PERFORMANCE AUDIT REPORT
PUNJAB MILLENNIUM DEVELOPMENT GOALS PROGRAMS
DISTRICT GOVERNMENT
DERA GHAZI KHAN

Audit Year 2011-12

25th June, 2012

AUDITOR GENERAL OF PAKISTAN

PREFACE

The Auditor-General conducts audit as per Articles 169 and 170 (2) 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 Punjab Millennium Development Goals Program District Dera Ghazi Khan was conducted during May 2012, 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 Punjab Millennium Development Goals Program. This was an important program to reduce infant mortality rate and maternal mortality ratio. 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 Punjab Millennium Development Goals Program. Most of the observations included in this Report have been finalized in the light of written responses of the management. However, no DAC meeting was convened.

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

ADB	Asian Development Bank
AIDS	Acquired Immune Deficiency Syndrome
BHU	Basic Health Unit
CMW	Community Midwife
DAC	Departmental Accounts Committee
DHDC	District Health Development Center
DHIS	District Health Information System
DHQ	District Headquarters
DO	District Officer
EDO	Executive District Officer
GoPb	Government of Punjab
HIV	Human Immunodeficiency Virus
IMR	Infant Mortality rate
INTOSAI	International Organization of Supreme Audit Institutions
LHV	Lady Health Visitor
LHW	Lady Health Worker
MDG	Millennium Development Goals
MICS	Multiple Indicator Cluster Survey
MMR	Maternal Mortality Rate
MNCH	Maternal Newborn and Child Health
MSDS	Minimum Service Delivery Standard
PC-1	Planning Commission- Proforma 1

PMDGP	Punjab Millennium Development Program
PPRA	Punjab Procurement Regularity Authority
RHC	Rural Health Centre
SMO	Senior Medical Officer
THQ	Tehsil Headquarters
WMO	Women Medical Officer
WPI	Wholesale Price Index

EXECUTIVE SUMMARY

Directorate General of Audit, District Governments Punjab (South), Multan carried out the Performance Audit of Punjab Millennium Development Goals Program (PMDGP), District Government Dera Ghazi Khan; for the period 2009-10 to 2010-11 from 07.05.2012 to 24.05.2012, 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 otherwise.
- Evaluation of results for the activities/services rendered by the organization.
- Effectiveness of internal control system, organization and management.

The Government of the Punjab launched the PMDGP in the District Government Dera Ghazi Khan through Executive District Officer (Health). Funds of Rs224.970 million were allocated by the Government of Punjab for said program between 2008 and 2011, with expenditure of Rs 78.966 million till the date of audit.

The targeted impact of the PMDGP was attainment of MDGs of reducing the IMR and MMR in Punjab with targeted outcomes of improved access, quality and equity of health services. The delivery of minimum package of services stipulated in the Minimum Service Delivery Standard (MSDS), especially in MNCH, was the core strategy for attaining the MDGs. Therefore, the Program focuses on reforms required for effective implementation of MSDS.

The Program will assist the Government of the Punjab in undertaking health sector reforms pertaining to:

(i) Improving the availability and quality of primary and secondary health services,

(ii) Management of health service delivery,

(iii) Developing a sustainable and pro-poor health care financing system.

The key audit findings include the following important observations:

1. Lapse of funds due to non submission of utilization plan
2. Incurrence of expenditure on irrelevant purposes
3. Cost overrun due to late utilization of funds
4. Loss to Government due to purchase of equipment at higher rates
5. Purchase of medicine in excess of allowed limit

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

i. A realistic approach should be followed while preparing the budget estimates.

ii. Government funds should be utilized for the purposes which are approved and are in accordance with PC-1.

iii. All the activities should be accomplished as per approved time line. Action should be taken against the authorities found responsible for negligence.

iv. PPRA rules should be strictly followed to achieve the economy in attainment of goals.

v. Purchases should be made in accordance with PMDG Guidelines with observance of principles of economy, efficiency and effectiveness.

vi. 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.

vii. Due participation of the technical representatives in the planning and implementation process should be ensured, and in future, a single PC-1 should be prepared to ensure better coordination and supervision by the management.

1. INTRODUCTION

1.1 Program Background

In September 2000, the largest-ever gathering of Heads of state ushered in the new Millennium by adopting the United Nation's Millennium Declaration. The declaration, endorsed by 189 countries, was then translated into a roadmap setting out goals to be achieved by 2015. The Millennium Development Goals (MDGs) are as under:

1. Eradicate Extreme Poverty and Hunger
2. Achieve Universal Primary Education
3. Promote Gender Equality and Empower Women
4. Reduce Child Mortality
5. Improve Maternal Health
6. Combat HIV/AIDs, Malaria & TB
7. Ensure Environmental Sustainability
8. Develop a Global Partnership for Development

1.1.1 Health related MDGs

Out of eight MDGs, MDG No. 4, 5 and 6 are health related. MDGs 4 and 5 are covered under the program

1.1.2. Government of the Punjab and Need of Health Related MDGs

Government of the Punjab (GoPb) has placed high priority on the attainment of MDGs, and has recently increased budget allocations to social sectors. The province is likely to achieve all MDGs, except reduction of the Infant Mortality Rate (MDG4) from 77 to 40 per 1000 live births, and the

Maternal Mortality Rate (MDG5) from 300 to 140 per 100,000 live births. More serious efforts are needed to attain these two essential health MDGs. If they are achieved, Punjab can potentially save lives of at least 11,000 women and 235,000 children by 2015.

1.2. Program Planning

1.2.1 Program Period

The PMDGP was planned to be completed by 30 June 2011.

1.2.2 Execution Plan

Government of the Punjab, while recognizing the critical need, planned to develop with the support of Asian Development Bank (ADB) through Government of Pakistan, Punjab Millennium Development Program (PMDGP) within the Health Sector Reform Frame work, to accelerate attainment of two health MDGs, i.e. to reduce child and maternal mortality. It was planned that the program will assist the GoPb in undertaking health sector reforms in the following areas. Overall program was divided into three sub-programs.

Activities to be performed Under Sub-Programs:

Sub-program 1	Sub-program 2
1. Implementation of MSDS 1.1. Immunization 1.2. Awareness campaign 1.3. Antenatal and natal care 1.4. Purchase and repair of equipment 1.5. Health education 1.6. Blood transfusion services 2. Procurement of medicine 3. Capacity building 3.1. Training of staff on MNCH	1. Provision of HR support through PGRs in DHQ/THQs 2. Provision of emergency ambulance service for MNCH patients 3. Strengthening Blood Transfusion Services in DHQ/THQs 4. Provision of MNCH medicines 5. Capacity development of service delivery staff with regard to implementation of MSDS at

3.2. Up-gradation of DHDC 3.3. Up-gradation of nursing school 4. To improve IMR and MMR 4.1. 30% incentive to the working for PMDGP to EDO (Health) and staff 5. Operationalization of RHCs 5.1. Purchase and repair of Laboratory equipment	district level and for improving MNCH related service delivery 6. Strengthening DHIS in the district 7. Provision of MNCH related equipment 8. Allocation for strengthening community MNH worker

Sub-Program 3 was to evaluate and follow up of first two sub-programs.

The overall aspects of execution of the program is as below:

(i) Improving the Availability and Quality of Primary and Secondary Health Services

PMDGP will help GoPb to ensure the implementation of certain minimum service delivery standards (MSDS) for primary and secondary health services, through incorporation of the MSDS in provincial and district health sector plans, and by increasing the quality and quantity of human resources in the health sector.

(ii) Strengthening Management of Health Service Delivery

PMDGP will help the GoPb to improve daily management of health service delivery by reducing delays in the procurement of essential drugs, institutionalizing the contracting of health services to Non Government Organizations, and improving the existing performance monitoring and evaluation systems.

(iii) Establishing a Sustainable Pro-Poor Health Financing System

PMDGP will assist the GoPb in substantially increasing the health care budget and improving planning and management of the budget, introducing a

targeted program for reducing out-of-pocket health expenditure among the poor, and developing a sustainable health care financing and providing payment system.

1.2.3 Financing Plan

The PMDGP adopts a program cluster loan approach consisting of three sub programs, each supported by a single-tranche loan. Intervals of about 1.0-1.5 years are envisaged between the subprograms. Subject to satisfactory progress and approval of subprogram-I in October 2008, subprogram-II was to be considered in December 2009, and subprogram 3 in December 2010. The loan from ADB will have an interest rate of 1% per annum during the grace period and 1.5% per annum thereafter, a term of 24 years, including a grace period of 8 years, and such other terms and conditions as set forth in the loan agreement. Detail of the loan is as under:

(Dollars in Million)

Program Description	Loan recommended
Sub-Program-I	100.000
Sub-Program-II	300.000
Sub-Program-III	
Total Loan	**400.000**

1.2.4 Planned Program Description

The Program was initiated during 2008-09. PMDGP marks a major priority shift by the Punjab Health Department from quantity to quality of health care, from fragmented to consolidated health service, and from tertiary to primary and secondary health care. Impact of the PMDGP is attainment of MDGs relating to reduction of Infant Mortality Rate and Maternal Mortality Ratio in Punjab Province. The Program's outcome will improve access, quality and equity of health services. Following are the targets set in PMDGP.

Source: MICS 2007-08, PDHS 2006-07 & Others				
Health Indicators	**MDG Target (2015)**	**Pakistan**	**Punjab**	**D. G. Khan**
Infant Mortality Rate (per 1,000 births)	40	78	77	78
Under Five Mortality Rate (per 1,000 births)	47	94	111	115
Maternal Mortality Ratio (per 100,000 births)	140	276	227	225
Percentage of Births Attended by Skilled Birth Attendants	100	39	42	41
Proportion of Fully Vaccinated Children (12–23) months	>90	47	53	53
Contraceptive Prevalence Rate	55	30	43	43
Total Fertility Rate	2.1	4.1	4.3	4.3
Prevalence of underweight children under Five years of age	<20	36	34	37

1.2.5. Planned Program Outcome

The Program's outcome is to improve access, quality and equity of health services. Delivery of the minimum package of services stipulated in the Minimum Service Delivery Standards (MSDS) especially in Maternal, Neonatal and Child Health (MNCH) is the core strategy for attaining the MDGs. The program focuses on reforms required for effective implementation of the MSDS. The Objectives were to be achieved through:-

i. Strengthening of basic and comprehensive services at facility level, including round the clock functioning of selected strategically located BHUs and all RHCs.

ii. Provision of Human Resource support at DHQ/THQ levels, in collaboration with MNCH program.

iii. Strengthening the role of community outreach staff and community reproductive health staff, including LHWs and CMWs; Special emphasis to be laid on family planning services as a major RH strategy.

iv. Strengthening referral linkages between community outreach workers with Primary, and in turn with, Secondary Health Care facilities.

v. Provision of emergency ambulance services for maternal emergencies at selected BHUs and all RHCs, THQs/DHQHs, district ambulance service, pooling all resources at a district level call centre.

vi. Strengthening of Blood Transfusion Services at DHQ/THQ levels to support comprehensive services.

vii. Purchase of MNCH related medicines.

viii. Capacity development of service delivery staff with regard to implementation of MSDS at district level and for improving MNCH related service delivery.

ix. Strengthening DHIS system at district level.

x. Up-gradation of Nursing and Paramedical Schools.

xi. Reduction in vacancies at district level of crucially important MNCH related medical staff, including Nurses, LHVs, WMOs, Gynecologists, Anesthetists etc at least by half as compared to baseline.

1.3 Responsible Authorities

Following are the authorities responsible for the execution and implementation of program:

Authority	Responsibility
District Co-ordination Officer	Principal Accounting Officer / Implementation
Executive District Officer (Health)	Drawing and Disbursing Officer / Implementation
District Officer Health (Headquarters)	Divisional Focal Person
Program Director DHDC	District Focal Person

1.4 Financial Resources

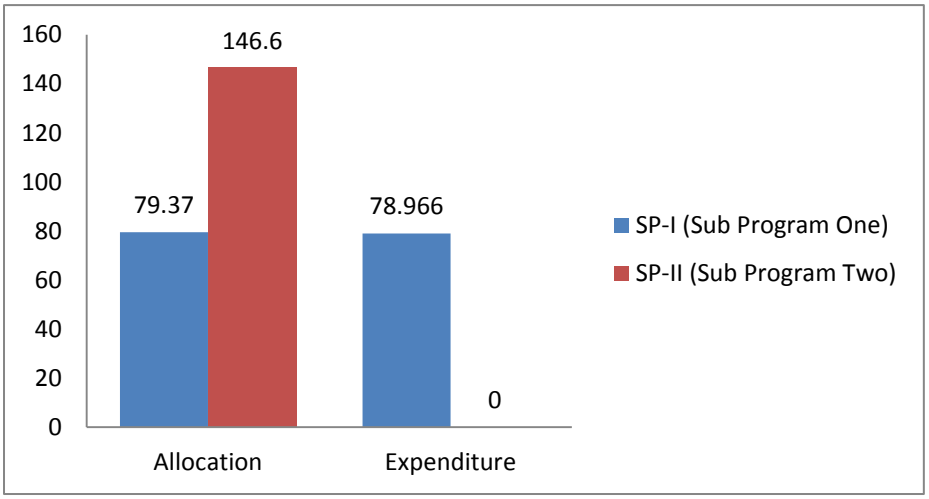
Government of Punjab Finance Department released Rs 79.370 million under Sub Program – I, out of which, expenditures of Rs 78.966 million was incurred up to June 2011. An amount of Rs 146.600 million was allocated for Sub Program – II, out of which no expenditure was incurred till the completion of audit in May 2012. The detail of funds released and expenditure incurred is as below:

(Rupees in million)

Program Name	Allocation for Punjab	Allocation for D. G. Khan	Expenditure in D. G. Khan
Sub Program –I	3029.320	79.370	78.966
Sub Program –II	6374.994	146.600	0
Total Expenditure up-to the date of audit			**78.966**

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

(Rupees in Million)



1.5. Activities under Sub Program-I

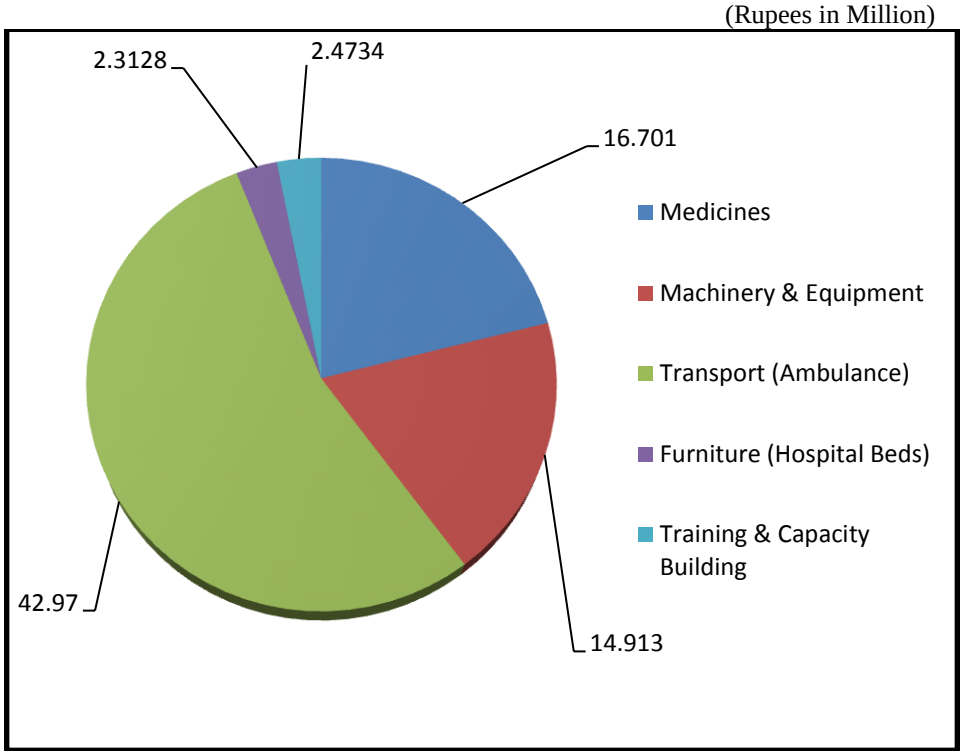
District Government D. G. Khan planned the following activities by allocating amount under different heads for implementation of Sub-Program-I, as detailed below:-

(Rupees in Million)

Description	Allocation	%age of Total Allocation
Medicines	16.701	21%
Machinery & Equipment	14.913	19%
Transport (Ambulance)	42.97	54%
Furniture (Hospital Beds)	2.3128	3%
Training & Capacity Building	2.4734	3%

The budget position of activities under Sub Program-I at a glance is as under:-

(Rupees in Million)



2. AUDIT OBJECTIVES

Major objectives of audit were to:

i. Review program's performance against intended objectives.

ii. Assess whether program was managed with due regard to economy, efficiency and effectiveness.

iii. Review compliance with applicable rules, regulations and procedures.

3. AUDIT SCOPE AND METHODOLOGY

3.1 Audit Scope

i. The said audit was conducted since inception of the program i.e. from 2008. The period covered under the audit was up to June 2011. Utilization of funds released for attainment of specific MDGs in District D.G.Khan was reviewed. The planned outcomes and actual targets achieved were compared. The factor of economy, efficiency, and effectiveness were focused while conducting the audit.

3.2 Audit Methodology

Performance audit was conducted in accordance with the INTOSAI auditing standards 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 Health 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. Visits of different Health institutions to judge the effectiveness of the program and efficient service delivery.

v. Scrutiny of goals and their 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 for the services provided. 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 health institutions to benefit under the program during its execution and implementation. Shortcomings during implantation of program and need for improvement in the following areas were observed.

4.1 Financial Management

According to terms and conditions of the program, the funds were to be released subject to the condition that the expenditure was incurred strictly in accordance with approved PMDGP Program plan and any expenditure in deviation of the approved plan would be considered as invalid expenditure, leading to serious financial irregularity. Due to weak financial management, the first installment could not be utilized in proper way resulting in delay in release of second installment **(Annexure-A).** General Medicine was purchased from the PMDGP funds instead of District Budget **(Annexure-C).**

It is recommended that EDO (Health) should investigate the matter and take disciplinary action against the officers/ officials responsible for financial mismanagement.

i. Time Over-Run

There is delay in implementation of program due to lack of sense of urgency, inefficiency and negligence on the part of the management and planning department of the program. The delay in releases of funds and absence of proper mechanism of purchase process caused the delay in procurements. No direction and monitoring existed from either the program directors or the executing management, to speed up execution of the program. The program was phased

over three years to be completed by end of the year 2010, but mid of 2012, only Sub Program–I has been executed, which revealed that period of the program has been over run and it requires attention of the Public Accounts Committee.

Program Title	Starting Date	Completion Date
Subprogram 1	Start of year 2008	By end of October 2008
Subprogram 2	Start of year 2009	By end of 2009
Subprogram 3	Start of year 2010	By end of 2010

The Government released Rs.146.600 million to the District Government D.G.Khan during the year 2010-2011, for implementation of Sub-Program –II, but no effort has been made till the end of May 2012 to implement the program. This shows lack of interest and capability of the authorities to implement the program.

It is recommended that a separate section should be established for proper execution and implementation of the program, besides fixation of responsibility on the persons responsible for time over -run.

ii. Cost Over Run

Delay in releases of funds and non-existence of proper mechanism of purchase process resulted in delay in procurements, which caused increase in cost of machinery, equipment and other items planned to be purchased in Sub-program-I. Due to inflation, cost of the said items increased up to approximately Rs 7.470 million. **(Annexure-B)**

It is recommended that EDO (Health) should investigate the matter and take disciplinary action against the officers/ officials responsible for financial mismanagement.

4.2 Procurement and Contract Management

Main factors of concern are economic, efficient and effective functioning of procurement process which include a number of considerations, like proper identification of required equipment and items, selection of reliable and authentic suppliers of the required items and proper allocation and utilization of items procured by the department. If the department neglects any of these considerations, it raises certain question marks regarding economical, efficient and effective achievement of defined goals. Detail of medicines and assets to be procured under each sectoral plan was prepared and submitted to the concerned, but management ignored the laid down plan and procured irrelevant equipment and other store items not envisaged in the approved plan. Purchases were made in excess of need as there was overlapping with other programs. **(Annex-D)**

Furthermore, no attention was paid in purchase of equipment toward economy. Equipment of the same specification was purchased by the adjacent district at lower cost**. (Annex-E)**

It is recommended that EDO (Health) should investigate the matter and take disciplinary action may be initiated against the officers/ officials responsible for wastage of Government money by ignoring the given criteria.

4.3 Asset Management

In assets management, the internal controls and utilization of assets, which was purchased under said program was assessed. The Executive District Officer Health purchased and handed over ambulance to SMO RHC Kot Chutta, for transportation of patients from RHC to DHQ Hospital. The same ambulance was burned while it was in garage. Neither the matter was investigated, nor was responsibility fixed on the concerned persons. **(Annexure-F)**

It is recommended that EDO (Health) should investigate the matter and take disciplinary action against the officials responsible for Government money may be initiated, besides recovery of Government loss.

4.4. Monitoring and Evaluation

For better execution and performance, monitoring and evaluation system play a major role for its effectiveness and obtaining desired results. During the planning phase, Sub-Program III was developed for monitoring and evaluation of the project. The department could only complete Sub-program-I till the completion of audit, hence no monitoring and evaluation could be carried out due to delay in implementation of the project.

It is recommended that EDO (Health) should investigate the matter and take disciplinary action against focal person of the Program for improper monitoring resulting in non-achievement of targets.

4.5. Program Sustainability

The program will be shifted from vertical to horizontal level and sustainable through available health expertise, infrastructure and through District Governments own resources, by increasing the health budget.

4.6. Overall Assessment

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

i) Relevance:

The Government approved utilization plan for the implementation of project, but while incurring the expenditure, 56% of the budget was spent on the irrelevant procurement of machinery & equipment, and other items. Hence, Government instructions were not adhered to, in letter & spirit and authorities

wasted Government resources generated through loans from Asian Development Bank.

ii) Efficacy:

Performance in related activities could not be determined as the goals set in the PMDGP were already set in the MNCH program by the Federal Government. Both programs are running in parallel, having the goals to reduce IMR and MMR. PMDGP sub program-I was required to be completed by the end of 2008 but same was completed in 2011. No implementation on Sub program-II was started was started till the time of audit. Hence efficacy of the program could not be determined.

iii) Efficiency:

Goals of the program could not be achieved efficiently, as 56% budget was spent on irrelevant procurements. In absence of planned input and lack of proper direction / monitoring from the program director and coordinators, efficiency of the program remained low.

iv) Economy:

Procurement was un-economical as compared to the adjacent district, where equipment of the same specification was purchased at lower rates. Furthermore, no fruitful negotiations were made to bring down the offer rate of bidder.

v) Effectiveness:

The targeted community could not be benefitted due to non appointment of skilled personnel, lack of proper training, and ineffective management skills of the authorities.

vi) Compliance with Rules:

Overlapping and irrelevant procurement, lack of coordination among program authorities and non-availability of accountability process are examples of non-adherence of Government rules and policies.

vii) Performance Rating of the Program:

Performance of the program was unsatisfactory as most of the expenditures were irrelevant to the utilization plan. Delay in procurement and capacity building resulted in increased cost of the project. Further, no mechanism is available to evaluate the goals set in the program.

viii) Risk Rating of Program:

High

5. IMPACT ANALYSIS

5.1. Improved Access and Quality of Primary and Secondary Health Services

Government of the Punjab planned that with the help of this program, Province will attain the health related MDGs, which will potentially save at least 11,000 women's lives and 235,000 infants' lives by 2015. The proposed Program was expected to improve capacity of the Health Department and district Governments to plan their human resource needs, and more importantly, support continued education of medical staff. By ensuring primary and secondary health services to meet MSDS, the Program is also expected to have a positive impact on MDG 6 on HIV/AIDS. MSDS includes preventive measures against HIV. The above planned impact could not be achieved due to misuse of funds available for MNCH related equipment, medicines and awareness campaign.

5.2. Impact on Poverty Reduction.

The Program was designed to reduce the health care expenditure burden and the risks of falling seriously ill by giving timely interventions. By ensuring increased allocations to primary and secondary health care, and distributing the conditional grants among districts. The Program will make public finances more pro-poor, impact of the Program could not be achieved due to poor planning, inefficient management and delay in implementation of Program.

5.3. Improved Management of Health Services.

Timely availability of drugs and medicines in all health facilities is an essential aspect of health service delivery. The Program was planned to support streamlining of the drug procurement process and help the Government institutionalize alternative mechanisms for service delivery. The department delayed the procurement process besides the purchase of irrelevant medicines and other items which were not helpful in improvement of management of health services.

5.4 Economic Impact

Improved public financial management and better strategic planning skills in the Health Department will contribute to increased value for money of public spending. Provision of conditional grants to district Governments for MDG related interventions will ease district Governments' resource constraints while ensuring that essential service delivery priorities are protected from expenditure cuts. The increased access and quality of public health services will also have a direct poverty reduction impact by lowering the burden of health expenditures on the poor. This program helped the District Government from undue expenditure cuts to provide essential health services to the masses. Further, free delivery of medicines and health services helped in reduction of out of pocket expenditures

of the poor. This position could have been much better if the program was timely implemented.

5.5 Institutional Impact.

Health sector in Punjab is in dire need of institutional reforms. Revitalization of the internal audit wing and departmental accounts committees in the Health Department, and appointment of internal auditors at district Governments, will enhance effectiveness of internal controls and increase accountability for the use of public funds. The above planned impact was not properly achieved as accountability mechanism did not exist in the department.

6. CONCLUSION

No proper control mechanism was developed by the authorities before launching the program as the Federal Government has already launched the program having the same objectives. In the presence of that program, introduction of new program and execution through the same authorities resulted in overlapping of objectives. It could be very useful for general public by improving internal control system, as well as financial management of procurement procedure, besides proper monitoring, evaluation and training.

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. Commitment of the concerned authority is essential for implementation of PMDGP.

v. Sustainability and smooth running of PMDGP is not possible without training, proper supervision and strengthening of internal control and awareness of the community.

ACKNOWLEDGEMENT

We wish to express our appreciation to the Management {Executive District Officer (Health) and District Officer Health (HQ) and staff of the office of Executive District Officer (Health) of District Government Dera Ghazi Khan, for the assistance and cooperation extended to the auditors during this assignment.

ANNEXURES

Annexure-A

Non Submission of Utilization Plan resulting in Lapse of Funds - Rs182.088 million

According to Government of Punjab Finance Department letter No.FD(W&M)1-31/2009-10/429 dated 21.5.2010, an amount of Rs182.088 millions was earmarked for PMDGP subject to the following conditions:

(i) Utilization of 80% funds disbursed under Sub Program-I
(ii) Submission of 3 years Rolling Plan
(iii) Preparation of utilization plans by the districts and approved by the Health Department.

An amount of Rs 182.088 million was allocated by the Finance Department for PMDGP, D.G.Khan, during 2009-10, vide the above quoted letter. However, funds lapsed due to following reasons:

(i) Even a single penny, released under Sub Program-1, during August 2009 to May 2010 was not utilized.
(ii) 3 years Rolling Plan was not submitted in time.
(iii) The utilization plans by the district Government authorities were neither prepared nor submitted for approval of the Health Department up to June, 2010.

Audit is of the view that the funds lapsed due to inefficient management.

Lapse of funds resulted in non-achievement of goals.

Audit recommends fixing of responsibility on the officers who caused the funds to lapse due to their negligence.

Annexure-B

Cost Overrun due to Late Utilization of Funds - Rs 7.470 million

According to rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he would be held personally responsible for any loss sustained by the Government through fraud or negligence on his part.

EDO (Health) was provided funds amounting to Rs79.370 million during August 2009 by the Government of Punjab. But due to negligence of management, the funds were not spent in time. An amount of Rs76.366 million was spent during June 2010, and Rs2.600 million were spent during June 2011. Due to delay in purchases, the dollar rates for imported equipment and inflation rates for local purchases increased, which resulted in cost overrun of Rs451,366. The detail is as below:

(a) Imported Items

(Amount in Rupees)

Item Description	Amount Paid	Dollar rate at the time of purchase(June 2010)	Dollar rate at the time of release of funds (Aug- 2009)	Cost Over Run [2/3*(3-4)]
1	2	3	4	5
Ultrasound Machine(Imported) HS-2000 Honda Japan-9 No.	5,769,000	85.90	83.30	174,615
Anesthesia machine (Imported) Ohmeda USA. 2 No.	3,370,000	85.90	83.30	102,002
Dental Unit (Imported) Clesta-II Japan. 2 No.	3,300,000	85.90	83.30	99,883
Oxygen Concentrator (Imported) Airsep Corp. USA- 2 No.	1,400,000	85.90	83.30	42,374
Solid State Electrosurgical (Imported) Geister Germany- 2 No.	1073,500	85.90	83.30	32,492
Total (a)				**451,366**

(b) Local Purchase

(Amount in Rupees)

Item	Cost of items paid	Inflation rate (%)	Cost without inflation	Cost over run	Remarks
Air conditioned Ambulance Toyta-7 No.	27,370,000	11.3	24,591,195	2,778,805	
4x4 Air conditioned Ambulance Toyta-7 No.	15,600,000	11.3	14,016,173	1,583,827	
Purchase of Medicines for Health Institutions for financial year 2009-10	13,725,183	11.3	12,331,701	1,393,482	
Purchase of Medicines for Health Institutions for financial year 2010-11	2,600,368	34.6%	1,931,923	668,445	WPI 2009-10=11.3% WPI 2010-11=23.3%
Purchase of Furniture (Hospital Beds)	2,312,800	34.6%	1,718,276	594,524	WPI 2009-10=11.3% WPI 2010-11=23.3%
Total (b)				**7,019,083**	

Grand Total (a+b) =Rs7,470,449

Audit was of the view that due to negligence of EDO (Health), the funds were utilized too late.

Delay in utilization of Government funds resulted in less value against the same expenditure.

Audit recommends fixing of responsibility on the officers concerned for late utilization of funds.

Annexure-C

Purchase of Medicine in Excess of Allowed Limit - Rs 451,551

According to Government of Punjab Health Department letter No. SO(B&A)28-16/2006 (Free Medicine) dated 24.12.2009, for purchase of medicine, 20% of PMDGP budget was to be reserved.

An amount of Rs79.370 million was released by the Finance Department during 2009-10, for implementation of PMDGP. As per above criteria, the EDO Health) was allowed to purchase medicine for Rs 15,874,000 (20%). Whereas, total medicines out of the said release were purchased for Rs 16,325,551 i.e. medicine valuing Rs 451,551 were purchased in excess of authorized limit.

Audit is of the view that due to weak financial management, funds in excess of authorized limit were spent for purchase of medicines.

The expenditure on purchase of medicines in excess of authorized limit caused deprivation to other areas of spending.

Audit recommends fixing of responsibility on the officer / officials for violating the instructions besides compensating the deprived areas by provision of funds in fresh release.

Annexure-D

Incurrence of Expenditure on Irrelevant Purposes - Rs 6.686 million

According to District Government D.G.Khan letter No.DGK/DOP2255-57 dated 08.08.2009, for the identification of areas of expenditure out of PMDGP, along with other responsible authorities, two gynecologists and one child specialists were nominated.

Meeting for the purpose was held on 21.08.2009, but neither did the gynecologists and child specialist attend the meeting, nor were the recommendations from the said professionals sought. Further, the scrutiny of purchases worth Rs 6.686 million showed that they were not relevant to the Program in any way.

(Amount in Rupees)

Sr. No.	Nature of expenditure	Amount
1	Dental Unit (Imported) Clesta-II Japan. 2 No.	3,300,000
2	Solid State Electrosurgical (Imported) Geister Germany- 2 No.	1073,500
5	Purchase of Furniture (Hospital Beds)	2,312,800
	Total	**6,686,300**

Audit is of the view that due to weak managerial control, the funds were utilized for irrelevant purpose.

Spending of funds on other than specified areas resulted in non-achievement of goals.

Audit recommends fixing of responsibility for ignoring the target areas for achievement of goals.

Annexure-E

Uneconomical Purchase of Equipment Rs 1.271 Million

According to rule 15.2(d) of PFR Vol-I, purchases should be made in the most economical manner – the purchases should be made from the lowest tender unless there are any special reason to the contrary, which should be recorded.

EDO (Health) purchased the following equipment at higher rates than the adjacent district and paid Rs 1,271,350 in excess thereof.

(Amount in Rupees)

Name of Equipment	Quantity	Items rates purchased	Items rates purchased by other district	Difference	Amount	Remarks
Ultrasound machine – HS 2000 Honda Japan	9	641,000	590,850	50,150	451,350	In D. G. Khan the equipment were purchased during 2009-10 whereas in Layyah during 2010-11
Dental Unit-Clesta-II Japan	2	1650,000	1240,000	410,000	820,000	
Total					**1,271,350**	

Due to weak financial management, purchases were made on higher rates.

Purchase of medicines on higher rates resulted in overpayment of Rs1.399 million.

No progress was intimated till the finalization of this report.

Audit recommends fixing of responsibility on the officers concerned for purchase of medicines on higher rates, besides recovery thereof.

Annexure-F

Loss to Government - Rs 3.910 million

According to rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he would be held personally responsible for any loss sustained by the Government through fraud or negligence on his part.

An ambulance valuing Rs 3,910,000, purchased during 2009-10, out of PMDGP Funds and further allocated to SMO RHC Kot Chutta, got burnt on 09.10.2011 while it was in garage. Executive District Officer (Health) constituted an Enquiry Committee on 10.10.2011 vide his office order No. 12986-91 to find out the facts and report within seven days. Despite lapse of 8 months, neither did the Enquiry Committee submit any reports nor was the FIR launched with the respective Police Station. It depicts that the ambulance got burnt due to negligence of RHC authorities. Further, the loss was not made good by the EDO(Health) from the persons responsible.

Audit is of the view that due to weak asset management, the ambulance was burnt.

The loss of public asset caused a hurdle in achievement of targets.

Audit recommends fixing responsibility on the officers/officials concerned, besides making the loss good by way of recovery.