves Completed project in 2022-23	Number of Calves Vaccinated In 2022-23	Number of Calves not Vaccinated In 2022-23
1	Additional Director Livestock Gujranwala	1,901	86	1815
2	Additional Director Livestock Faisalabad	3,565	1585	1980
3	Additional Director Livestock Okara	3,480	1318	2162
4	Additional Director Livestock Lahore	1,800	398	1402
5	Additional Director Livestock Multan	1445	772	673
Total		12,191	4,159	8,032

Detail of Calves remained under weight or died

Sr No.	Division	Period	Component	Underweight Calves	Died Calves
1	Lahore	2019-23	FLF	302	84
2	Lahore	2019-23	STC	538	99
3	Faisalabad	2019-23	FLF	359	56
4	Faisalabad	2019-23	STC	66	100
5	Gujranwala	2019-23	FLF	156	1
6	Gujranwala	2019-23	STC	75	23
7	Multan	2019-23	FLF	108	18
8	Multan	2019-23	STC	79	100
9	Sahiwal	2019-23	FLF	223	23
10	Sahiwal	2019-23	STC	153	129
Total				2059	633
Grand total				2692	

(Annexure-2) para 2.1.3 (AMIS ID 2024-0000001594_F00021

Detail of calves where same tattoo / tag number allotted to more than one calves is as under:

Sr No	Name of Formation	Year	Tag number were allocated to more than 1 animal (FLF)	Tattoo number were allocated to more than 1 animal (STC)
1	Additional Director Livestock Lahore	2019-23	693	773
2	Additional Director Livestock Faisalabad	2019-23	142	192
3	Additional Director Livestock Okara	2019-23	70	4
Total			905	969

(Annexure-3) para 2.2.2(AMIS ID 2024-0000001594_F00003)

Detail of funding from federal and Punjab governments and allocation in PC1 is as under.
(Rs. in million)

Year	Allocation As per PC-1			Utilization			Required Contribution			
	PSDP 20%	ADP 80%	Total 100%	PSDP	ADP	Total	20% required contribution from PSDP	80% required contribution from ADP	Total	
2019-20	86.340	345.360	431.700	67.805	171.055	238.86	47.77	191.09	238.86	
2020-21	93.797	375.187	468.984	89.955	358.28	448.24	89.65	358.59	448.24	
2021-22	93.797	375.187	468.984	86.120	374.245	460.37	92.07	368.29	460.37	
2022-23	93.866	375.466	469.332	77.120	270.500	347.62	69.52	278.10	347.62	
G. Total	367.800	1471.200	1839.000	321.000	1174.1	1495.1	299.016	1196.1	1495.1	
Excess/(Shortage) of funds contribution for expenditure								21.984	-21.984	

(Annexure-4) Para 2.2.3 (AMIS ID 2024-0000001594_F00013)

Detail of disbursement through open cheques in selected districts

Sr No	Name of Formation	Year	Cost Center	Nature of Irregularity	Amount (Rs.)
1	Director Livestock Faisalabad and Additional Director Faisalabad	2019-23	FS-4288	Payment through open cheques	181,694,044
2	Director Livestock Sahiwal and Additional Director Okara	2019-23	SS-4288	Payment through open cheques	187,904,355
3	Director Livestock Lahore and Additional Director Lahore	2019-23	LZ-4126	Payment through open cheques	157,797,533
4	Director Livestock Multan and Additional Director Multan	2019-23	MO-4460	Payment through open cheques	149,757,895
Total					677,153,827

Annexure-5 para 2.2.4(AMIS ID 2024-0000001594_F00020)

Sr No	Name of Formation	Year	Total Variation in cash book and bank statement at end of each year	undisbursed Amount on 30-6-23 in bank accounts
1	Director Livestock Faisalabad BOP Ac. No.6010131 349200024and Additional Director Faisalabad BOP Ac. No.60101131 349200035	2019-23	45,482,126	17,331,470
2	Director Livestock Multan BOP current account no.601010081100010 and Additional Director Multan BOP current account no.6010100801100032	2019-23	16,639,301	5,834,666
3	Director Livestock Gujranwala BOP Ac. No. 6020031979000023and Additional Director Gujranwala BOP Ac. No. 6020031979000012	2019-23	25,180,086	3,511,188
4	Director Livestock Lahore BOP6010006171600012 and Additional Director Lahore BOP6010006171600023	2019-23	4,313,454	287,349
5	Director Livestock Sahiwal BOP Current Account No.601017 8518500016 and Additional Director Okara BOP No.65101701 82800010	2019-23	2,094,341	247,705
Total			93,709,308	27,212,378

(Annexure-6) para 2.2.5 (AMIS ID 2024-0000001594_F00024)

Detail of purchase of medicine O/o Director Sahiwal

Sr. No.	Year	Firm	Bill No.	Date	Name of Medicine	Packing	Quantity	Total Amount	Cheque No.	Date	Amount
1	2020-21	wimits Pharma	104	22.06.21	Fenbal Bolus	Pack of 50	100 Packs	115200	3997235	25.06.21	390788
2	2020-21	Star Lab	83	19.06.21	Penivet Injection	5 gm	1000 Vials	90000	3997234	25.06.21	179540
3	2020-21	Star Lab	83	19.06.21	Rasomycin Injctrion	50 ml	500 Vials	28500	3997234	25.06.21	179540
4	2020-21	Star Lab	83	19.06.21	Ceriflox Injection	100 ml	500 Vials	69500	3997234	25.06.21	179540
5	2020-21	wimits Pharma	105	22.06.21	Ivermex Injection	50 ml	2500 Vials	177500	3997235	25.06.21	390788
6	2020-21	wimits Pharma	105	22.06.21	Flunimit Injection	50 ml	732 Vials	98088	3997235	25.06.21	390788
7	2020-21	Avicena Lab	82	19.06.21	Antiworm Drench	Liter Pack	800 Bottle	236800	3997510	28.06.21	540721
8	2020-21	Avicena Lab	82	19.06.21	Cenazid-Co Drench	Liter Pack	600 Bottle	329400	3997510	28.06.21	540721
1	2021-22	Leads Pharma	170	24.01.22	Vety Enrox Injection	100 ml	400 Vials	84000	4171855	14.02.22	438000
2	2021-22	Leads Pharma	170	24.01.22	Levacare Bolus	Pack of 50	400 Packs	354000	4171855	14.02.22	438000
3	2021-22	wimits Pharma	171	24.01.22	Levomit Drench	Liter Pack	300 Bottle	92100	4171856	14.02.22	675128
4	2021-22	wimits Pharma	171	24.01.22	Clozasol Drench	Liter Pack	600 Bottle	328200	4171856	14.02.22	675128
5	2021-22	wimits Pharma	171	24.01.22	Albamit-600 Bolus	Pack of 50	600 Packs	207000	4171856	14.02.22	675128
6	2021-22	wimits Pharma	171	24.01.22	Ivermex Injection	50 ml	905 Vials	79640	4171856	14.02.22	675128

Sr. No.	Year	Firm	Bill No.	Date	Name of Medicine	Packing	Quantity	Total Amount	Cheque No.	Date	Amount
1	2022-23	wimits Pharma	497	20.05.23	Levamisol Drench	Liter Pack	1000 Bottle	338000	4697014	31.05.23	1144924
2	2022-23	wimits Pharma	497	20.05.23	Ivermex Injection	50 ml	2858 Vials	222924	4697014	31.05.23	1144924
3	2022-23	wimits Pharma	497	20.05.23	Clozazol Drench	Liter Pack	1000 Bottle	584000	4697014	31.05.23	1144924
					Total			3,434,852			

(Annexure-7) para 2.3.1(AMIS ID 2024-0000001594_F00016)

Detail of source of information about the project for farmers

Sr No	Name of Formation	Year	No. of survey of farmer	L&DD	Friend	Media
1	Additional Director Livestock Gujranwala	2019-23	57	39	16	2
2	Additional Director Livestock Faisalabad	2019-23	49	31	14	4
3	Additional Director Livestock Okara	2019-23	26	20	4	1
4	Additional Director Livestock Lahore	2019-23	28	25	2	1
5	Additional Director Livestock Multan	2019-23	42	40	0	2
Total			202	155	36	10

(Annexure-8) para 2.3.2(AMIS ID 2024-0000001594_F00010)
 Details of population and FLF calves' registration targets of each district

(number of calves)

Sr No.	Division	Districts	Buffalo population as Census 2018 on 9211 software	Year wise Quota allocated FLF Calves				Total Quota allocated	Quota as per population	Excess /less quota allocated
				2019-20	2020-21	2021-22	2022-23			
1	Lahore	Lahore	370985	925	1100	1250	900	4175	3,709	466
2		Sheikhupura	498613	925	1125	1225	900	4175	4,985	(810)
3		Kasur	592267	1525	1950	2025	1475	6975	5,921	1,054
4		Nankana	306147	700	850	950	675	3175	3,061	114
5	Multan	Multan	333323	750	950	1000	725	3425	3,332	93
6		Khanewal	509736	725	925	950	700	3300	5,096	(1,796)
7		Lodhran	163888	425	434	575	425	1859	1,638	221
8		Vehari	484194	1150	1475	1525	1125	5275	4,841	434
9	Rawalpindi	Rawalpindi	122974	250	325	350	250	1175	1,229	(54)
10		Attock	75837	225	275	300	225	1025	758	267
11		Jhelum	94933	200	200	250	200	850	949	(99)
12		Chakwal	78105	150	250	200	150	750	781	(31)
13	Sahiwal	Sahiwal	573000	1775	1550	1775	1275	6375	5,729	646
14		Okara	701103	1800	2325	2400	1750	8275	7,009	1,266
15		Pakpattan	474045	2400	1550	1600	1150	6700	4,739	1,961
16	Bahawalpur	Bahawalpur	385590	700	875	925	675	3175	3,855	(680)
17		Rahim yar Khan	690610	1425	1825	1900	1375	6130	6,904	(774)
18		Bahawalnagar	387089	1125	1450	1500	1075	5525	3,870	1,655
19		DG Khan	239339	725	925	950	700	3300	2,393	907

Sr No.	Division	Districts	Buffalo population as Census 2018 on 9211 software	Year wise Quota allocated FLF Calves				Total Quota allocated	Quota as per population	Excess /less quota allocated
				2019-20	2020-21	2021-22	2022-23			
20	DG khan	Muzaffargarh	635995	1725	2250	2300	1675	7950	6,358	1,592
21		Layyah	182679	650	825	850	625	2950	1,826	1,124
22		Rajanpur	249451	750	950	975	725	3400	2,494	906
23	Gujranwala	Gujranwala	574962	1000	1275	1325	950	4550	5,748	(1,198)
24		Narowal	287245	425	550	575	425	1975	2,872	(897)
25		Sialkot	447154	625	800	825	600	2850	4,470	(1,620)
26		Hafizabad	338360	950	1225	1275	925	4375	3,383	992
27		Gujrat	310480	725	950	975	700	3350	3,104	246
28		M B Din	465556	825	1075	1100	800	3800	4,654	(854)
29	Sargodha	Sargodha	585365	1200	1550	1600	1175	5525	5,852	(327)
30		Bhakkar	172125	325	400	425	300	1450	1,721	(271)
31		Mianwali	113052	225	275	300	225	1025	1,130	(105)
32		Khushab	101560	300	325	400	300	1325	1,015	310
33	Faisalabad	Faisalabad	961440	1850	1600	2450	1775	7675	9,612	(1,937)
34		TT Singh	397670	650	650	850	625	2775	3,976	(1,201)
35		Jhang	556312	1200	1100	1600	1150	5050	5,562	(512)
36		Chiniot	438622	725	925	950	700	3300	4,385	(1,085)
		Total	13,899,806	32,050	37,084	40,425	29,425	138964	138,964	(0)

Detail of population and STC calves' registration targets of each district

Sr No.	Division	Districts	Buffalo population as Census on 2018 9211 on software	Allocation of targets				Total Quota allocated	Quota as per population	Excess /less quota allocated
				2019-20	2020-21	2021-22	2022-23			
1	Lahore	Lahore	370985	1240	0	1240	900	3380	3,406	(26)
2		Sheikhupura	498613	1230	0	1230	890	3350	4,578	(1,228)
3		Kasur	592267	2010	0	2010	1460	5480	5,438	42
4		Nankana	306147	930	0	930	680	2540	2,811	(271)
5	Multan	Multan	333323	990	360	990	720	3060	3,060	(0)
6		Khanewal	509736	950	400	950	690	2990	4,680	(1,690)
7		Lodhran	163888	570	530	570	410	2080	1,505	575
8		Vehari	484194	1530	940	1530	1110	5110	4,446	664
9	Rawalpindi	Rawalpindi	122974	330	90	330	240	990	1,129	(139)
10		Attock	75837	280	260	280	210	1030	696	334
11		Jhelum	94933	250	160	250	180	840	872	(32)
12		Chakwal	78105	200	0	200	150	550	717	(167)
13	Sahiwal	Sahiwal	573000	1760	120	1760	1280	4920	5,261	(341)
14		Okara	701103	2390	130	2390	1730	6640	6,437	203
15		Pakpattan	474045	1590	1490	1590	1150	5820	4,352	1,468
16	Bahawalpur	Bahawalpur	385590	920	770	920	670	3280	3,540	(260)
17		Rahim yar Khan	690610	1880	1130	1880	1370	6520	6,341	179
18		Bahawalnagar	387089	1480	1390	1480	1080	5170	3,554	1,616
19	DG khan	DG Khan	239339	950	880	950	690	3470	2,197	1,273
20		Muzaffargarh	635995	2300	1840	2300	1670	8110	5,839	2,271
21		Layyah	182679	840	790	840	610	3080	1,677	1,403
22		Rajanpur	249451	980	910	980	710	3580	2,290	1,290

Sr No.	Division	Districts	Buffalo population as Census 2018 on 9211 software	Allocation of targets				Total Quota allocated	Quota as per population	Excess /less quota allocated
				2019-20	2020-21	2021-22	2022-23			
23	Gujranwala	Gujranwala	574962	1310	330	1310	950	3900	5,279	(1,379)
24		Narowal	287245	560	200	560	410	1730	2,637	(907)
25		Sialkot	447154	830	770	830	600	3030	4,106	(1,076)
26		Hafizabad	338360	1260	1180	1260	920	4620	3,107	1,513
27		Gujrat	310480	970	280	970	700	2920	2,851	69
28		M B Din	465556	1100	1030	1100	800	4030	4,274	(244)
29	Sargodha	Sargodha	585365	1600	40	1600	1160	4400	5,374	(974)
30		Bhakkar	172125	410	350	410	300	1470	1,580	(110)
31		Mianwali	113052	290	270	290	210	1060	1,038	22
32		Khushab	101560	390	360	390	290	1430	932	498
33	Faisalabad	Faisalabad	961440	2450	730	2450	1780	7410	8,827	(1,417)
34		TT Singh	397670	840	0	840	610	2290	3,651	(1,361)
35		Jhang	556312	1580	190	1580	1150	4500	5,108	(608)
36		Chiniot	438622	950	250	950	690	2840	4,027	(1,187)
		Grand Total	13899806	40140	18170	40140	29170	127620	127,620	-

(Annexure-9) para 2.3.3 (AMIS ID 2024-0000001594_F00014)

Detail of under/over age registration of calves:

Sr No	Name of Formation	Year	No. of FLF calves under / over age	No. of STC calves under / over age
1	Director Livestock Gujranwala and Additional Director Gujranwala	2019-23	238	34
2	Director Livestock Faisalabad and Additional Director Faisalabad	2019-23	61	19
3	Director Livestock Sahiwal and Additional Director Okara	2019-23	151	2
4	Director Livestock Lahore and Additional Director Lahore	2019-23	71	68
5	Director Livestock Multan and Additional Director Multan	2019-23	173	7
Total			694	130

(Annexure-10) para 2.3.4 (AMIS ID 2024-0000001594_F00017)

Detail of retention period of calves by the farmers prior the project

Sr No	Name of Formation	Year	No. of survey of STC farmer	Retaining Calves for age up to 1 to 2 Year	Retaining Calves for age up to above 2 Year
1	Additional Director Livestock Gujranwala	2019-23	32	13	19
2	Additional Director Livestock Faisalabad	2019-23	28	7	21
3	Additional Director Livestock Okara	2019-23	14	3	11
4	Additional Director Livestock Lahore	2019-23	14	4	10
5	Additional Director Livestock Multan	2019-23	21	2	19
Total			109	29	80