



**AUDIT REPORT
ON
THE ACCOUNTS OF
CATTLE MARKET MANAGEMENT
COMPANIES OF LAHORE,
GUJRANWALA, RAWALPINDI AND
SARGODHA DIVISIONS**

AUDIT YEAR 2016-17

AUDITOR GENERAL OF PAKISTAN

TABLE OF CONTENT

ABBREVIATIONS & ACRONYMS	i
PREFACE.....	ii
EXECUTIVE SUMMARY.....	iii
Table 1: Audit Work Statistics	vi
Table 2: Audit Observations regarding Financial Management.....	vi
Table 3: Outcome Statistics.....	vii
Table 4: Irregularities Pointed Out	viii
Table 5: Cost-Benefit	viii
CHAPTER 1	1
Cattle Market Management Company, Gujranwala Division.....	1
1.1 Introduction of Departments.....	1
1.2 Comments on Budget and Accounts.....	1
1.3 Brief Comments on the Status of Compliance with PAC Directives.....	2
1.4 AUDIT PARAS	3
CHAPTER 2	13
Cattle Market Management Company, Lahore Division.....	13
2.1 Introduction of Company	13
2.2 Comments on Budget and Accounts.....	13
2.3 Brief Comments on the Status of Compliance with PAC Directives.....	14
2.4 AUDIT PARAS	15
CHAPTER 3	59
Cattle Market Management Company, Rawalpindi Division.....	59
3.1 Introduction of Departments.....	59
3.2 Comments on Budget and Accounts.....	59

3.3	Brief Comments on the Status of Compliance with PAC Directives.....	60
3.4	AUDIT PARAS	61
CHAPTER-4		70
Cattle Market Management Company, Sargodha Division		70
4.1	Introduction of Departments.....	70
4.2	Comments on Budget and Accounts	70
4.3	Brief Comments on the Status of Compliance with PAC Directives.....	71
4.4	AUDIT PARAS	72
ANNEXURES		81
Annexure-A.....		82
Annexure-B		84
Annexure-C		86
Annexure-D.....		87
Annexure-E		88
Annexure-F.....		89
Annexure-G.....		91
Annexure-H.....		95
Annexure-I		96
Annexure-J		97
Annexure-K.....		98

ABBREVIATIONS & ACRONYMS

BOD	Board of Directors of Company
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMMC	Cattle Market Management Company.
DAC	Departmental Accounts Committee
DCO	District Coordination officer
DDC	District Development Committee
DGA	Director General Audit
FBR	Federal Board of Revenue
FD	Finance Department
HEC	Higher Education Commission
IAS	International Accounting Standard
LC	Letter of Credit
LDCMMC	Lahore Division Cattle Market Management Company
NAM	New Accounting Model
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PFR	Punjab Financial Rules
PDG	Punjab District Governments
PLGO	Punjab Local Government Ordinance
POL	Petroleum Oil and Lubricants
PPRA	Punjab Procurement Regulatory Authority
S&GAD	Services and General Administration Department
TMA	Tehsil Municipal Administration

PREFACE

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 115 of the Punjab Local Government Ordinance, 2001 require the Auditor General of Pakistan to audit the accounts of the Federation or a Province and the accounts of any authority or body established by or under the control of the Federation or a Province. Accordingly, the audit of all public sector companies is the responsibility of the Auditor General of Pakistan.

The report is based on audit of the accounts of Cattle Market Management Companies of Gujranwala, Lahore, Rawalpindi and Sargodha Divisions, for the Financial Years 2014-16. The Directorate General of Audit District Governments Punjab (North), Lahore conducted audit during 2016-17 on test check basis with a view to reporting significant findings to the relevant stakeholders. The Audit observations listed in Annexure-A shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observation will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

The audit results indicate the need for adherence to the regularity frame work besides instituting and strengthening internal controls to prevent recurrence of such irregularities and to ensure proper assessment of receipts/revenue and timely realization.

The observations included in this Report have been finalized in the light of written responses and discussions in DAC meetings.

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

Islamabad
Dated:

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit (DGA), District Governments, Punjab (North), Lahore is responsible to carry out the audit of District Governments, Tehsil / Town Municipal Administrations and Union Administrations of three City District Governments and sixteen District Governments and eight companies of the department of Local Government and Community Development i.e. Cattle Market Management Companies and Waste Management Companies.

The Directorate General Audit has a human resource of 75 officers and staff having 20,582 man-days and annual budget of Rs 131.476 million for the Financial Year 2016-17. Director General carried out audit of the accounts of the Cattle Market Management Companies of Lahore, Gujranwala, Rawalpindi and Sargodha Divisions for the Financial Years 2014-15 and 2015-16 and utilized 182 man days in execution of field audit activity of the said audit.

The Government of the Punjab established Cattle Market Management companies in all Divisions of the Punjab. Cattle Market Management Company Lahore Division, Gujranwala Division, Rawalpindi Division and Sargodha Division were incorporated in June 2014 as Companies Limited by Guarantee under Section 42 of Companies Ordinance 1984 with the spirit to make transparency and improved quality of services in cattle markets.

Audit of Cattle Market Management Companies was carried out with the view to ascertaining that the expenditure was incurred with proper authorization, in conformity with laws / rules / regulations, economical procurement of assets and hiring of services etc.

Audit of receipts / revenues was also conducted to verify whether the assessment, collection, reconciliation and allocation of revenues were made in accordance with laws and rules.

a) Scope of Audit

Total expenditure of CMMCs for the Financial Years 2014-15 and 2015-16 was Rs 224.288 million. Out of this, DG Audit District Governments Punjab (North) Lahore audited expenditure of Rs 157.002 million which in terms of percentage was 70 % of total expenditure.

Total receipts of the CMMCs for the Financial Years 2014-15 and 2015-16 were Rs 238.953 million. DG Audit District Governments Punjab (North) Punjab, Lahore audited receipts of Rs 167.267 million

which were 70% of total receipts.

b) Recoveries at the instance of Audit

Recoveries of Rs 23.190 million were pointed out during audit which was not in the notice of the executive before audit. Recovery of Rs 0.800 million was affected till finalization of this report.

c) Audit Methodology

The Audit Year 2016-17 witnessed intensive application of Desk Audit techniques in this directorate. This was facilitated by access to live electronic data to the extent of transfer payment released in favour of CMMCs, use of internet facility, and availability of permanent files. Desk review helped auditors in understanding the systems, procedures, and environment of the audited entity before starting field activity. This greatly facilitated in the identification of high risk areas for substantive testing in the field.

d) Audit Impact

A number of improvements as suggested by audit, in maintenance of record and procedures have been initiated by the concerned companies.

e) Comments on Internal Control and Internal Audit Department

Internal control mechanism of Cattle Market Management Companies was found to be inefficacious during audit. Internal Audit prerequisites as prescribed under the ambit of the Public Sector Companies (Corporate Governance Rules) 2013 were yet to be adhered to as indecently appointed Chief Internal Auditors of respective companies were conspicuous by absence. Internal Controls failures come to surface on recurrent basis unfolding serious instances of breached compliance with legal framework, want of fulfillment of the desired organizational goals and stated objectives of the companies, albeit duly set forth within the meaning of Articles of Association of the incorporated entities audited.

f) The key Audit findings of the report

- i. Non-production of Record worth Rs 1.117 million was noted in one case¹.
- ii. Irregularities and non-compliance of rules amounting to Rs 453.534 million was reported in forty one cases².
- iii. Internal control weaknesses of Rs 13.489 million was noted in three cases³.
- iv. Performance issues of Rs 890.978 million were noted in nineteen cases⁴.

g) Recommendations

- i. Head of the company needs to provide record for audit scrutiny.
- ii. Management needs to comply with rules and regulations while incurring expenditure.
- iii. Inquiries need to be held to fix responsibility for losses and irregular payments.
- iv. The PAO needs to make efforts for expediting the realization of various outstanding receipts and receivables.

¹ Para 3.4.1.1

² Para 1.4.1.1-4, 2.4.1-28, 3.4.2.1-4, 4.4.1.1-5

³ Para 1.4.3.1-2, 3.4.3.1

⁴ Para 1.4.2.1-3, 2.4.2.1-11, 3.4.4.1-2, 4.4.2.1-3

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

Rs in million

Sr. No.	Description	No.	Budget for the FY 2014-2016				
			Lahore	Gujranwala	Rawalpindi	Sargodha	Total
1	Total Entities (PAOs) under Audit Jurisdiction	04	338.752	106.253	217.569	67.301	729.875
2	Total formations under Audit Jurisdiction	04	338.752	106.253	217.569	67.301	729.875
3	Total Entities (PAOs) Audited	04	338.752	106.253	217.569	67.301	729.875
4	Total formations Audited	04	338.752	106.253	217.569	67.301	729.875
5	Audit & Inspection Reports	04	338.752	106.253	217.569	67.301	729.875
6	Special Audit Reports	-	-	-	-	-	-
7	Performance Audit Reports	-	-	-	--	-	--
8	Other Reports	-	-	-	-	-	-

Table 2: Audit Observations regarding Financial Management

Rs in million

Sr. No.	Description	Amount Placed under Audit Observation
1	Non-production of record	1.117
1	Asset management	-
2	Financial management	124.705
3	Internal controls	13.489
4	Others	1,219.807
TOTAL		1,359.118

Table 3: Outcome Statistics

Rs in million

Sr. No.	Description	Expenditure on Acquiring of Physical Assets (Procurement)	Civil Works	Receipts	Others	Total current year	Total Last year
1	Outlays audited	64.931	-	238.953	159.357	463.241	-
2	Amount placed under audit observation / Irregularities of audit	46.47	-	136.201	1,176.447	1,359.118	-
3	Recoveries pointed out at the instance of audit	-	-	4.955	18.235	23.190	-
4	Recoveries accepted / established at the instance of audit	-	-	4.955	18.235	23.190	-
5	Recoveries realized at the instance of audit	-	-	0.800	0	0.800	-

Table 4: Irregularities Pointed Out

Rs in million

Sr. No.	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations, principle of propriety and probity in public operations	1,359.118
2	Reported cases of fraud, embezzlement, theft and misuse of public resources	-
3	Accounting Errors (accounting policy departure from NAM ¹ , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of Audit opinions on the financial statements	1.469
4	Quantification of weaknesses of internal controls systems	13.489
5	Recoveries and overpayments, representing cases of established overpayment or misappropriation of public money	23.190
6	Non-production of record	1.117
7	Others, including cases of accidents, negligence etc.	-
TOTAL		1,359.118

Table 5: Cost-Benefit

Rs in millions

Sr. No.	Description	Amount
1	Outlays Audited (Items 1 of Table 3)	463.241
2	Expenditure on Audit	2.514
3	Recoveries realized at the instance of Audit	0.800
4	Cost Benefit Ratio	1:0.32

¹ The Accounting Policies and Procedures prescribed by the Auditor General.

CHAPTER 1

Cattle Market Management Company, Gujranwala Division

1.1 Introduction of Departments

The Government of the Punjab has established Cattle Market Management Companies in all Divisions of Punjab. Cattle Market Management Company Gujranwala Division was incorporated in June 2014 as a Company Limited by Guarantee under Section 42 of Companies Ordinance 1984 with the spirit to ensure transparency and improve quality of services in cattle market. The objectives of the company are to establish, organize, manage, operate and regulate cattle markets in the Gujranwala Division in order to facilitate the purchasers and sellers. CMMC, Gujranwala Division aims to develop an integrated system of Cattle Market Management to ensure efficient collection, transportation, recovery, treatment and advancement of cattle market in Gujranwala Division.

The hierarchy of the company is as follow:

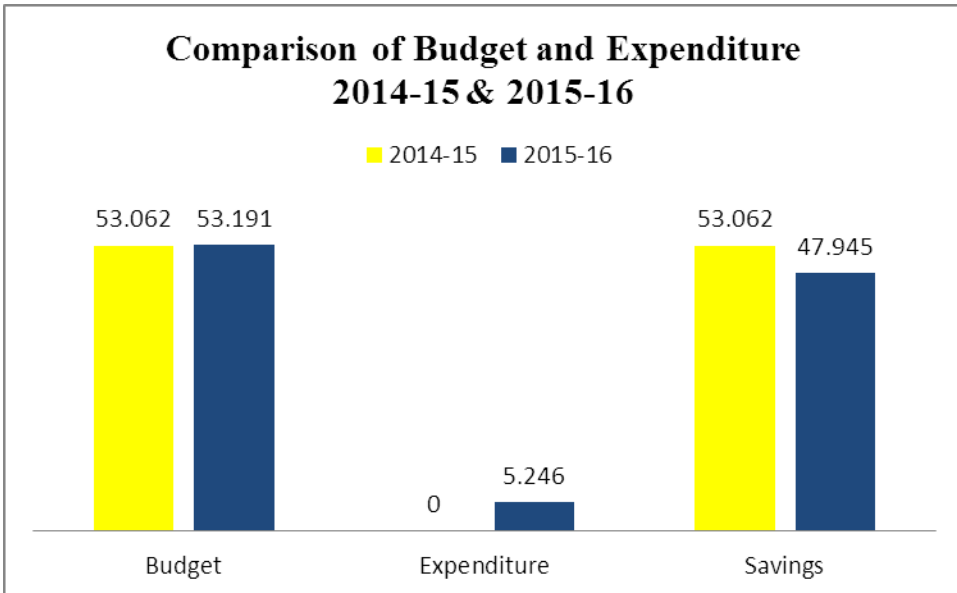
- i. Chairman (Divisional Commissioner)
- ii. Board of Directors
- iii. Managing Director
- iv. Such other bodies, committees, sub committees or panels as may be appointed and/or constituted from time to time, by Board of Directors of the company.

1.2 Comments on Budget and Accounts

Total budget of Cattle Market Management Company Gujranwala Division for the Financial Years 2014-15 and 2015-16 was Rs 106.253 million, against which only Rs 5.246 million was spent. Overall savings of Rs 101.007 million during the Financial Years 2014-16 which was 95.06% of budgetary allocation, showing non-utilization of funds meant for provisions of amenities in cattle markets thus depriving the community from getting better facilities.

(Rs in million)

Financial Year	Budget	Expenditure	Savings	% Savings
2014-15	53.062	0	53.062	100
2015-16	53.191	5.246	47.945	90.14
Total	106.253	5.246	101.007	95.06



1.3 Brief Comments on the Status of Compliance with PAC Directives

This is the first Audit Report on accounts of Cattle Market Management Company Gujranwala Division which was established in June 2014. Hence, no Audit Report pertaining to preceding years was submitted to the Governor of the Punjab to be laid before provincial legislature.

1.4 AUDIT PARAS

1.4.1 Irregularities / Non-Compliance

1.4.1.1 Irregular payment of pay and allowances to the employees - Rs 5.200 million

According to part III Clause 4(i) of the 4th schedule of companies ordinance 1984 the aggregate amount charged in the financial statements in respect of the directors, chief executive, managing agents and executives by the company as fees, remuneration, allowances, commission, perquisites of benefits or in any other form or manner and for any services rendered and shall give full particulars of such aggregate amounts, separately for the directors, chief executive, managing agents, and executives together with the number of such directors and executives, under appropriate heads.

CMMC Gujranwala paid salaries to the staff against the salary structure/ pay package in grid matrix having vertical and horizontal stages ranging from M-I to M-11 without defining the grade according to designations. For example, Mr. Rana Muhammad Asif was appointed as Chief Finance Officer in the grade M-II whereas after his resignation Mr. Zubair was appointed against the same post in grade M-V.

This resulted in irregular drawl of pay and allowances of Rs 5.200 million as detailed in **Annexure-B**.

Audit holds that without defining the grades against each post by the management, disbursement of pay and allowances could not be termed as regular.

The matter was reported to the MD/PAO in May, 2017. Management replied that it has applied the grading range in the light of directions of LG&CD Department which has been approved by the BoD. DAC in its meeting held on 06.12.2017, directed the management to get the matter regularized from the Administrative Department.

Audit recommends stream lining of pay and allowances between posts and grades in order to avoid disparity.

[AIR Para No 24]

1.4.1.2 Loss of revenue due to non functioning of cattle markets - Rs 5.00 million

The primary object of the Cattle Market Management Company Gujranwala Division established under section 42 of Company Ordinance, 1984 to organize, manage and regulate the cattle markets located in the Gujranwala Division on July 2014.

During audit of accounts of CMMC Gujranwala Division, it was observed that no serious efforts were made by the management to achieve the core objectives of the company i.e. not a single cattle market was established in pursuance of its objectives during the financial years 2014-15 & 2015-16 despite having sufficient funds for operational activities. private mafia/contractors kept on illegal collection on account of parking fee etc which can be realized by taking over these established cattle markets during the subject period. This resulted in loss of revenue of Rs 5.00 million approximately on account of parking fee, fodder shops, ornamental shops etc.

The matter was reported to the MD/PAO in May, 2017. Management replied that “first ever requisite core team and operational staff employed w.e.f. 1st November 2016”. Management further explained that “Parking fee/shops rent was introduced during February 2016, after 17 months of establishment of CMMCs, hence, no revenue could be generated during that period”. DAC in its meeting held on 06.12.2017, did not accept the justification and directed the department to get the matter regularized.

Audit recommends fixing responsibility for non-achieving of objectives, loss of income and poor performance during the period mentioned above.

[AIR Para No 09]

1.4.1.3 Unjustified drawl of Travelling and Daily Allowance - Rs 378,635

According to Rule 2.10(a) of PFR Vol-I, same vigilance should be exercised in respect of expenditure incurred from government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

CMMC Gujranwala paid TA / DA of Rs 378,635 during the financial years 2015-16 to officers/staff. Following discrepancies were observed;

- i. TA/DA rates were neither approved by the BOD nor approved rates by the government were applied
- ii. Tour programs were not approved
- iii. Tour notes were not found on record
- iv. Attendance reports were also not found

- v. TA/DA was paid to the operational staff without approval of BOD. Unjustified payment on account of TA/DA was paid to operational staff meant for cattle mandies
- vi. No night stay was involved in the tours but full daily to the tune of Rs 105,445 was claimed and paid.

This resulted in irregular payment of TA/DA of Rs. 378,635, as detailed in **Annexure-C**.

Audit is of the view that due to non compliance of rules irregular TA/DA was paid to the employees.

The matter was reported to the MD/PAO in May, 2017. Management replied that "Now complete policy of TA/DA has been approved in 8th meeting of BoD held on 4 August 2016. Management further told that "BoD of CMMCG has approved in 9th BoD meeting full Daily Allowance for the staff". DAC in its meeting held on 06.12.2017, did not accept the justification and directed the management to get it regularized by Finance Department, Government of Punjab.

Audit suggests inquiry of the matter, alongwith recovery of the irregular payment under intimation to Audit.

[AIR Para No 03 & 23]

1.4.1.4 Non-deduction of various funds/ overpayment on account of pay and allowances of Rs 186,746

As per Memorandum of Association of CMMC Gujranwala clause 25(b) pursuant to the aforesaid objects and subject to the applicable laws, if any, the Company may establish pension/provident fund/benevolent fund/group insurance and/ or any other fund for the benefit of employees of the Company and provide other amenities and facilities to them.

Cattle Market Management Company Gujranwala Division Gujranwala for the period 2014-16 paid pay and allowances to the officers/ officials but the deductions of Rs 186,746 as per Memorandum of Association were not deducted by the Management.

This resulted in non-deduction of funds and overpayment of pay and allowances.

Audit is of the view that due to non compliance of rules overpayment was made.

The matter was reported to the MD/PAO in May, 2017. Management replied that "Employees Provident Fund Trust has been formulated and put in practice". DAC in its meeting held on 06.12.2017,

directed to get advice from administrative department regarding recovery of Provident Fund for the lapsed period and implement within 90 days.

Audit suggests deduction of deductible funds in compliance to Memorandum of Association under intimation to Audit.

[AIR Para No 18]

1.4.2 Performance

1.4.2.1 Un-justified closing of cattle markets

As per objectives mentioned in the Annual Report 2016 and the policy of the Government, the prime objective of the Cattle Market is to establish, organize, manage, operate and regulate the cattle market in order to facilitate all purchasers and sellers.

During audit of record of Cattle Market Management Company Gujranwala division for the year 2015-16, it was observed that 18 cattle markets were functioning under the TMAs before the establishment of the CMMCG. Company reduced the number of cattle markets in Gujranwala division without any reason. At the time of Audit, only 03 cattle markets were functioning under control of company. Due to closing of already established cattle markets, the small seller/buyers/farmers of those areas were bearing increased financial cost on account of carriage to and from mandies established in far areas. Furthermore, this non-existence of mandies by the CMMCG has caused private mafia to run illegal mandies in different areas of the Gujranwala Division. Furthermore, reducing the number of Cattle Markets has deprived the CMMCG huge revenue.

Audit is of the view need of the local community and farmers were not kept in view at the time of closing of cattle markets.

The matter was reported to the MD/PAO in May, 2017. Management replied that “it was prerogative of the then Commissioner to decide the number of cattle markets to be retained. Current management has introduced two new cattle markets at Mandi Bahauddin and Zafarwal and two more cattle markets at Eimanabad and Ghumman wala are in pipeline, to be opened soon”. DAC in its meeting held on 06.12.2017, did not accept the justification of the department and directed to get the matter regularized.

Audit recommends fixing responsibility against the person(s) at fault under intimation to Audit.

[AIR Para No 10]

1.3.2.2 Loss to Govt. due to non execution of model cattle markets

According to Rule 2.10(a) of PFR Vol-I, same vigilance should be exercised in respect of expenditure incurred from government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money. According to rules 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 Government through fraud or negligence on his part or to the extent he contributed to the loss by his own action or negligence.”

During audit of Cattle Market Management Company Gujranwala Division Gujranwala for the period 2014-15 and 2015-16, it was noticed that during 2015-16 only three cattle markets of District Sialkot, Gujrat and Hafizabad were established by the company whereas eight (8) model cattle market were decided to be established in the 1st BOD minutes of meeting held on dated 3.06.14. The overall status of cattle markets in 2013-14 is as under

Status of cattle markets Gujranwala Division before establishment of CMMC is as follows;

Sr. No.	District	No of Cattle Markets	Turnover
1	Gujranwala	02	200.960 million during 2013-14
2	Gujrat	04	
3	Narowal	03	
4	Hafizabad	1	
5	Sialkot	04	
6	M.B.Din	04	

This resulted in loss to local fund due to non-execution of model cattle markets

Audit is of the view that management of the CMMC Gujranwala failed to establish the new markets.

The matter was reported to the MD/PAO in May, 2017. Management replied that “as per instruction of Local Government & Community Development Department, Divisional Commissioners must review the number of rationalized / retained cattle markets keeping in view the distance of cattle markets, potential business, & local requirements”. Management further told that “five to six cattle markets have been captured by the erstwhile contractor mafia who are now playing under the umbrella of Army by establishing cattle markets on camping grounds”. DAC in its meeting held on 06.12.2017, did not accept the justification of the department and directed the department to inquire the matter.

Audit suggests that responsibility be fixed upon the persons at fault for causing huge loss to the government exchequer and inconvenience to local farmers’ community.

[AIR Para No 15]

1.4.2.3 Non-obtaining of Membership of National and International Bodies

As per Memorandum of Association of CMMC Gujranwala, the objective given at Sr. No. 20 was to obtain membership of any national or international bodies, institutions, organizations and subscribe to their publications, if any for furtherance of the object of the Company

CMMC Gujranwala, did not obtain membership of National and International Bodies in violation of the above clause of Memorandum of Association.

Audit holds that due to non-performance and non-compliance of rules, Company could not find itself eligible to get membership of any renowned national or international body.

The matter was reported to the MD/PAO in May, 2017. Management replied that “membership with Pakistan Agricultural Council is under process”. DAC in its meeting held on 06.12.2017, did not accept the justification of the department and directed to obtain the membership of national and international bodies.

Audit suggests early action in this regard for improvement of performance of the CMMC along with fixing of responsibility upon the person(s) at fault under intimation to Audit.

[AIR Para No 21]

1.4.3 Internal Controls Weakness

1.4.3.1 Loss to the Government due to non collection of parking fee Rs 11.700 million

According to Rule 3 of the PLG (Auction of Collection Rights) Rules 2003, a local government may prefer to collect any of its income as specified in Second Schedule of the Ordinance through contractor by awarding collection rights to him for a period not exceeding one financial year.

During the audit of CMMC Gujranwala Division for the year 2014-16, it was observed that the company was established in July 2014 but the collection for parking fee was started in June 2016. Nothing was deposited in the local fund on account of parking fee for the previous period. Company could have enhanced its income if the same would have been recovered through a contractor by auctioning collection rights in compliance of the above mentioned rule.

Non-auctioning of collection rights resulted in loss of Rs 11.700 million as detailed below.

(Amount in Rs)

Name of Parking stand	Loss Collection per month	Loss for period (7/2014 to 6/2016)
Cattle Market Kunjah, Gujrat	150000	5,400,000
Cattle Market Gunna, Sialkot	100000	3,600,000
Cattle Market Hafizabad	75000	2,700,000
Approximate loss		11,700,000

Audit is of the view that collection rights were not auctioned. Non collection of fee was due to poor financial discipline and weak internal controls.

The matter was reported to the MD/PAO in May, 2017. Management replied that "The rule 3 of PLG (Auction of Collection Right) Rules 2016 specifically mentions that a local government "May" award contract, assign right to collect income on its behalf, to the contractor. The use of word "May" denotes that such a contract is not binding on local government". DAC in its meeting held on 06.12.2017, did not accept the justification of the department and directed the management to get the record verified from audit.

Audit recommends inquiry of the matter besides fixing responsibility against the person(s) at fault under intimation to Audit.

{AIR Para No 13}

1.4.3.2 Non-deposit of one month salary of Rs 528,000 due to resignation

According to Rule 2.33 of PFR Vol-1 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.

During scrutiny of record of Cattle Market Management Committee, it was observed that certain officers resigned from their posts but did not deposit one month salary as per agreement clause of “resignation” signed between them and the company.

This resulted in non-deposit/loss to government of Rs 528,000.

Name	Designation	Date of Resignation	Amount (Rs)
Muhammad Ikram Anjum	M.D	15.03.2016	232,000
Tariq Mehmood	Manager Operations	08.05.2016	116,000
Rana Muhammad Arif	CFO	05.05.2016	180,000
Total Recoverable			528,000

Audit is of the view that due to weak internal control the amount was not recovered from the persons.

The matter was reported to the MD/PAO in May, 2017. Management replied that “Repeated notices have been issued by the management” to the defaulters. DAC in its meeting held on 06.12.2017, did not accept the justification of the department and directed the management to effect the subject amount within 90 days under intimation to Audit.

Audit recommends recovery of the amount besides fixing responsibility against the person(s) at fault under intimation to Audit.

[AIR Para No 2]

CHAPTER 2

Cattle Market Management Company, Lahore Division

2.1 Introduction of Company

The Government of the Punjab has established Cattle Market Management Companies in all Divisions of Punjab. Lahore Division Cattle Market Management Company was incorporated in June 2014 as a Company Limited by Guarantee under Section 42 of Companies Ordinance 1984 with the spirit to ensure transparency and improve quality of services in cattle market. The objectives of the company are to establish, organize, manage, operate and regulate cattle markets in the Lahore Division in order to facilitate the purchasers and sellers. LDCMMC aims to develop an integrated system of Cattle Market Management to ensure efficient collection, transportation, recovery, treatment and advancement of cattle market in Lahore Division. The registered office of the Company is located at 408-J, EME Society, Lahore.

The hierarchy of the company is as follow:

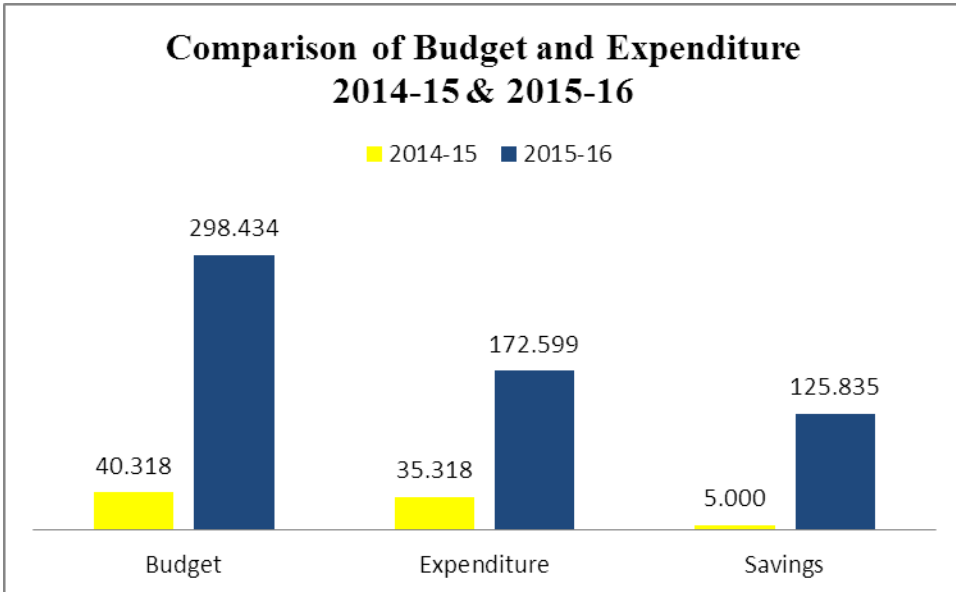
- i. Chairman (Divisional Commissioner)
- ii. Board of Directors
- iii. Managing Director
- iv. Such other bodies, committees, sub committees or panels as may be appointed and/or constituted from time to time, by Board of Directors of the company.

2.2 Comments on Budget and Accounts

Total budget of Lahore Division Cattle Market Management Company for the Financial Years 2014-15 and 2015-16 was Rs 338.752 million, against which only Rs 207.917 million was spent. Overall savings of Rs 130.835 million during the Financial Years 2014-16 which was 38.62% of budgetary allocation, showing non-utilization of funds meant for provisions of amenities in cattle markets thus depriving the community from getting better facilities. Receipts of company for the years 2014-16 were Rs 118.78 million (Rs 72.871 million for 2015-16 & Rs 45.909 million for 2014-15)

(Rs in million)

Financial Year	Budget (Rs)	Expenditure (Rs)	(+) Excess (-) Saving (Rs)	%age of Savings
2014-15	40.318	35.318	-5.000	12.40
2015-16	298.434	172.599	-125.835	42.17
Total	338.752	207.917	-130.835	38.62



2.3 Brief Comments on the Status of Compliance with PAC Directives

This is the first Audit Report on accounts of Lahore Division Cattle Market Management Company which was established in June 2014. Hence, no Audit Report pertaining to preceding years was submitted to Governor of the Punjab to be laid before provincial legislature.

2.4 AUDIT PARAS

2.4.1 Irregularities / Non-compliance

2.4.1.1 Unjustified transfer of funds to the LDCMMC -Rs 114.482 million

As provided in Finance Department's Circular No. SO (TT) 6-1/2007 dated 26th October, 2007, the operators of SDAs, while issuing each cheque shall be required to submit object-wise details of expenditure (in the prescribed schedule) included in the amount of the cheque to the District Accounts Officers / Treasury Officers for endorsement / authorization. Within the meaning of Case Law Cited as PLD 2016 SC 808, it has been elucidated that "no bulk grant can be made in the Budget without giving detailed estimates under each grant divided into items and each item has to be specified".

During scrutiny of record, it was observed that Commissioner Lahore Division transferred funds to the tune of Rs 114.482 million to the LDCMMC Lahore in terms of the following breakup:-

Sr. No.	Finance Department Sanction Order Reference and amount
1	FD(LG&CD)3-35/2014 dated 24-09-2014 Amount Rs. 25 Million as Seed Money
2	FD(TMA)3-9/2014-15 dated 12-11-2014 Amount Rs. 59.655 Million
3	FD(TMA)3-9/2014-15 dated 18-02-2015 Amount Rs. 29.827 Million

In above cases of all the three releases from SDAs, the very submission of object-wise details of expenditure (in the prescribed schedule) had not been ensured. No room was left for the District Accounts Officer/ Treasury Officer to record the entries of expenditure object-wise in the books of accounts, as prescribed, against relevant objects. As such contrary to the requirement for submission of the monthly accounts of expenditure supported with copies of the paid vouchers post audit of the vouched accounts was not secured. More so, AG Punjab specifically raised relevant queries on 28-01-2015 that no exigency as required under Rule 17.2.2,1 of A.P.P.M was vindicated.

Audit held that non-observance of financial rules in deviation from binding submission of detailed estimates under each grant was owing to the maladministration on the part of the management.

This resulted in unjustified transfer of funds at the disposal of management.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that due to certain issues raised by AG

Punjab pertaining to operation of SDA, the Finance Department allowed the Commissioner Lahore Division Lahore to transfer all the funds to LDCMMC bank account. Reply was not acceptable as the FD was not conferred with the competence to authorize deviation and departures from restrictions governing the operations of SDA.

Management reiterated the same stance before the DAC. DAC recommended the prompt adherence to remedial action in consultation with CGA organization in line with principles set at rest by the Apex court to the effect that “ no bulk grant can be made in the Budget without giving detailed estimates under each grant divided into items and each item has to be specified”. No further progress was intimated till finalization of this report.

Audit recommends holding of a detailed enquiry into the matter to fix responsibility on the part of those responsible besides ensuring remedial action to take stock of the situation followed by regularization of the matter in the manner prescribed. [AIR Para No. 2]

2.4.1.2 Purchases without approval of procurement committee - Rs 46.818 million

As per Agenda item 6 of minutes of 5th BOD Meeting dated 14-04-2015, a Procurement Committee was approved comprising four members of the Company with the powers to finalize and approve procurements up to the value of Rs 25 million per transaction. However, MD of the Company was authorized to finalize and approve procurement for capital expenditure and operational expenditure up to the value of Rs 5 million per transaction.

LDCMMC expended Rs 46.818 million on the procurement of four items during FY2014-15 and 2015-16. The purchases were held irregular as approval of Procurement Committee was not obtained in four cases as detailed below:

Date	Description of Contract	Supplier	Amount (Rs)
4-2015	Furniture & Fixture	Profine	5,653,534
28-03-2016	Cattle / crush Gates with weight scale-SKP Lot-2	Packwell	22,103,067
30-03-2016	Animal Tagging & Registration System Lot 1	AM Packs	13,059,736
28-12-2015	Procurement of Parking Management System	Industrial Automation	6,002,100
Total			46,818,437

Audit holds that powers specifically conferred on the designated committee of the BOD were breached with aspersions cast on the probity of the contracts awarded.

This resulted in unauthorized purchase amounting to Rs 46.818 million.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that LDCMMC BOD ratified the procurements in terms of direct approvals. This reply was not tenable as powers conferred were also with respect to application of Punjab Procurement Rules 2014 which did not admit of any relaxation.

The Management reiterated the same stance before the DAC. The DAC remanded the case for Verification by Audit prior to recommending settlement. It however transpired that BOD could validate approval on behalf of its procurement committee in terms of Competence for the delegated functions yet it could not eclipse the Role of the designated function of the procurement Committee under the PPR Rules 2014.

DAC directed that the Management was obliged to ensure remedial action which needed to be expedited followed by requisite verification. No further progress was intimated till finalization of this report.

Audit recommends holding of a detailed enquiry into the matter to fix responsibility on the part of those responsible besides ensuring remedial action to take stock of the situation followed by regularization of the matter in the manner prescribed.

[AIR Para No. 09]

2.4.1.3 Non-reimbursement of liabilities to TMAs - Rs 17.058 million

LG &CD Department vide letter No. AO(Dev.)(LG)2-252/2014(P-IV) dated 20-11-2014 directed all the Commissioners in the Punjab to reimburse the amount of the respective TMAs on account of holding of cattle markets since 1st July 2014.

An audit scrutiny of accounts record of LDCMMC revealed that the pending liabilities of the respective TMAs were not reimbursed on account of holding of Cattle Markets despite receipt of funds from Divisional Commissioner on 26-06-2015. The details of unsettled pending liabilities are given below:

Name of TMAs	Amount of liabilities (Rs)
TMA Allama Iqbal Town	13,578,856
TMA Sheikhpura	2,511,723
TMA Pattoki	810,000
TMA Nankana	157,462
Total	17,058,041

Audit holds that non reimbursement of liabilities to the respective TMAs was due to weak internal and financial control.

This resulted in non-payment of liability to the tune of Rs 17.058 million.

At the time of preliminary discussion, management produced case file showing that an amount of Rs 8.063 million against the liability of Rs 17.058 million as agreed between LDCMMC and TMAs which would be reimbursed at the earliest. Department admitted non disbursement of liabilities and stated that payment will be released to the TMAs after scrutiny by CFO of LDCMMC. LDCMMC management has created undue delay in discharge of liabilities.

The Management conceded before the DAC existence of the liabilities un-discharged to-date. The amount retrenched unilaterally was not got consented to on the part of TMAs concerned. DAC directed to expedite clearance of the outstanding liabilities.

Audit recommends settlement of pending liabilities and refund of the unspent balance as grant was released taking into account aggregated liabilities and its retention without serving the purpose it was meant for was evidently unauthorized.

[AIR Para No. 01]

2.4.1.4 Irregular hiring of security guard worth Rs 15.297 million– loss of Rs 3.602 million

As per provisions of the Punjab Private Security Companies Regulations and Control) Rules, 2003. a Procedure for grant and renewal of license etc. has since been set forth prescribing therein that the applicant shall submit an application in Form-A, to the Licensing Authority for grant of license of a Private Security Company registered with SECP under the Companies Ordinance, 1984 (XLVII of 1984), with the approval of the Ministry of Interior, Government of Pakistan. The licensee shall arrange training of at least two weeks for civilians and one week for ex-army personnel employed by it as security guards, in the institutions recognized by the Government of Punjab. The security guards shall be imparted training i.e., basics of security duties, use of weapons and self defense, etc. Moreover, the annual performance reports mentioned in sub rule (1) shall be submitted every year in the month of December

Moreover, according to Rule 2(1) of the Punjab Procurement Rules 2014, “value for money” means best returns for each rupee spent in terms of quality, timeliness, reliability, after sales service, up-grade ability,

price, source, and the combination of whole-life cost and quality to meet the procuring agency's requirements.

An audit scrutiny of accounts record of LDCMMC revealed that company signed agreement with M/S RGS for the hiring the services of 50 security guards at a cost of Rs 15.297 million during 2015-16. The procurement suffered from following deviations and departures;

- i. The procurement committee approved the bid from M/S RGS who got 88.27% marks and offered cost of Rs 15,297,600 and the second bidder was rejected who got 87.54% marks and offered cost of Rs 13,804,826 whereas the latter was still technically responsive. The renewal license of M/S RGS was not available in record. This point was not objected by the Technical Evaluation Committee and favour was given to less economical offer by the service provider circumventing the knockout clause.
- ii. Eligibility of security guards such as minimum 20 years age, matric qualification, training completion certificates were not provided to audit for verification.
- iii. Extra 16% GST was added in the offered rates for procured services which increased the undue financial burden to the LDCMMC to the tune of Rs 2.110 million. Further GST was paid without having GST invoice and this matter needed enquiry.
- iv. The firm was under contractual obligation to provide shelters, umbrella cabins for harsh weather and torches for the night shift to their staff. No evidence about such facility required to be provided by the contractor was not made privy for audit verification.

Audit holds that due to defective financial management security guards were hired without fulfillment of legal and contractual obligations.

This resulted in irregular hiring of security guards and payment amounting to Rs 15.297 million.

The matter was reported to the management of LDCMMC during April, 2017. Management stated that procurement was based on technical and financial evaluation under Punjab Procurement Rules 2014. The reply was untenable as evaluation ignored knockout clauses which were to serve as legally binding conditions, thereby unduly favoring the contractor. Moreover, reason to opt for Quality and Cost method so as to render the financial bid subservient to the technical bid also conceding extra cost still remained unsubstantiated.

The DAC directed that the Management was obliged to ensure remedial action which needed to be expedited followed by requisite regularization of the expenditure in the manner prescribed in consultation with the Finance Department. No further progress was intimated till finalization of this report.

Audit recommends seeking regularization of expenditure besides fixing responsibility against the person(s) at fault.

[AIR Para No. 24]

2.4.1.5 Non-transparent Award of Contract for Procurement of Animal Tagging and Registration for Model Cattle Market Sheikhpura Rs 14.467 million (LOT-1)

According to Rule, 4 of PPRA, Rule 2014, 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. Under PPRA Rule 38-2(b), the technical proposals shall be discussed with the bidders with reference to the procuring agency's technical requirements. Those bidders willing to meet the requirements of the procuring agency shall be allowed to revise their technical proposals following these discussions; The Second stage of bidding entailed that only after agreement between the procuring agency and the bidders on the technical requirements, bidders who were willing to conform to the revised technical specifications and whose bids have not already been rejected shall submit a revised technical proposal and supplementary financial proposal, according to the technical requirement;

An audit scrutiny of accounts record of LDCMMC revealed that Animal Tagging and Registration of animal system was procured for Rs14.467 million for Model Cattle Market of Sheikhpura during 2015-16. This transaction was treated irregular due the following shortcomings;

- i. The Company revised the technical proposal and last date for submission of technical bid was fixed 17.03.2016 as observed from the email sent to the bidding firms by LDCMMC. The justification for the revision of technical bid was not on record and rate reasonability assessment based on credible evaluation had also been disregarded. The queries exchanged during presentation to firm up revised specification with substantially changed BOQs and agreement arrived at for conforming to the same was not made available to Audit.

- ii. The bidding conditions barred admissibility of alternative bids .
- iii. Mandatory requirements prescribed that Bidder shall have a registered office in Pakistan which added artificially imposed restriction on prospective bidders and suppliers.
- iv. 10% performance guarantee amounting to Rs1.446 million was not obtained from the contractor and undue favour was given to the contractor while making him payment which needed justification.

Audit holds that due to mis-procurement evident in above case, contract was awarded by violating the provisions of the Rules.

This defeated transparency in procurements contrary to the legislative intent of the Rules holding the field.

The matter was reported to the management of LDCMMC during April, 2017. Management stated that procurement was based on technical and financial evaluation under Punjab Procurement Rules 2014. The reply was untenable as evaluation ignored knockout clauses unduly favoring the contractor. Approval Mechanism having been subscribed to was not in consonance with validly approved conferment of delegation of Powers under Rule 11 of the Punjab Procurement Rules 2014. Initial technical specification and revised technical specifications had major modifications. Record of pre-bid conference, exchange of queries during the Presentation and agreement arrived before finalizing revised technical specification was not made privy to Audit.

DAC directed that the Management was obliged to ensure remedial action which needed to be expedited followed by requisite verification by the Audit with regard to still withheld record not made privy for audit scrutiny.

Audit recommends seeking regularization of expenditure besides fixing responsibility against the person(s) at fault.

[AIR Para No. 28]

2.4.1.6 Unauthorized award of contract for Animal Tagging and Registration System Rs 13.060 million

According to Rule 38(C)(iii) of Punjab Procurement Rules 2014, the procuring agency shall evaluate the whole proposal in accordance with the evaluation criteria and the lowest evaluated bid shall be accepted. Further, as per term & condition No. 4 of Tender Notice, the bidder security equal to 5% of the tender price must be attached with the financial proposal.

During audit of LDCMMC for the period 2014-15 and 2015-16, it was noticed that contract for Animal Tagging & Registration Systems (Lot-3) was awarded on 30-03-2016 to M/s AM Packs for Rs 13.059 million. The awarding of contract was held unauthorized as the same was awarded to higher bidder instead of lowest bidder, M/s Grant Thornton who submitted bid of Rs 12.308 million resulting in loss of Rs 0.752 million. Further, M/s AM Packs was also allowed to participate in the bidding process without obtaining 5% bid security.

Audit holds that due to weak internal and financial management contract was awarded unduly favoring the award of the contract.

This resulted in unauthorized award of contract to the tune of Rs 13.06 million.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that the first bidder M/S Grant Thornton was evaluated first lowest with bid price of Rs 12.307 million but later on the first bidder withdrew and did not sign the contract. A special urgent meeting was called and the 2nd lowest bidder M/S AM Pack with a bid value of Rs 13.059 was awarded the contract to avoid the delay or retendering. Department admitted the irregularity as re-tendering was avoided and security to perform the contract of the first lowest bidder was not forfeited.

The management reiterated its stance before the DAC. The DAC directed that the Management was obliged to ensure remedial action which needed to be expedited followed by requisite verification.

Audit recommends seeking regularization of expenditure besides fixing responsibility against the person(s) at fault.

[AIR Para No. 06]

2.4.1.7 Unauthorized advance payment –Rs 12.941 million

LG&CD department vide letter No. AO(Dev)2-25/2014 dated 13.06.2014 has intimated that under section 195-B of the PLGO 2001, (as amended on 06.06.2014), a cattle market established by a Cattle Market Management Company shall be deemed to be a cattle market organized by a Tehsil/Town Municipal Administration. Further, according to Rule 2.10 (5) of PFR Vol-I, it is not permissible to draw advances from the treasury for the execution of work, the completion of which is likely to take considerable time.

During audit of LDCMMC for the period 2014-15 and 2015-16, it was noticed that payment of Rs 12.941 million was made on account of different purchases. The payment was held unauthorized as the same was made in advance without obtaining approval from the Finance Department. Moreover, the advertisement and uploaded invitation to bid did not make a mention of advance payment keeping prospective bidders away from participation in the bid. The detail of payments is given below:

Date of Payment	Description	Supplier	Amount (Rs)
18-04-2016	Cattle / crush Gates with weight scale for Model Cattle Market Sheikhpura	Packwell	6,630,920
14-05-2016	Cattle / crush Gates with weight scale for Model Cattle Market Sheikhpura	-do-	4,420,613
09-05-2016	ARIS IT Equipment & servers	AM Packs	594,208
15.01.2016	Tractor	Millat Tractor	1295767
Total			12,941,508

Audit holds that advance payment was made due to weak internal control.

This resulted in noncompliance of rules while making payments.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that advance payment to the vendors of Lot-1, Lot-e2 and Lot-3 was due to unique nature of the project for any cattle market in Pakistan. In its reply, the management admitted the advance payment to the vendors. The initial technical specification did not indicate incorporation of advance payment condition in the advertised bidding conditions and manipulation with the same came to surface afterwards conferring undue favour to the contractor.

DAC directed that the Management was obliged to ensure remedial action which needed to be expedited.

Audit recommends seeking regularization of expenditure besides fixing responsibility against the person(s) at fault upon holding of the probe at the level of the Administrative Department.

[AIR Para No. 04]

2.4.1.8 Undue benefit to Contractor conceding the burden of Payment of GST also without Obtaining Invoice/ Returns- Rs 10.443 million

According to Sales Tax Act 1990 and as further clarified vide CBR letter No.3(72)/STP/97 dated 29-12-1997 payment against GST is to be made on production of sales tax invoices by the supplier. According to CBR letter No.4(47) STC/98(Vol.I) dated 4.8.2001, purchasing deptt/organization is required to forward intimation regarding recovery/deposit of GST to the concerned GST Collectorate for verification.

An audit scrutiny of accounts record of LDCMMC revealed that an amount of Rs 72.541 million was paid to the suppliers without obtaining GST invoice. Payments were released to the vendors without having paid copies of GST Invoices in proof of payment to the government. Further, at the time of payment of remaining amount to the firms, paid copies of GST invoice/ return were not obtained to safeguard the Government interest. Due to this reason chance of mis-appropriation of government revenue (GST) cannot be eliminated as detailed at **Annexure-D**.

Audit holds that due to weak financial management GST was paid without having proper GST Invoices and without obtaining evidence of payment required to be deposited into Government treasury for 4/5th of the residual tax.

This resulted in loss to government due to non-deposit of tax amounting to Rs 10.443 million.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that LDCMMC being withholding agent deducted 1/5th of the bill on account of GST and to ensure the deposit of remaining 4/5th GST was not the responsibility of the withholding agent. The reply of the management was not acceptable. The GST invoices provided by the LDCMMC were not properly having chronological machine number serial. Due to this reason, the chance of mis-use / non-payment of GST into Sales Tax Treasury cannot be eliminated. Payment evidence of GST into Government Treasury was all the more essential as

these cases attracted the provisions of Sales Tax Special Procedure Rules 2007 for retailers.

DAC directed that the Management was obliged to ensure remedial action which needed to be expedited followed by requisite verification. The record pertaining to 4/5th GST accounted for was not provided to audit for verification.

Audit recommends taking cognizance of lapses and negligence on the part of those responsible for conceding delay in verification not ensured till finalization of this report.

[AIR Para No. 23]

2.4.1.9 Expenditure by violating the Public Procurement Rules Rs 6.076 million

As per Rule 9 &12 of PPRA 2014 Rules, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of procurement so planned. Procurement over 100,000 and up to 2.00 million should be advertised on PPRA's website as well as in print media, if deemed necessary by the procuring agency.

An audit scrutiny of accounts record of LDCMMC revealed that an expenditure of Rs 6.076 million was incurred for the hiring of tents, dumper, generator and lightings, dispensing with open advertised tender by adopting the clause of emergency. The company was established on 16.06.2014 and started its operation during April 2015 as sufficient time was available with the company to process procurement procedure. Further the justification of emergency was not on record against transactions detailed at **Annexure-E**.

Audit holds that due to weak internal and financial management procurement was made by violating the procedure.

This resulted in defective purchase by violating the procedure.

The matter was reported to the management of LDCMMC during April, 2017. Management stated that emergency procurements were undertaken. Emergency was not invocable in the instant case as procurements were meant for a pre arranged event. Even for emergency procurements rate reasonability and delegations of Powers cannot be disregarded. A Probe at the level of the Administrative Department was warranted in this case.

DAC directed that the Management was obliged to ensure remedial action which needed to be expedited followed by requisite regularization of the matter in the manner prescribed in consultation with the Finance Department

Audit recommends seeking regularization of expenditure from the competent authority besides strict action against persons at fault as a consequence of the probe to be held at the level of the Administrative Department.

[AIR Para No. 21]

2.4.1.10 Irregular Procurement of Parking Management System – Rs 6.002 million

According to Rule 37 of Punjab Procurement Rules 2014, a procuring agency shall announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract. Further, as per Rule 67 of Punjab Procurement Rules 2014, the procuring agency shall constitute a committee comprising odd number of persons, with proper powers and authorizations, to address the complaints of bidders that may occur prior to the entry into force of the procurement contract. Any bidder feeling aggrieved by any act of the procuring agency after the submission of his bid may lodge a written complaint concerning his grievances not later than fifteen days after the announcement of the bid evaluation report. The committee shall investigate and decide upon the complaint within fifteen days of the receipt of the complaint.

During audit of LDCMMC for the period 2014-15 and 2015-16, it was noticed that contract for Parking Management System was awarded on 28.12.2015 to M/s Industrial Automation for Rs 6.002 million. The awarding of contract was held irregular due to the following reasons:

- i) Contract was awarded on 28-12-2015 whereas result of bid evaluation was announced on 05-1-2016.
- ii) The bid of M/s ESP Enterprises was rejected on the basis of Technical Evaluation. Minutes of Grievance Committee Meeting deciding grievance of the rejected bidder were not made prior to audit to verify the grievance redressal.
- iii) Technical bid of Industrial Automation was not compliant with the tender specification as in the hand held unit to be supplied, printer was not integrated.

- iv) M/s ESP Enterprises through its application showed the intent to provide the requisite system for Rs 1,571,778 in comparison with the award of contract to M/s Industrial Automation for Rs 6,002,100.

Audit holds that due to weak internal and financial management contract was awarded resulting in mis-procurement by violating the procedure.

This resulted in irregular procurement of parking management system amounting to Rs 6.002 million.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that evaluation report was prepared on 05.01.2016 was uploaded on 11.01.2016. The contract was not awarded on 28.12.2015 rather it was awarded on 28.01.2016 due to clerical / typo mistake of draftsman of the contract. The bidder received his financial bid and did not agitate the matter on any senior forum The reply of the department is not cogent as department also admitted clerical / typo mistake in its reply. Market rate reasonability assessment was not made privy to Audit. Procurement also entailed unduly applied restriction on suppliers who were not housed indigenously. Approval Mechanism having been subscribed to was not in consonance with validly approved conferment of delegation of Powers under Rule 11 of the Punjab Procurement Rules 2014. Initial technical specification and revised technical specifications had major variations in comparison with each other. Record of pre-bid conference, exchange of queries during the Presentation and agreement arrived before finalizing revised technical specification was not made privy to Audit.

DAC directed that the Management was obliged to ensure remedial action which needed to be expedited followed by requisite verification.

Audit recommends seeking regularization of expenditure besides fixing responsibility against the person(s) at fault.

[AIR Para No. 07]

2.4.1.11 Auction of collection rights without assessing reserve price – Rs 15.974 million

According to BoDs meeting dated 17.06.2014, LG&CD department vide letter No. AO(Dev)2-25/2014 dated 13.06.2014 has intimated that under section 195-B of the PLGO 2001, (as amended on 06.06.2014), a cattle market established by a Cattle Market Management Company shall be deemed to be a cattle market organized by a Tehsil/Town Municipal

Administration. Further as per Rule 5(1)(v) of Punjab Local Government (Auctioning of Collection Rights) Rules, 2003, the public notice shall contain the minimum reserve price for auction and period of contract with rates and details.

During audit of LDCMMC for the period 2015-16, it was observed that different service points were auctioned for Rs 15.974 million during the said period. The collection was held unjustified as the tender notices were floated without assessing the reserve price for the whole category. Different points of the same category were auctioned separately instead of considering the one category as one service point. Non-auctioning of some points in the same category resulted in benefit for the contractor and loss of revenue for the Company. Category wise detail of different points remained vacant as well as the auctioned points is detailed at **Annexure-F**.

Audit holds that due to weak internal and financial management auctions were made without assessing reserve price.

This resulted in award of contract without observing reserve price.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that LDCMMC mentioned the estimated price against each outsourcing point of cattle markets according to Rule 27 of PPRA Rules 2014 and notification No. SO(Cabinet-1)2-9/2015. LDCMMC fully complied the said notification and mentioned the estimated price against each outsourcing point of cattle markets.

Reply is not acceptable as the basis of estimated prices was not provided to audit in order to verify the exact estimation.

DAC meeting was held on 07-12-2017. DAC directed the entity to seek regularization.

Audit recommends taking cognizance of negligence and lapses on the part of responsible besides regularization in the manner prescribed.

[AIR Para No. 13]

2.4.1.12 Loss due to Non-auction of Advertisement Points - Rs 10.050 million

According to BoDs meeting dated 17.06.2014, LG&CD department vide letter No. AO(Dev)2-25/2014 dated 13.06.2014 has intimated that under section 195-B of the PLGO 2001, (as amended on 06.06.2014), a cattle market established by a Cattle Market Management Company shall be deemed to be a cattle market organized by a Tehsil/Town Municipal Administration. Further according to the Rule 76 (1) of the Punjab District

Government & TMA (Budget) Rules 2003, the primary obligation of the Collecting Officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the local government fund under the proper receipt head.

During audit of LDCMMC for the period 2014-15 and 2015-16, it was observed that different advertisement points at Model Cattle Market Sheikhpura were not auctioned during the stated period resulting in loss of revenue of Rs 10.050 million for the Company. The detail of advertisement points is given below:

Type	Number of Points auctioned	Number of Points not auctioned	Size	Duration	Price (Rs)	Revenue Loss (Rs)
Electric Poles	9	63	8x3	Weekly	1,500	4,914,000
Tag Rooms	2	6	25x5	Monthly	15,000	1,080,000
Sheds	3	41	7x6	Monthly	8,000	3,936,000
Restaurant	-	1	40x5	Monthly	8,000	96,000
Dormitory	-	1	20x5	Monthly	2,000	24,000
Total:-	14	112				10,050,000

Audit holds that due to weak internal and financial management willful efforts were not made for the realization of revenue of the company. This resulted in loss of revenue.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that there are 115 advertisement sites in cattle market Sheikhpura. The Cattle Market Sheikhpura is the first of its kind in Pakistan and there is no trend / precedent of advertisement of sites in any cattle market in Pakistan. Marketing department of LDCMMC commenced its working in the month of November 2015 and started its visits for the introduction and awareness about LDCMMC. After immense hard work of marketing department over a year, a good positive trend is being seen in the willingness of companies towards advertising in cattle market.

Reply is not accepted as LDCMMC has wasted it two years in introducing amongst companies. No sincere efforts were made to generate the revenue of the company by advertising its sale points against the total number of 126 sale point only 14 sale points were auctioned. This showed poor performance on the part of the management.

DAC meeting was held on 07-12-2017. DAC directed the entity to make realistic targets of receipts and ensure achievement of revenue targets.

Audit recommends taking cognizance of negligence and lapses on the part of responsible.

[AIR Para No. 12]

2.4.1.13 Less collection of Receipts on accounts of Bamboo sheds – Rs 8.904 million

According to BoDs meeting dated 17.06.2014, LG&CD department vide letter No. AO(Dev)2-25/2014 dated 13.06.2014 has intimated that under section 195-B of the PLGO 2001, (as amended on 06.06.2014), a cattle market established by a Cattle Market Management Company shall be deemed to be a cattle market organized by a Tehsil/Town Municipal Administration. Further according to the Rule 76 (1) of the Punjab District Government & TMA (Budget) Rules 2003, the primary obligation of the Collecting Officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the local government fund under the proper receipt head.

During audit of LDCMMC for the period 2015-16, it was observed that out of the 500 Bamboo Sheds at Cattle Market Shahpur Kanjran, fee for only 129 Bamboo sheds was shown collected resulting in loss of Rs 8.904 million as detailed below:

Number of Bamboo Sheds	Fee for a month for each Bamboo shed (Rs)	Loss of Revenue (Rs)
371	2,000	8,904,000

Audit holds that due to weak internal and financial indiscipline fee from all bamboo shed holders were not realized. This resulted in loss of Rs 8.904 million.

This resulted in loss to public exchequer to the tune of Rs 8.904 million.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that LDCMMC is collecting relevant facts from the record and reply will be submitted soon but no reply was furnished.

DAC meeting was held on 07-12-2017. DAC directed the entity to make realistic targets of receipts and ensure achievement of revenue targets.

Audit recommends taking cognizance of negligence and lapses on the part of responsible.

[AIR Para No. 10]

2.4.1.14 Non-recovery of Advance Tax – Rs 3.607 million

According to Rule 236(A) of Income Tax Ordinance 2001, any person making sale by public auction or auction by tender of any property or goods shall collect advance tax @ 10% of gross value of such property or goods.

During audit of LDCMMC for the period 2015-16, it was noticed that rights for different points in the cattle markets were auctioned involving an amount of Rs 36.074 million but Advance Tax @ 10% amounting Rs 3.607 million was not recovered from the contractors as detailed at **Annexure-G**.

Audit holds that non recovery of advance tax was due to weak internal and financial control.

This resulted in loss to government exchequer.

The matter was reported to the management of LDCMMC during April, 2017. Management noted the observation.

DAC meeting was held on 07-12-2017, management emphasized that it relied upon interpretation of tax laws and would like to seek an advice from FBR Authorities.

DAC directed the Management to ensure tax deductions forthwith and resolve the issue of recovery at the earliest.

Audit recommends prompt recovery of amount of tax and deposit into government treasury.

[AIR Para No. 51]

2.4.1.15 Delay in transfer of receipts by Management Committee – Rs 2.538 million

As per Agenda item 7 of 2nd BOD Meeting dated 16-08-2014, the account by Management Committee shall be closed after transferring all collected funds in the LDCMMC bank account, immediately.

Scrutiny of account record of LDCMMC revealed that funds of Rs 2.538 million, shown collected by the Management Committee on account of Cattle Market Shahpur Kanjran for the period 01-07-2014 to 16-10-2014 were transferred vide BOP cheque No. 1210495101 dated 19-05-

2015 and credited in the Company Bank Account on 28-07-2015, after lapse of almost one year. Further, relevant record in support of the amount shown realized was not provided to authenticate the receipt figures during the period.

Audit holds that due to weak internal and financial control receipt was credited into Company Bank account after considerable period of time.

This resulted in unauthorized retention of receipts and late credit to company account.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that in the 2nd BOD meeting held on 16.08.2014 it was decided to close the account being maintained by Management Committee and transfer all collected funds in a bank account opened with BOP of LDCMMC. LDCMMC sent letter for transfer of funds on 02.09.2014 and subsequent reminder on 23.02.2015 to administrator TMA Iqbal Town, Lahore. TMA Iqbal town upon the directions of the administrator issued cheque of the requisite amount which was deposited into LDCMMC account on 28.07.2015. Audit infers that follow up of the LDCMMC was very late and no sincere effort was made to get back the collected amount.

DAC meeting was held on 07-12-2017, DAC resolved to seek retrieval of the withheld record by the Management which was to be inclusive of vouchers and inventories against taken over moveable and fixed assets, evidence of utilization of funds prior to and after the termination of the transition arrangements till final transfer of the closing balances

Audit recommends that as the TMA Iqbal Town utilize the amount throughout the financial year so the interest on the principal amount may also be obtained under intimation to audit.

[AIR Para No. 31]

2.4.1.16 Irregular expenditure by violating the procedure-Rs1.057 million

According to BoD meeting dated 17.06.2014, LG&CD department vide letter No. AO(Dev)2-25/2014 dated 13.06.2014 has intimated that under section 195-B of the PLGO 2001, (as amended on 06.06.2014), a cattle market established by a Cattle Market Management Company shall be deemed to be a cattle market organized by a Tehsil/Town Municipal Administration. Further, according to Para 2.6, 2.7, 2.12, 2.86 of B&R

Department Code no work can be started without signing contract agreement and approval of T.S estimate.

LDCMMC incurred an expenditure of Rs1.057 million on earth fill of different pits within the premises of Shahpur Kangran Cattle Market, Lahore during 2015-16. The work was executed from local contractors instead of from the contractors of PEC. The expenditure was incurred without preparation of TS Estimates, tendering process and record entry in the MB. Due to this reason the expenditure of Rs 1.057 million was held irregular and doubtful as detailed below;

Sr.#	Description	Firm	Site	Billing date	Amount
1	Dumper	Ismail brothers	Shahpur kanjran	25.08.2015	156,310
2.	Dumper	-do-	-do-	06.11.2015	103,449
3.	Dumper	-do-	-do-	25.09.2015	242,000
4.	Dumper	Malik trading co.	-do-	30.08.2015	257,000
5.	Dumper	Malik trading co.	-do-	20.09.2015	298,555
Total					1,057,314

Similarly, an amount of Rs119,058 was expended on the repair & maintenance of office building of LDCMMC during 2015-16. The expenditure was incurred without preparation of TS estimate, and record entry in MB. Further the building was not owned by LDCMMC, as such incurrence of expenditure was irregular and unjustified.

Sr. No.	Description	Billing date	Amount (Rs)
1.	Repair of office building of LDCMMC	16.10.2015	80,448
2.	Plumber items	21.03.2016	38,610
Total			119,058

Audit holds that due to weak internal and financial management procurement was made by violating the procedure.

This resulted in execution of work without observing procedure.

The matter was reported to the management of LDCMMC during April, 2017. Management noted the observation but no reply was furnished.

DAC meeting was held on 07-12-2017, entity replied that emergency was invoked for the purchases.

DAC was briefed that emergency was not invocable in the instant case as procurements were meant for a pre-arranged event. Even for emergency procurements rate reasonability and delegations of Powers cannot be disregarded. Moreover it was not ensured that PEC registered contractors were engaged on ground.

DAC directed that the entity to get regularization of the matter in the manner prescribed in consultation with the Finance Department and PPRA.

Audit recommends regularization of expenditure from the competent authority.

[AIR Para No. 22]

2.4.1.17 Irregular appointment of daily wages staff

As per Wage Rate 2007, the appointment to a post included in the schedule shall be advertised properly in leading newspapers and recruitment to all posts in the schedule shall be made on the basis of merits specified for regular establishment vide para 11 of the Recruitment Policy issued by the S&GAD vide No. SOR-IV(S&GAD)10-1/2003 dated 17.9.2004.

The accounts record of LDCMMC revealed that against the sanctioned strength of 59 manpower of different categories, 113 daily wages staff were appointed without having approved schedule of establishment. The staff was appointed without fulfillment of criteria like age limit, educational certificate, medical fitness certificates, domicile etc. Due to this reason recruitment made by the LDCMMC was held devoid of legal sanctity as detailed at **Annexure-H**.

Audit holds that due to weak administrative control, daily wages staff was appointed by violating the procedure.

This resulted in irregular recruitment appointment of staff through violation of polices and transparency.

The matter was reported to the management of LDCMMC during April, 2017. Management noted the observation but no reply was furnished.

DAC meeting was held on 07-12-20217, DAC directed the management to have a formal validation of the strength of staff on work charge basis in line with business plane vetted from corporate finance unit of FD

Audit recommends seeking regularization of expenditure besides fixing responsibility against the person(s) at fault.

[AIR Para No. 35]

2.4.1.18 Non-transfer of ownership of land of Cattle markets in the name of LDCMMC

According to BoD meeting dated 17.06.2014, LG&CD department vide letter No. AO(Dev)2-25/2014 dated 13.06.2014 has intimated that under section 195-B of the PLGO 2001, (as amended on 06.06.2014), a cattle market established by a Cattle Market Management Company shall be deemed to be a cattle market organized by a Tehsil/Town Municipal Administration. It was further clarified by the LG&CD Department vide circular bearing No AO(Dev)(L.G)2-252?97(P.IV) dated 5-09-2017 that Cattle Market Management Companies in Punjab were part of the local Government system. According to Rule 4(a) of Punjab Local Government (Property) Rules, 2003, the Manager shall take as much care of the Property entrusted to him as a man of ordinary prudence would, under similar circumstances, take of his own property of like nature.

During scrutiny of the record of LDCMMC for the period 2014-15 and 2015-16 it was noticed that ownership title of the land of following cattle markets were not transferred in the name of LDCMMC.

S. No.	Name of Cattle Market
1	Cattle Market Shahpur Kanjran
2	Cattle Market Sheikhpura
3	Cattle Market Nankana Sahib
4	Cattle Market Kasur
5	Cattle Market Pattoki

Audit holds that non transfer of ownership of land was due to weak internal and financial control.

This resulted in weak financial management.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that the land of Cattle Market at Shahpur Kanjran was under the ownership of Punjab Meat Company. Efforts are being made to shift cattle market from current location of Shahpur Kanjran to other suitable location. LDCMMC is using lands allocated by district administration for establishment of cattle markets in Nankana Sahib and Pattoki Acquisition / ownership transfer of land will be included in the proposals for establishment of Model Cattle Markets in these districts.

DAC meeting was held on 07-12-2017, Department in his reply admitted for compliance of the audit objection in future. Management conceded that the matter was yet to be resolved.

DAC directed the Management to make all out efforts to get the titles of landed sites transferred in the manner prescribed.

Audit recommends taking cognizance of lapses and negligence on the part of the responsible.

[AIR Para No. 40]

2.4.1.19 Non-collection of Income from TMAs

According to BoD meeting dated 17.06.2014, LG&CD department vide letter No. AO(Dev)2-25/2014 dated 13.06.2014 has intimated that under section 195-B of the PLGO 2001, (as amended on 06.06.2014), a cattle market established by a Cattle Market Management Company shall be deemed to be a cattle market organized by a Tehsil/Town Municipal Administration. It was further clarified by the LG&CD Department vide circular bearing No AO(Dev)(L.G)2-252?97(P.IV) dated 5-09-2017 that Cattle Market Management Companies in Punjab were part of the local Government system. According to the Rule 76 (1) of the Punjab District Government & TMA (Budget) Rules 2003, the primary obligation of the Collecting Officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the local government fund under the proper receipt head.

During scrutiny of the record of LDCMMC for the period 2014-15 and 2015-16 it was noticed that no amount was received from following TMAs for income collected by the respective TMAs on account of outsourcing / self-collection in the cattle markets during the period from July 2014 to February 2015. It is pertinent to mention here that following TMAs submitted their claims to LDCMMC on account of expenditure incurred during the transition period but no income was shown realized and paid to the company for the said period.

S. No.	Name of TMA
1	TMA Sheikhpura
2	TMA Nankana Sahib
3	TMA Kasur
4	TMA Pattoki

Audit holds that non realization of income from the respective TMAs was due to weak internal and financial control.

This resulted in non recovery of income by the company.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that LDCMMC is collecting relevant facts from the record and reply will be submitted soon.

DAC meeting was held on 07-12-2017, DAC directed the entity to expedite the recovery.

Audit recommends recovery besides taking cognizance of lapses and negligence on the part of the responsible.

[AIR Para No. 41]

2.4.1.20 Irregular appointments of Directors

According to Rule 1(3) of Public Sector Companies (Corporate Governance) Rules, 2013, these rules shall apply to all Public Sector Companies. According to Article 7 (b) of Article of Association of LDCMMC at least 33% quota was fixed for women in BOD. According to Article 7 (c) of Article of Association of LDCMMC the minutes of meetings of BOD shall be recorded by the MD and further according to Article 18(a) the proceedings of all board meetings and resolutions passed by circulation shall be recorded in a book and these shall be signed by the chairman of the meeting at which they are read.

As provided under Rule 4(3) of the Public Sector Companies (Corporate Governance) Rules, 2013 captioned as Formation of Board committees, the Chief Executive is responsible for the management of the Public Sector Company and for its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Ordinance. His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During audit of LDCMMC it was observed that at the time of nomination of directors other than government officers qualification, experience competence was not brought on record. Requirement of forty percent independent members of total members of Board of Directors for first two years thereafter majority of independent members in next two years was not kept into consideration in composition of Board of Directors as required under Rules 3(2) of Public Sector Companies (Corporate Governance) Rules, 2013. Besides this irregularity following non-compliances were observed. The licensing condition under section 42 of companies Act 2017 making registration with SECP has also been contravened.

Female members were included in the BOD.

Register of interest was prepared/ maintained.

Minutes book of board meeting was not made and the decisions of meetings were not authorized by the convener of the meeting.

Audit holds that for strategic decisions and to monitor the achievement of objectives of company due care was not exercised to abide by the provisions of corporate governance Rules binding on public sector companies and multiple breaches were conceded. Statement of compliance remained uncertified.

This resulted in non-compliance of corporate governance rules, MOA and AOA of company, and let the business /management of company at stake.

The matter was reported to the management, no reply was furnished by the entity.

DAC meeting was held on 07-12-2017, DAC directed the entity to seek regularization.

Audit recommends the fixing of responsibility against the person(s) at fault besides regularization in the manner prescribed under intimation to Audit.

[AIR Para No. 57]

2.4.1.21 Non-compliance of the provision of company Ordinance due to non-availability of declaration of promoters for limited guarantee

According to Section 17 (V) of Companies ordinance 1984 Memorandum of company limited by guarantee.- In the case of a company limited by guarantee, whether or not the company has a share capital, the memorandum shall state(v) that each member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member or within one year afterwards, for payment of the debts and liabilities of the company contracted before he ceases to be a member, and of the costs, charges and expenses of winding up, and for adjustment of the rights of the contributories among themselves such amount as may be required, not exceeding a specified amount.

Scrutiny of MOA of LDCMMC revealed that members /promoters of company on behalf of government had not declare the specified amount of guarantee.

Audit holds that in the absence of specified amount the compliance of rules was evaded.

The matter was reported to the management, no reply was furnished by the entity.

DAC meeting was held on 07-12-2017, DAC directed the entity to seek regularization.

Audit recommends the fixing of responsibility against the person(s) at fault besides regularization in the manner prescribed under intimation to Audit.

[AIR Para No.69]

2.4.1.22 Irregular execution of functions without authorization

According to Article 20 of Article of Association of LDCMMC the BOD may by resolution delegate such administrative, financial and other powers to its MD, committee, sub committees, panels and boards or any other officer of the company as it may consider necessary and proper, subject to the condition that action taken by them under the power so delegated shall have to be confirmed and /or ratified at the next meeting of the BOD.

During audit of office of LDCMMC for the financial year 2016-17 it was observed that compliance of above article was not made.

Audit holds that due to weak internal control irregularity was committed

This resulted in exercise of delegation of powers by the officers of company without recourse to confirmatory approval of each sanction below the amount of Rs 5 million.

The matter was reported to the management, no reply was furnished by the entity.

DAC meeting was held on 07-12-2017, DAC directed the entity to seek regularization.

Audit recommends fixing of responsibility against the person(s) at fault besides regularization in the manner prescribed under intimation to Audit.

[AIR Para No.62]

2.4.1.23 Non-preparation and implementation of bye-laws

According to section 1 of MOA the management of the LDCMMC is responsible to prepare and implement bye-laws of company to;

- Establish, organize, manage, operate, and regulate cattle markets
- Functions, role, obligations and responsibilities of the stakeholder
- Enforcement, oversight and monitoring mechanism

- Dispute resolution and arbitration
- Standard contracts and agreements for internal services

During audit of office of LDCMMC for the financial year 2016-17 it was observed that even after the laps of significant time bye-laws of company are not prepared, approved and notified by the company.

Audit holds that due to weak internal control irregularity was committed

This resulted in weak control system.

The matter was reported to the management, no reply was furnished by the entity. DAC meeting was held on 07-12-2017, DAC directed the entity to seek regularization.

Audit recommends fixing of responsibility against the person(s) at fault besides regularization in the manner prescribed under intimation to Audit.

[AIR Para No.64]

2.4.1.24 Invalid meetings of BOD

As per BOD Meeting a Procurement Committee was approved comprising of four members of the Company with the powers to finalize and approve procurements up to the value of Rs 25 million per transaction. However, MD of the Company is authorized to finalize and approve procurement, capital expenditure, operational expenditure up to the value of Rs 5 million per transaction.

The scrutiny of minutes of meeting of BOD revealed that the meetings were not attended by the members of BoD, the meeting was participated by the representatives of the members of BoD which was irregular. The representative of the BOD member ex-officio as well as private members by virtue of proxy are not entitled to decide the agenda and attendance shall be construed valid only to the extent of strength inclusive of substantive holder of the BOD membership. Due to this reason the decisions of BOD were held unauthentic and without the approval of the competent authority.

Audit holds that due to weak internal and financial indiscipline contract was awarded without having approval of the member of the Company. The member's approval is not in field for decisions given effect on behalf of BOD.

This resulted in invalid meetings of BOD

The matter was reported to the management, no reply was furnished by the entity. DAC meeting was held on 07-12-2017, DAC directed the entity to seek regularization.

Audit recommends the fixing of responsibility against the person(s) at fault besides regularization in the manner prescribed under intimation to Audit.

[AIR Para No. 47]

2.4.1.25 Non approval of designated forum worth Rs 61.285 million

According to P&D Division letter No. 21(2-Gen)PIA/PC/2004 dated 18.12.2014, the Executive Committee of the National Economic Council (ECNEC) considered the summary dated 5th November, 2004 submitted by the Planning & Development Division on “Procedure for Approval of Self-Financing Development Schemes of Autonomous Organizations (Commercial/Non-Commercial)” and approved the recommendations contained in paragraph 2 (two) thereof. Para 2 of the above summary are reproduced below:

“The autonomous organizations whether commercial or non-commercial having board by whatever name called, should be competent to sanction their development schemes with 100% self-financing with no government guarantee and involving less than 25% foreign exchange/foreign assistance, subject to the following:

- a. A development Working Party should be constituted by each organization and notified to consider and approve their self-financed projects.
- b. The Development Working Party should be headed by the Chairman/head of the Organization and, among others, should include representatives of the Planning & Development Division, the Finance Division, and the concerned Ministry/Division each not below the rank of Joint Secretary.
- c. The quorum of the Development Working Party would be incomplete without the presence of either representative of the Finance Division and the Planning & Development Division. In case either of these Divisions does not agree to the project proposal or any aspect thereof, the case would be referred to the CDWP for consideration.
- d. The decision of the Development Working Party will be subject to the endorsement of the board of the organization.

An audit scrutiny of accounts record of LDCMMC revealed that an expenditure of Rs 61.285 million was incurred for the purchase of capital assets during 2014-15 and 2015-16. The expenditure was required to be incurred with the approval of the above forum which was not allowed to be established. Due to this reason the expenditure on capital assets was held irregular and defective as detailed below;

Date of Contract	Description	Name of contractor/ supplier	Contract Price (Rs)
4-2015	Furniture & Fixture	M/s Profine	5,653,534
28-03-2016	Cattle / crush Gates with weight scale for Model Cattle Market Sheikhpura Lot 2	Packwell	22,103,067
30-03-2016	Animal Tagging & Registration System Lot 3	AM Packs	13,059,736
28-12-2015	Procurement of Parking Management System	Industrial Automation	6,002,100
	Animal Ear Tagging	Packwell	14,467,000
Total			61,285,437

Audit holds that due to weak internal and financial management procurement was made without the approval of designated forum.

This resulted in weak administrative and financial decisions.

The matter was reported to the management, no reply was furnished by the entity. DAC meeting was held on 07-12-2017, DAC directed the entity to seek regularization.

Audit recommends the fixing of responsibility against the person(s) at fault besides regularization in the manner prescribed under intimation to Audit.

[AIR Para No. 48]

2.4.1.26 Non-inclusion of members from different segments / departments

According to BoD meeting dated 17.06.2014, LG&CD department vide letter No. AO(Dev)2-25/2014 dated 13.06.2014 has intimated that under section 195-B of the PLGO 2001, (as amended on 06.06.2014), a cattle market established by a Cattle Market Management Company shall be deemed to be a cattle market organized by a Tehsil/Town Municipal Administration. Further, as per section 3 of Punjab Local Government (Amendment) Ordinance 2014, under clause 3 of 195-B, all the Nazims of Tehsil Municipal Administrations or Town Municipal Administrations, in the area of a Company, shall be members of the Company. Further, as per

Article of Association, farmers and District Coordination Officers were also included in the composition of BOD members with at least 33% quota reserved for women.

In violation of above Nazims, DCOs, farmers and women were not taken as a member of the company. Further, due to non-inclusion of women as a member against 33% quota reserved was the clear cut violation of the rule *ibid*. Due to this reason the decision taken in the different meetings of BoD was held irregular and invalid.

Audit holds that non-inclusion of members from different segments / department was due to weak internal control.

This resulted in lack of administrative control.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that the term of office of twelve BOD member will be completed during June, 2017 and LDCMMC has proposed for inclusion of women in BOD for next term. Department in his reply has admitted that LDCMMC has not included the members of different segments / departments.

DAC meeting was held on 07-12-2017. DAC directed the entity to seek regularization.

Audit recommends regularization besides taking cognizance of lapses and negligence on the part of the responsible.

[AIR Para No. 43]

2.4.1.27 Non-observance of Quorum for BOD Meetings

As per clause 15 of Article of Association, seven members of the Board of Directors present in person, of which at least five shall be civil society members, shall constitute a quorum. No meeting shall proceed with its business unless a quorum is present at the commencement of the business of the meeting.

An audit scrutiny of accounts record of LDCMMC revealed that the approved quorum for BoD, minimum quorum of BoD for grants of sanction / approval and legal position of representative in lieu of member of BoD were not defined / mentioned anywhere. As per *ibid* clause of Article of Association, five members from the civil society were not present in the BOD meetings resulting in non- observance of quorum and arising question on validity of the business of BOD meetings. Due to this reason the decision taken in the different meetings of BoD was held irregular and invalid.

Audit holds that non observance of quorum for Board of Director's meeting was due to weak internal control.

This resulted in weak administrative and financial decisions.

The matter was reported to the management, no reply was furnished by the entity. DAC meeting was held on 07-12-2017, DAC directed the entity to seek regularization.

Audit recommends the fixing of responsibility against the person(s) at fault besides regularization in the manner prescribed under intimation to Audit.

[AIR Para No. 44]

2.4.1.28 Loss of Revenue due to Non-auction of Service Points

According to BoD meeting dated 17.06.2014, LG&CD department vide letter No. AO(Dev)2-25/2014 dated 13.06.2014 has intimated that under section 195-B of the PLGO 2001, (as amended on 06.06.2014), a cattle market established by a Cattle Market Management Company shall be deemed to be a cattle market organized by a Tehsil/Town Municipal Administration. Further, according to the Rule 76 (1) of the Punjab District Government & TMA (Budget) Rules 2003, the primary obligation of the Collecting Officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the local government fund under the proper receipt head. Further, as per Rule 10 of Punjab Local Government (Auctioning of Collection Rights) Rules, 2003, at least three attempts shall be made to award the contract of collection rights of an income through open bid by the administration of local government concerned before the commencement of financial year.

During audit of LDCMMC for the period 2014-15 and 2015-16, it was observed that different service points declared as a revenue source were not auctioned during the stated period resulting in loss of revenue for the Company. The detail of service points is given below:

Cattle Market	Category	Point of service
Model Cattle Market SKP	Fodder shop with Toka	FT01
-do-	Hotel/ canteen	H-01
-do-	Khokha/ Tea stall	Khokha-01
-do-	Vet. Medical store	-
-do-	Dormitory	Dormitory
-do-	Mobile Shop	Mobile Shop
Cattle Market ShahpurKanjran	Tori/ Parrali Points	TP-03
-do-	Hotel/ Canteen	H-12
-do-	Khokha/ Tea Stall	Block 3, Khokha-02

-do-	Khokha/ Tea Stall	Block3, Khokha-05
-do-	Khokha/ Tea Stall	Block 4, Khokha-04
-do-	Khokha/ Tea Stall	Block 5, Khokha-06
-do-	Vet. Medical Store	Vet. Medical Store
-do-	Ice Sale Point	BSP-03
-do-	Ice Sale Points	BSP-04

Audit holds that due to weak internal and financial management meaningful efforts were not made for the realization of revenue of the company.

This resulted in loss to government.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that LDCMMC is collecting relevant facts from the record and reply will be submitted soon but no reply was furnished.

DAC meeting was held on 07-12-2017. DAC directed the entity to make realistic targets of receipts and ensure achievement of revenue targets.

Audit recommends taking cognizance of negligence and lapses on the part of responsible.

[AIR Para No. 33]

2.4.2 Performance

2.4.2.1 Less achievement of Receipt targets – Rs 17.528 million

As per Agenda Item 6 of Minutes of 6th BOD, meeting dated 06-08-2015, the Board was apprised about the income targets from outsourcing services for Financial Year 2015-16.

Management of LDCMMC generated funds of Rs 40.102 million through outsourcing services from Cattle Market Shahpur Kanjran Lahore and Model Cattle Market Sheikhpura on account of outsourcing services against target figure of Rs 57.630 million. This resulted in less realization of receipts worth Rs 17.528 million.

Rs in million

Head	Target	Income realized	Less Realization
Cattle Market Shahpur Kanjran	45.114	33.530	11.584
Model Cattle Market Sheikhpura	12.516	6.572	5.944
Total	57.630	40.102	17.528

Audit holds that due to weak financial control financial target was not chased. This resulted in poor financial performance.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that upon taking over the charge of cattle market Shahpur Kanjran in the month of April 2015, LDCMMC strictly adhering zero tolerance policy on rate, quality and quantity,

LDCMMC had taken solid steps in elimination of mafia from cattle markets and cancelled seven outsourcing of fodder shops and turi / parali amounting to Rs 21.507 million.

Department has admitted the fact of non-achievement of target due to inefficient on the part of the management resulted in loss of Rs 21.0507 million due to cancellation of contracts.

DAC meeting was held on 07-12-2017. DAC directed the entity to make realistic targets of receipts and ensure achievement of revenue targets.

Audit recommends taking cognizance of negligence and lapses on the part of responsible.

[AIR Para No. 14]

2.4.2.2 Operational Activities needs proper Planning

According to clause IV sub clause 1(a) of MOA, LDCMMC was to establish, organize, manage, operate and regulate cattle markets in Lahore Division.

LDCMMC did not chalk out program / joint venture to abide by Article of Association, with Livestock Department, Punjab Resource Management and Agri. Business to promote the Cattle Market Management in the Lahore Division. For the promotion of cattle market initiative with the support of other department, were not steered to completion as detailed below;

Initiative with Livestock Department not achieved	Initiative with Punjab Resource Management not achieved	Initiative with Agri Business not achieved
a. To increase meat, b. dairy productions, c. clothing and adornment d. fertilizer, e. labour, f. land management & g. conservation	a. To provide service delivery, b. to increase satisfaction level of citizen of livestock, c. Improvement in strategic programming of investments for poverty reduction, d. Ensure stable democracy by helping to ensure government services better meet the needs of the poor in Punjab	a. Livestock and meat producers, b. poultry and egg companies, c. dairy farmers, d. timber producers, e. tobacco companies & food manufacturers and stores.

Audit holds that due to weak internal and administrative control the no coordination was made with Livestock, PRM and Agribusiness to promote cattle markets.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that LDCMMC is committed to provide best services after due consideration by all stake holders. Several meetings and events have been organized in coordination with livestock department for promotion of cattle farming, increasing meat production and dairy production, free distribution of animals to women and special persons with disabilities, establishments of stalls of minerals and other dairy feed products in coordination with livestock. Meeting have been done with meat exporters, cattle fattening farmers, Sahiwal breeder association and Neeli ravi breeder association. LDCMMC organized Pakistan Cattle Show Neeli Ravi Chapter in November 2016 and Pakistan Cattle Show in March 2017 with an aim to promote indigenous breeds of Punjab Province and competition among breeders and traders of local breeds apart from regular sale purchase activities of cattle at market level.

Reply of the department was not acceptable as the activities mentioned in the reply were devoid of tangible results in the key result

areas of increased meat production with respect to improvement in strategic programming of investments focused towards poverty reduction.

DAC meeting was held on 07-12-2017. DAC directed the entity to make realistic planning.

Audit recommends taking cognizance of negligence and lapses on the part of responsible.

[AIR Para No. 46]

2.4.2.3 Non establishment of Model Cattle Markets

As per Agenda item (i) of 1st BOD Meeting dated 17-06-2014, it was decided to develop Model Cattle Market at Tehsil Raiwind, District Lahore during 2014-15.

During scrutiny of record of LDCMMC it was observed that Model Cattle Market was not established in District Lahore despite lapse of even two and a half years. Different proposals for establishment of Model Cattle Market were considered but not finalized resulting in non-achievement of objectives regarding provision of better facilities to the stakeholders.

Audit holds that non establishment of model cattle markets was due to weak internal control.

This resulted in weak performance.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that the case for the establishment of Model Cattle Market at Lahore is in progress.

Department has admitted lapse and negligence on his part. LDCMMC failed to establish Model Cattle Market after the lapse of two years.

DAC meeting was held on 07-12-2017. DAC directed the entity to expedite the achievement of targets.

Audit recommends taking cognizance of negligence and lapses on the part of responsible.

[AIR Para No. 50]

2.4.2.4 Non-focusing of issues other than cattle market Sheikhupura and Shahpur Kanjran

Upon the directions of the Chief Minister, Punjab, a comprehensive strategy was devised, for restructuring and reform in operation of Cattle Markets and their management to discourage extortion, corruption, role of middlemen and official mafias. In this connection, nine cattle market management companies have been established in each division. These companies will take over the operations of the existing cattle markets and improve facilities and livestock trading environment in the province.

An audit scrutiny of accounts record of LDCMMC revealed that Lahore Division Cattle Market Management Company (LDCMMC) was incorporated on June 16, 2014 as a company limited by guarantee and not having share capital under section 42 of Companies Ordinance 1984. The LDCMMC was to establish, organize, manage, operate and regulate cattle markets, to frame the contracts to outsource internal services, to manage and maintain the services of the Cattle Market at Cattle Market Sheikhupura, Shahpur Kanjran, Nankana Sahib, Pattoki and Kasur. The examination of record revealed that efforts were being made at Cattle Market Sheikhupura and Shahpur Kanjran only whereas the other Cattle Markets located at Nankana Sahib, Pattoki and Kasur were ignored. The LDCMMC is focusing only two cattle markets by ignoring the significant issues and providing facilities at Cattle Market Nankana Sahib, Pattoki and Kasur which was irregular.

Audit holds that due to weak internal and administrative control the cattle markets were ignored.

This resulted in poor performance.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that LDCMMC is committed to provide basic facilities at all cattle markets under operational control of LDCMMC. As a matter of fact Audit findings were based on the premise that depriving the community of a sizeable catchment area from the service delivery was barred under the ambit of AOA and MOA of the CMMC. Audit infers that the cattle markets situation at Nankana sahib and Pattoki were not boost up as these markets needs special attention of the management of the LDCMMC as compared to Shahpur Kanjran and Sheikhupura which are already established. The contribution and role of the LDCMMC in establishment of these markets was not found in record.

DAC meeting was held on 07-12-2017. DAC directed the entity to ensure remedial action which needed to be expedited.

Audit recommends taking cognizance of lapses and negligence on the part of the responsible.

[AIR Para No. 52]

2.4.2.5 Non development of co-ordination with PAMCO

According to clause IV sub clause 1(a) of MOA, LDCMMC was to establish, organize, manage, operate and regulate cattle markets in Lahore Division.

LDCMMC did not chalk out program in coordination with PAMCO in order to demonstrate the process of feed-lot fattening (providing special protein-rich diet to calves or buffaloes to raise their weight and quality of their meat) band show how to segregate animals by weight into separate sheds as many factors responsible for low meat production including insufficient and improper nutrition, lack of veterinary coverage, poor marketing facilities, non-availability of inputs, lack of finances and absence of appropriate and actionable knowledge on feedlot fattening among the farming community. Such animals are kept in a yard or a farm in hygienic conditions and not allowed to go for grazing in the fields.

In addition to above following areas were not covered.

- i. Enhancing beef and mutton production.
- ii. Registration of Beef Fattening Farms

Audit holds that due to weak internal and administrative control the no coordination was made with PAMCO to increase beef production.

The matter was reported to the management of LDCMMC during April, 2017. Tangible results were missing on two major deliverables.

DAC directed to keep the Para pending till resolution of the matter through informed decision making by the BOD on scientific grounds

Audit recommends taking cognizance of lapses and negligence on the part of the responsible.

[AIR Para No. 53]

2.4.2.6 Non-shifting of Cattle Market Shahpur Kanjran outside Lahore city

As per para 2 of the minutes of BoD Meeting dated 22-11-2014 it was discussed that the possibility of diseases that can be transmitted from animal to animal and certain Zoonotic diseases which can be transmitted from animal to humans. Future export of red meat can be effected if Cattle Market is adjacent to PAMCO Plant. Further, it was discussed that spread of disease can also be vice versa. The blood and other waste of PAMCO Plant has heavy bacteria load that will increase the possibility of disease to animals in the Cattle Market. He explained different Zoonotic disease like Congo Disease, Mad Cow, Bird Flow, Rabies, Anthrax, Avian Influenza, Bovine Tuberculosis, Brucellosis, Hemorrhagic fever disease etc. The BoD unanimously agreed that Cattle Market of Lahore should be shifted form Shahpur Kanjran to a new place, outside Lahore due to danger of spreading zoonotic diseases, negative effect on PAMCO's read meat export and traffic congestion on national highway.

An audit scrutiny of accounts record of LDCMMC revealed that the management of LDCMMC had not shifted the Cattle Market Shahpur Kanjran in violation of above decision of BoD meeting after the lapse of more than two years. Precautionary measures to save the human and animal lives from the diseases transmitted from animal to animal and animal to human being were disregarded. Adverse environmental impacts of slaughter house effluent and leachate from nearby site.

Audit holds that due to weak financial and administrative management shifting of Cattle Market Shahpur Kanjran had not actualized. This resulted in non-achievement of targets.

The matter was reported to the management of LDCMMC during April, 2017. Threat of spreading of Zootonic Diseases could not be overruled and BOD's findings to this effect was already in field

DAC directed to keep the Para pending till resolution of the matter through informed decision making by the BOD on scientific grounds.

Audit recommends fixing responsibility against the person(s) at fault.

[AIR Para No. 54]

2.4.2.7 Non-regulation of cattle markets other than the five Cattle markets

As per Memorandum of Association of LDCMMC, of the objectives of the Company was to define bye-laws, rules and procedures to ensure its implementation to establish, organize, manage, operate and regulate cattle markets.

During scrutiny of record of LDCMMC it was observed that no action was taken against the establishment of animal sale points at different places within the jurisdiction area of the Company. As per survey conducted by the audit team following mini sale points of (Sadqa's bakray) were noticed. The rental proceed and sanitation cost was not realized from these vendors as detailed below;

Sr. No.	Location	No. of venders
1	Shahdara More, Lahore	02
2	Bhati Chow Lahore	03
3	Bakar Mandi, Bund Road Lahore	02
4	Wahdat Road near Mustafa Town, Lahore	04
5	Gulshan Ravi, Lahore	02
6	Liaqat Chowk Sabzazar, Lahore	02
7	Near Mohafiz Town Phase-I, Lahore	02
8	Iqbal Town near Pekhaywal More, Lahore	02
Total		19

Moreover, at TMA level Cattle Markets were also organised at various roadside locations resulting in incurring of manifold expenditure from local funds

Audit holds that non regulation of cattle market other than existing cattle markets was due to weak internal control and administrative control.

The matter was reported to the management of LDCMMC during April, 2017. Management urged that Policy Directive was available to authorize additional sale point. It was however yet to be clarified as to how the burden of cost centers shifted to Local Governments whereas expert advice also was warranted to resolve the question whether additional temporary markets for Eid operated at Sggian, Wahgha , Raiwind, Kasur etc were to be treated as mere sale points ousting the jurisdiction of LDCMMC.

DAC directed that the Management to be expedited achievement of targets.

Audit recommends, taking cognizance of lapses and negligence on the part of those responsible.

[AIR Para No. 45]

2.4.2.8 Building cost of Model Cattle Market Sheikhpura in the Books of Accounts – Rs 182.372 million

As per Agenda Item No.8 of Minutes of 7th BOD meeting dated 5-1-2016, Board of Directors unanimously approved to take the cattle market assets by LDCMMC after proper verification and record and incorporate all the capital expenditure of Sheikhpura Model Cattle Market in the books of accounts.

During audit of LDCMMC for the period 2015-16, it was observed that DO Building Sheikhpura incurred expenditure of Rs 182.372 million on account of construction of Model Cattle Market Sheikhpura. Accordingly, DO Building Sheikhpura prepared Handing and Taking over certificate for LDCMMC but capital expenditure of Sheikhpura Model Cattle Market was not incorporated in the books of accounts of LDCMMC despite approval of BOD.

Audit holds that due to weak internal and financial control capital cost was not incorporated in the books of account.

This resulted in irregular maintenance of accounting record / recognition of capital expenditure to the tune of Rs 182.372 million.

The matter was reported to the management of LDCMMC during April, 2017. Management committed to pursue the case of seeking transfer of the title of the land of the model cattle Market also to have defects in the Civil works execution plugged Management was itself making out a case for rectification of defective civil works at the site of Model Cattle Market Sheikhpura which evidently entailed compromising the value for money despite incurring if expenditure to the tune of Rs 182.372 Millions.

DAC directed that the Management was obliged to ensure remedial action which needed to be expedited.

Audit recommends taking cognizance of negligence and lapses on the part of those responsible.

[AIR Para No. 11]

2.4.2.9 Non achievement of targets

According to clause IV sub clause 1(a) of MOA, LDCMMC was to establish, organize, manage, operate and regulate cattle markets in Lahore Division.

An audit scrutiny of accounts record of LDCMMC revealed that LDCMMC failed to establish new cattle markets in Lahore Division after its incorporation, the existing 5 (five) cattle markets are being monitored without addition of any new markets. After its incorporation the company could not achieve the following targets.

- i. Establishment of Model Cattle Market in lieu of conventional ones.
- ii. To do research work based on collected data, make horizontal, vertical and trend analysis.
- iii. Provision of Banks and secured cash transactions through banks will increase share of documented national economy.
- iv. Elimination of illegal cattle market (Sadqa-goats) situated at different places of Lahore Division.
- v. No efforts were made to improve the standard of Cattle Markets of Nankana Sahib, Kasur and Pattoki.
- vi. Milk production targets enhancements.
- vii. Inauguration of breed day at model cattle mandis Sheikhpura.

Audit holds that due to weak administrative control no efforts were made to achieve the targets. This resulted in poor performance.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that efforts are being made for the achievement of targets. Reply of the management made it evident that despite the lapse of two years all the targets were in pipe line and not a single target was achieved by the LDCMMC from the day of holding the charges of the cattle markets. Management conceded that the matter was yet to be resolved.

DAC directed that the Management was obliged to make all out efforts to achieve targets entrusted to the Management.

Audit recommends, taking cognizance of negligence and lapses on the part of the responsible.

[AIR Para No. 39]

2.4.2.10 Non-erection of Bio Gas Plant

In 5th BOD meeting Board decided to incorporate Bio Gas plant and Solar system for Sheikhpura model cattle market in revised PC-I.

During audit of LDCMMC for the period 2014-15 and 2015-16, it was observed that Bio Gas Plant and Solar System were not erected in the Model Cattle Market Sheikhpura. This resulted in loss of projected revenue on account of delay incurred in installation of Bio Gas Plant.

Audit holds that due to lopsided management priorities bio gas plant were not installed at Model Cattle Markets and Shahpur Kanjran thereby conceding opportunity cost evident from failure to generate government revenue.

This resulted in wastage of revenue or unrealistic presentation of projected targets before the BOD.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that solar system has been installed in Model Cattle Market Sheikhpura with total installed capacity of 6210 watt. Installation of biogas plant requires slurry with good content of manure and water mixed in a good proportion. Unfortunately, slurry being collected from Model Cattle Market Sheikhpura is in bad proportion of water and manure. Reply of the Management was not acceptable in view of the fact that the management of its own volition projected the installation of the biogas plant as feasible and viable while seeking approval from the BOD. Further, 20 to 25 ton of animal waste was being generated in peak day as abstracted from the data provided by LDCMMC keeping in view the quantum of trade during peak days and there was no restriction imposed on increasing the number of peak days. Further, no effort was made to sale out the animal waste during two years. Existing MOA was indicative unrealistic appraisal of the facts of the case projected before the BoD.

DAC directed to keep the Para pending till resolution of the matter through informed decision making by the BOD on scientific grounds

Audit recommends taking cognizance of the negligence and lapses on the part of those responsible.

[AIR Para No. 34]

2.4.2.11 Poor performance of Manager Quality Control

An audit scrutiny of accounts record of LDCMMC revealed that Manager Quality Control and his subordinate staff did not check the quality of animal food (chara) and get its test reports thereby compromising the quality of animal food in the Cattle Market. The examination of complaint books revealed that a large number of complaints were registered against the poor quality of animal food whereas no challan had been issued to impose fine on the contractors of the animal food points disregarding quality control and norms of extension of quality service denied to the stakeholders.

Following irregularities were noticed;

- i. The examination of complaints revealed that temporary contractor was doing business for the sale of animal food whereas the income had not been brought into account against the said temporary contractor. The Manager Quality Control in his comments admitted about the prevalence by temporary business in the cattle market.
- ii. The examination of complaints further revealed that commission mafia was also doing business whereas no prompt action was taken against them. Summarized detection of irregularities are detailed at **Annexure-I**.

Audit holds that due to weak administrative control, no efforts were made for the ensuring quality control regime.

This resulted in dereliction of duties in performance of duties.

The matter was reported to the management of LDCMMC during April, 2017. Management replied that quality control team regularly checked the quality of the fodder by visiting the sale points repeatedly as well as through scientific tests and took action against the complaints of poor quality of fodder supplied at Cattle Mandi. Reply of the department was not tenable as only one test had been carried out throughout two financial years. No test was carried out to probe those cases against which complaints were received. Further no penalty was imposed against the contractors of sale of fodders at higher rates and deposited into companies account, similarly no action was taken to eliminate the commission mafia in the absence of anti monopoly measures as successions of un-auctioned outlets such as bamboo shed continued unabated. Induction of Agents extorting commission in lieu of monopolized possession of sites in

CMMC had not been ruled out. The remedial action was yet to be expedited.

The Management reiterated their stance before the DAC. The DAC directed that the Management was obliged to ensure remedial action which needed to be expedited followed by requisite verification.

Audit recommends, taking cognizance of lapses and negligence at the persons at fault.

[AIR Para No. 36]

CHAPTER 3

Cattle Market Management Company, Rawalpindi Division

3.1 Introduction of Departments

The government of the Punjab has established Cattle Market Management Companies in all Divisions of Punjab. Cattle Market Management Company Rawalpindi Division was incorporated in June 2014 as a Company Limited by Guarantee under Section 42 of Companies Ordinance 1984 with the spirit to ensure transparency and improve quality of services in cattle market. The objectives of the company are to establish, organize, manage, operate and regulate cattle markets in the Rawalpindi Division in order to facilitate the purchasers and sellers.

The hierarchy of the company is as follow:

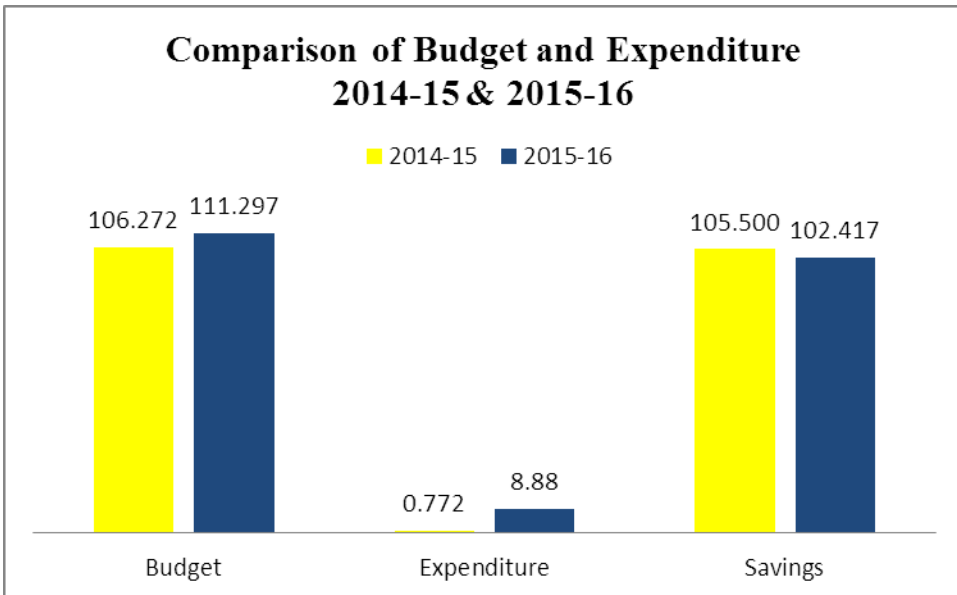
- i. Chairman (Divisional Commissioner)
- ii. Board of Directors
- iii. Managing Director
- iv. Such other bodies, committees, sub committees or panels as may be appointed and/or constituted from time to time, by Board of Directors of the company.

3.2 Comments on Budget and Accounts

Total budget of Cattle Market Management Company Rawalpindi Division for the Financial Years 2014-15 and 2015-16 was Rs 217.569 million, against which only Rs 9.652 million was spent. Overall savings of Rs 207.917 million during the Financial Years 2014-16 which was 95.56% of budgetary allocation, showing non-utilization of funds meant for provisions of amenities in cattle markets thus depriving the community from getting better facilities.

(Rs in million)

Financial Year	Budget	Expenditure	Savings	% Savings
2014-15	106.272	0.772	105.500	99.27
2015-16	111.297	8.880	102.417	92.02
Total	217.569	9.652	207.917	95.56



3.3 Brief Comments on the Status of Compliance with PAC Directives

This is the first Audit Report on accounts of Cattle Market Management Company Rawalpindi Division which was established in June 2014. Hence, no Audit Report pertaining to preceding years was submitted to the Governor of the Punjab to be laid before provincial legislature.

3.4 AUDIT PARAS

3.4.1 Non-production of Record

3.4.1.1 Non-production of record -Rs 1.117 million

According to Section 14(1)(b) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 read with Section 115 (6) of PLGO 2001, the officials shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

CMMC Rawalpindi disbursed an amount of Rs 1.117 million during 2014-16. It was noticed that no relevant record relating to said payment was not produced as detailed below:-

Sr. No.	Description	Period	Type of Expenditure	Amount (Rs)
1	TMA Dina	2014-15	Tentage and Water Tanks etc	760,066
2	TMA Attock	2014-15	Procurement of Stationary & Furniture etc	207,825
3	TMA Sohawa	2014-15	Procurement of durable goods	15,000
4	CMMC Rawalpindi	2015-16	POL	133,863
Total				1,116,754

Audit holds that due to mismanagement and weak internal control, record was not produced which might lead to misuse of public money.

The matter was reported to the management in June, 2017. It was replied that record would be produced. DAC in its meeting held on 06.12.2017 directed to produce the record for verification. No compliance was reported till finalization of this Report.

Audit recommends fixing responsibility against person(s) at fault for non-production of record besides early production of record under intimation to Audit.

[AIR Para No.02 & 04]

3.4.2 Irregularity / Non- Compliance

3.4.2.1 Loss to the Government due to non-auction of collection rights of parking - Rs 25.666 million

According to Rule 3 of the PLG (Auction of Collection Rights) Rules 2003, a local government may prefer to collect any of its income as specified in Second Schedule of the Ordinance through contractor by awarding collection rights to him for a period not exceeding one financial year. According to Rule 76 of PDG & TMA (Budget) Rules 2003, the primary obligation of the Collecting Officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the local government fund under the proper receipt head.

During the audit of CMMC Rawalpindi Division for the year 2014-16, it was observed that collection rights of parking were not auctioned till March 2016. In comparison with the amount deposited during April 2016 to October 2016, company sustained a loss of Rs 25.666 million on account of non-auction of collection rights of parking fee as detailed below:-

(Amount in Rs)

Name of Parking stand	Name of contractor	Contract Period	Contract amount receivable for Period	Per month amount for Parking Contract	Loss for period (7/2014 to 3/2016)
Cattle Market Gondal	Khaksar enterprises	4/2016 to 10/2016	4,105,000	684,167	12,999,173
Cattle Market Domel	-do-	4/2016 to 10/2016	1,800,000	300,000	5,700,000
Cattle Market Gali jagir	-do-	4/2016 to 10/2016	400,000	66,667	1,266,673
Cattle Market Talalgang	-do-	4/2016 to 10/2016	1,500,000	250,000	4,750,000
Cattle Market Chakwal	-do-	4/2016 to 10/2016	300,000	50,000	950,000
Total					25,665,846

Audit is of the view that collection rights of parking fee were not auctioned due to poor financial discipline and weak internal controls. This resulted in loss to the government worth Rs 25.666 million.

The matter was reported to the management in June, 2017. It was replied that late auction was made due to late approval from the competent authority. DAC in its meeting held on 06.12.2017 did not accept the reply and directed to further verification of record. No compliance was reported till finalization of this Report.

Audit recommends inquiry at appropriate level to make the loss good besides fixing responsibility against the person(s) at fault under intimation to Audit.

[AIR Para #06]

3.4.2.2 Irregular award of contract through auction of collection rights Rs 8.105 million

According to Rule 8 of the PLG (Auction of Collection Rights) Rules 2003, the contract of the collection rights of an income of a local government shall be awarded to the highest bidder through an open bid by adopting procedure prescribed.

Scrutiny of record revealed that contracts valuing Rs 8.105 million for the auction of collection rights of Parking Fee of following Cattle Markets were awarded during the year 2015-16. It was observed that, for auction of collection rights of Parking fee, sealed bids were demanded instead of conducting of open bidding for better competition to get the highest bid. This resulted in irregular award of contract amounting to Rs 8.105 million as detailed below:-

Name of contractor	Contract Amount (Rs)
Khaksar enterprises	4,105,000
Khaksar enterprises	1,800,000
Khaksar enterprises	400,000
Khaksar enterprises	1,500,000
Khaksar enterprises	300,000
Total	8,105,000

Audit is of the view that due to poor financial discipline and weak internal controls, irregular auction process was adopted. This resulted in violation of government rules.

The matter was reported to the management in June, 2017. It was replied that contract was awarded in accordance with rules. DAC in its meeting held on 06.12.2017 directed to verify the relevant documents. No compliance was reported till finalization of this Report.

Audit recommends probe besides fixing responsibility against the person(s) at fault under intimation to Audit.

[AIR Para #09]

3.4.2.3 Unjustified expenditure due to Irregular appointments– Rs 7.365 million

As per Rule 5(2) of the Public Sector Company Rules 2013, the board shall evaluate the candidates based on the fit and proper criteria and the guidelines specified by the commission for appointment to the position of the chief executive, and recommend at least three individuals to the government for appointment as chief executive (M.D.) of the public sector company.

Board of Directors of CMMC Rawalpindi Division has made appointments of following staff members in violation of criteria during 2014-16. This resulted in irregular payment amounting to Rs 7.365 million as detailed in **Annexure-J**.

Audit is of the view that appointments were made without observing codal rules due to weak financial management/discipline and internal control weaknesses.

The matter was reported to the management in June 2017. It was replied that appointments were made in accordance of required qualifications. DAC in its meeting held on 06.12.2017 directed to verification of certificates. No compliance was reported till finalization of this Report.

Audit recommends termination of irregular appointment besides fixing responsibility against the persons at fault under intimation to audit.

[AIR Para #17, 18, 19, 21]

3.4.2.4 Doubtful collection of receipt - Rs 1.116 million

According to Sr. No.69 (a) of Third Scheduled of Punjab Local Government, Ordinance 2001, the concerned local government may draw up Spatial Plan for its local area which shall, among other matters, provide for a survey of its local area including its history, statistics, public service and other particulars.

During audit of CMMC Rawalpindi division for the and scrutiny of receipt record of outsourcing for the Financial Year 2014-16, it was revealed that company did not maintained data of exact area specified for stall/hotel/ ornamental stall and Khokha kept in the cattle markets. This made the collected income of Rs 1,116,450 un-authentic and chances of misappropriation could not be ruled out.

S. No	Period	Name of Parking stand
1	2014-16	Cattle Market Gondal
2	2014-16	Cattle Market Domel
3	2014-16	Cattle Market Gali jagir
4	2014-16	Cattle Market Talalgang
5	2014-16	Cattle Market Chakwal
6	2014-16	Cattle Market Gujar Khan
7	2014-16	Cattle Market Kaller Syedan

Audit was of the view that due to negligence, survey was not conducted caused un-authentic receipts.

The matter was reported to the management in June 2017. It was replied that before establishment of Company, experience of out sourcing was not successful. DAC in its meeting held on 06.12.2017 directed to verification of record. No compliance was reported till finalization of this Report.

Audit recommends fixing of responsibility against persons at fault besides expeditious maintenance of proper record of land proposed for animals and for stall, khoka and other heads under intimation to audit.

[AIR Para #10]

3.4.3 Internal Control Weaknesses

3.4.3.1 Less Deposit of Income Tax and non-realization of outstanding amount of stall holders - Rs 1.261 million

According to Sr.No32 of circular No.4 (36) ITP/2013 date 19 July, 2013 Circular No.6 of 2013 of Government of Pakistan Revenue Division Federal Board of Revenue “The rate of collection of Advance tax at the time of sale by auction under Section 236A has been increased from 5% to 10%”.

Cattle Market Management Company Rawalpindi did not recover an amount of Rs 1.261 million on account of Income Tax from the contractors of and outstanding rent from stall holders during 2014-16. This resulted in non recovery amounting to Rs 1.261 million as detailed below:-

(Amount in Rs)

From whom recovered	Nature of Contract	Recovery nature	Income Tax @ 10%
Khaksar enterprises	Parking of Cattle markets	Income Tax	810,500
Stall holders, Khokhas and Ornamental shops	Rent	Rent of stalls	450,750
Total			1,261,250

Audit is of the view that due to weak financial discipline, non-recovery of Rs 1.261 million resulted in loss to public exchequer.

The matter was reported to the management in June 2017. It was replied that that amount was deposited in the treasury. DAC in its meeting held on 06.12.2017 directed to verification of relevant documents. No compliance was reported till finalization of this Report.

Audit recommends fixing responsibility for non deposit of income tax besides recovery of outstanding amount.

[AIR Para #05 & 13]

3.4.4 Performance

3.4.4.1 Unutilized funds causing non-achievement of goals - Rs 105.50 million

According to Rule 64(2) of the TMA Budget Rule 2003 the resources of the Government should be utilized efficiently and effectively.

During scrutiny of record of Cattle Market Management Company Rawalpindi division for the Financial Years 2014-16, it was observed that funds amounting to Rs 105,499,599 were shown as surplus amount whereas it was an un-utilized amount. Further it was observed that 31 cattle markets were functioning under the TMAs but after taking over the charge by the company, the number of cattle markets was decreasing instead of showing improvement. Presently, only seven cattle markets were functioning under control of company and other 24 cattle markets were closed. This resulted in non achievement of goals due to poor performance amounting to Rs 105.50 million.

Audit is of the view that funds remained un-utilized due to poor financial discipline and weak internal controls resulting in loss to government.

The matter was reported to the management in June 2017. It was replied that small markets were not suitable to deploy financial and other resources while establishment of big markets requires millions of rupees. DAC in its meeting held on 06.12.2017 DAC did not accept the reply and directed that the para may be sent to Board of Directors of CMMCRD for rationalizing the decision to open the Cattle Market in Rawalpindi District. No compliance was reported till finalization of this Report.

Audit recommends recovery of difference amount besides fixing responsibility against the person(s) at fault under intimation to Audit.

[AIR Para #07 & 08]

3.4.4.2 Loss due to non-availing of interest - Rs 10.627 million and loss due to non-outsourcing of parking of cattle market.

According to rule 42(1) & 4(3)(v) of PDG & TMA (Budget) Rules 2003, “the head of office is responsible for ensuring that the funds are utilized on the activities for which money are provided”. Cattle Market Management Company Rawalpindi Division established under section 42 of company ordinance 1984 to organize, manage and regulate the cattle market located in Rawalpindi Division.

Scrutiny of the financial statements of CMMC Rawalpindi revealed that during 2014-15, funds amounting to Rs 106.272 million were laying in the current account of the Bank of Punjab. Neither the amount was utilized to establish new cattle markets nor the amount was placed in CPA account of the Bank of Punjab, which would have earned the company interest at the rate of 10% amounting to Rs 10.627 million. Furthermore, non-outsourcing the collection rights of parking of cattle markets during period (01.07.20014 to 29.02.2016) become a huge loss to CMMC as 5.79 million was received in only four months from 3/2016 to 6/2016.

Audit is of the view that due to poor financial management, CMMC Rawalpindi did perform its functions, which caused loss of expected revenue.

The matter was reported to the management in June 2017 but no tenable reply was furnished. DAC in its meeting held on 06.12.2017 directed to further verification of record. No compliance was reported till finalization of this Report.

Audit recommends fixing responsibility for inefficient service delivery and blockage of government resources.

[AIR Para #03]

CHAPTER-4

Cattle Market Management Company, Sargodha Division

4.1 Introduction of Departments

The government of the Punjab has established Cattle Market Management companies in all divisions of Punjab. Cattle Market Management Company Sargodha Division was incorporated in June 2014 as a company limited by guarantee under Section 42 of companies ordinance 1984 with the spirit to make transparency and improved quality of services in cattle market. The objectives of the company are to establish, organize, manage, operate and regulate cattle markets in the Sargodha Division in order to facilitate the purchasers and sellers.

The hierarchy of the company is as follow:

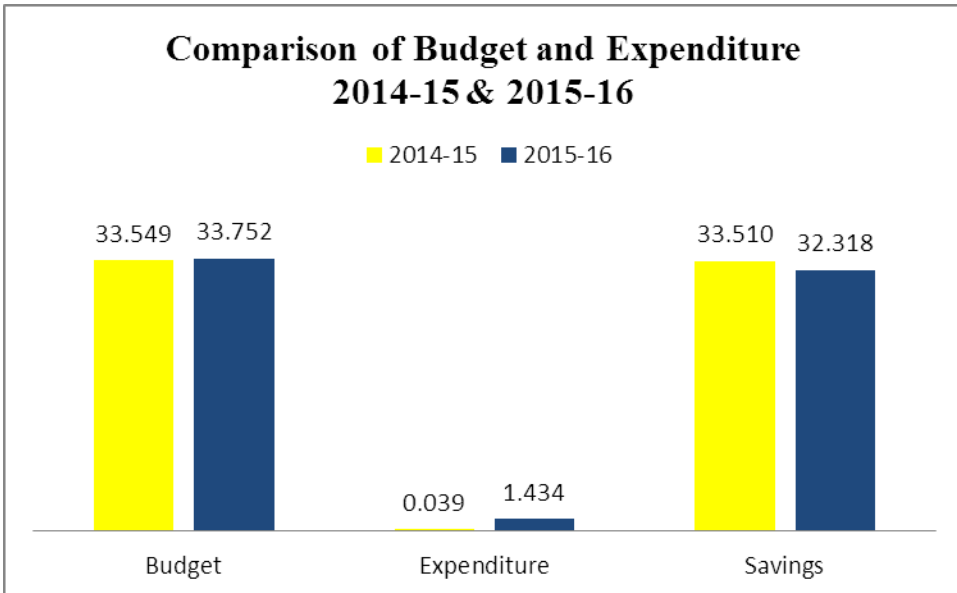
- i. Chairman (Divisional Commissioner)
- ii. Board of Directors
- iii. Managing Director
- iv. Such other bodies committees, sub committees or panels as may be appointed and/or constituted from time to time, by Board of Directors of the company.

4.2 Comments on Budget and Accounts

Total budget of Cattle Market Management Company Sargodha Division for the Financial Years 2014-15 and 2015-16 was Rs 67.301 million, against which only Rs 1.473 million was spent. Overall savings of Rs 65.828 million during the Financial Years 2014-16 which was 97.81% of budgetary allocation, showing non-utilization of funds on accounts of facilities for cattle markets and deprived the community from getting better facilities.

(Rs in million)

Financial Year	Budget	Expenditure	Savings	% Savings
2014-15	33.549	0.039	33.510	99.88
2015-16	33.752	1.434	32.318	95.75
Total	67.301	1.473	65.828	97.81



4.3 Brief Comments on the Status of Compliance with PAC Directives

This is the first Audit Report on accounts of Cattle Market Management Company Sargodha Division which was established in June 2014. Hence, no Audit Report pertaining to preceding years was submitted to the Governor of the Punjab for holding PAC.

4.4 AUDIT PARAS

4.4.1 Irregularities / Non-compliance

4.4.1.1 Irregular appointment and expenditure on accounts of pay and allowances - Rs 0.462 million

As per condition No.1 of terms and conditions for the appointment of members of core team, application along with CV all educational and experience certificate were to be reached to CMMC Sargodha division within 10 days of the date of advertisement. Further, the CFO was required to prepare all financial statements i.e. statements of comprehensive income, financial position, change in equity and cash flow, in accordance with the requirement of company ordinance 1984.

Scrutiny of the appointment record of employees of Cattle Market Management Company Sargodha Division revealed that the appointments were made in violation of terms and conditions set for each post. Further all the legal and mandatory general provisions regarding appointment were also over ruled. Audit observed following irregularities in appointment and performance of officers:

- a) **Appointment of General Manager:** Malik Abdul Rehman was appointed as General Manager Operation at the remuneration of Rs 60,000 P.M. vide appointment offer letter No. 13/CMMC/SGD dated 13-04-2016.
 - i. Record revealed that the officer joined the post on 08-04-2016 whereas appointment offer letter was issued on 13-04-2016 (joined 5 days before the offer letter).
 - ii. Copy of newspaper clipping for advertisement of post of General Manager Operation was not provided to audit.
 - iii. The officer was appointed as GM whereas he has not applied for the post.
 - iv. Degree and other educational documents were not got verified from the Higher Education Commission.
 - v. Appointment was made after lapse of 11 months from date of advertisement which raised question on the transparency of selection procedure of the appointment.
 - vi. Aggregate merit list of applicants was not produced to audit for verification.
 - vii. Degree and other educational documents were not got verified from the HEC.

b. Further the CFO did not prepare statutory statement: comprehensive income, balance sheet, changes in equity and cash flow etc in accordance, with requirements of Companies Ordinance 1984 and International Financial Reporting Standards.

Audit is of the view that due to weak financial controls, the irregular appointment and expenditure on accounts of pay & allowances was incurred.

This resulted in irregular appointment and expenditure on accounts of pay & allowances worth Rs 0.462 million.

The observation was discussed with the management in June, 2017 but no reply was furnished. DAC in its meeting held on 06-12-2017 directed the management, in case of Sr. No. (a), to refer the matter to BOD for probe especially with reference to Medical Certificate and reported to Administrative and Audit Department and directed for recovery in the case Sr. No (b). No progress was intimated till finalization of this report.

Audit recommends investigation, recovery besides fixing responsibility against the persons at fault under intimation to audit.

(AIR Para No.1&7)

4.4.1.2 Expenditure incurred without preparation and approval of budget - Rs 1.469 million

According to Rule 9 (1) of PDG and TMA budget Rules 2003, the budget shall be prepared in accordance with chart of classification of accounts issued by the Auditor General of Pakistan. Moreover, budget statement shall be laid before the Board of Directors for approval.

Scrutiny of the record revealed that the Cattle Market Management Company, incurred expenditure of Rs 1.469 million on accounts of salary and non-salary budget during the Financial Years 2014-15 and 2015-16. The company neither prepared the budget in accordance with the chart of classification nor got approved from the BOD.

Audit is of the view that due to financial indiscipline, budget was neither prepared on prescribed format nor approved by the competent forum.

This resulted in irregular expenditure of Rs 1.469 million.

The observation was discussed with the management in June, 2017 but no reply was furnished. DAC in its meeting held on 06-12-2017 directed the management to prepare the record as per chart of

classification of accounts and verified to Audit within a week. No compliance was made till finalization of this report.

Audit recommends that responsibility be fixed upon the persons at fault for non-preparation and non-approval of Budget under intimation to Audit.

(AIR Para No.07)

4.4.1.3 Improper maintenance of accounting record – Rs 1.469 million

According to companies ordinance 1984, the company management was required to prepare all mandatory financial statement i.e. trial balance, income and expenditure, profit and loss and balance sheet etc which depict the fair and true financial position / status of the company.

Cattle Market Management Company Sargodha Division was established during 2014, under the Companies Ordinance 1984. The company management did not maintain accounts record in accordance with the provisions of companies ordinance 1984. In the absence of maintenance of record in proper format, the financial performance and position of the company could not be ascertained.

Audit was of the view that due to weak financial controls the books of accounts were not maintained.

This resulted in improper maintenance of record as required under the Company's Ordinance 1984.

The observation was discussed with the management in June, 2017 but no reply was furnished. DAC in its meeting held on 06-12-2017 found that department reply was not satisfactory. DAC directed to the management prepare the record properly and verified to Audit within a week. No progress was intimated till finalization of this report.

Audit recommends that the record be maintained in the prescribed manner under intimation to Audit.

(AIR Para No.4)

4.4.1.4 Loss to government due to non-auction of collection rights - Rs 24.665 million

According to Rule 4 (c & d) of PLG (Property) Rules 2003, the manager shall take steps to ensure that property meant for use of public is actually used to the maximum benefit of the public and ensure that the

rented property fetches the maximum rent. Further, Rule 10 of PLG (Auctioning of Collection Rights) 2003, states that at least three attempts shall be made to award the contract of collection rights of an income through open bid by the administration of local government concerned before the commencement of financial year, if the first and second attempts of auction have failed to fetch bid equal to the reserve price or more.

Scrutiny of auction file and reserve price file of parking stands and stalls revealed that recovery of Rs 397,013 was made during the Financial Years 2014-15 and 2015-16 on accounts of auction/self collection of parking stand and different stalls. Audit observed that due to non attempt to auction the company could realized Rs 0.397 million against the reserve price of Rs 25.062 million determined by the CMMC. Hence the management put the company into loss of Rs 24.665 million. Detail is given at **Annexure-K**.

Audit is of the view that due to weak internal controls the parking and other stalls were not attempted to auction.

This resulted in loss of Rs 24.665 million.

The observation was discussed with the management in June, 2017 but no reply was furnished. DAC in its meeting held on 06-12-2017 directed the management to refer the matter to BOD for probe and submit a report to the Administrative Department under intimation to Audit. No progress was intimated till finalization of this report.

Audit recommends probe into the matter and making the loss good from the persons at fault under intimation to audit.

(AIR Para No. 9)

4.4.1.5 Non-deposit of receipts - Rs 86,564

Article of Association “Cardinal Principles” clause 3(C) treat the income/monies of the company, all of which shall be considered public funds as a sacred trust and it shall be a prime responsibility to administer and manage fund with due diligence, and transparent fiduciary responsibility, and for the purpose for which the company has been established.

Cash Book and Bank statement of the Cattle Market Management Company Sargodha Division Sargodha for the period 2014-15 and 2015-16 revealed that the following cheques were received from Mr. Shoaib (Contractor) on accounts of monthly installment of the contract for

the collection of auction rights from cattle market Bhakkar and deposited into bank account but the cheques were dishonored due to insufficient funds. The management neither initiated action against the defaulter contractor nor blacklisted the firm. The detail is as under:

Sr. No.	Date	Description	Cheque No.	Amount (Rs)
1	30.06.16	Receipt No.34 & 35 dt 30.06.16 Deposit Slip No.34409835	09576834	30,000
2	30.06.16	Receipt No.47 dt 30.06.16 Deposit Slip No.36409837	09576839	21,073
3	30.06.16	Receipt No.46 dt 30.06.16 Deposit Slip No.36409836	09576838	12,200
4	30.06.16	Receipt No.45 dt 30.06.16 Deposit Slip No.7977084	Nil	23,291
Total				86,564

Audit is of the view that due to weak financial control the amount was not recovered from the contractor.

This resulted in loss of Rs 86,564 to the company.

The observation was discussed with the management in June, 2017 but no reply was furnished. DAC in its meeting dated 06-12-2017 directed the management to refer the case to BOD for probe and fixing responsibility of negligence of Ex-CFO and submit a report to Administrative Department under intimation to Audit. No progress was intimated till finalization of this report.

Audit recommends recovery of stated amount besides action against the defaulter contractor under intimation to audit.

(AIR Para No.10)

4.4.2 Performance

4.4.2.1 Non-utilization of public money - Rs 33.277 million

As per Finance Department's letter No. B-I-3(121)/2009-2010 dated 02.02.2010, there will be "Zero Tolerance" in so far the savings reported in the Appropriation Accounts are concerned and all departments shall ensure that no savings are depicted in their respective Appropriation Accounts and no percentage cushion shall be available with regard to savings therein.

During audit of CMMC, Sargodha Division for the period 2014-16, it was noticed that the company received sum of Rs 34.746 million during the Financial Years 2014-15 & 2015-16. The company management could utilize fund amounting to Rs 1.469 million only during the year leaving balance of Rs 33.277 million as saving. Audit observed due inefficiency of the management the total budget could not be utilized. Hence the company put the inhabitation of the area into Socio economic loss. On the other hand the company could not expand its operations and enhance the revenue.

Audit is of the view that due to weak financial control the amount was not utilized for the operational activities.

This resulted in non-utilization of public money worth Rs 33.277 million.

The observation was discussed with the management in June, 2017 but no reply was furnished. DAC in its meeting held on 06-12-2017 decided to send the matter to Finance Department through BOD and Administrative Department. No progress was intimated till finalization of this report.

Audit recommends probe into the matter and action against the person at fault under intimation to audit.

(AIR Para No.3)

4.4.2.2 Loss to government due to non functioning of Model Cattle Market Khushab

According to commissioner Sargodha Division letter No.636/DLG dated 21.01.2014, 1 or 2 cattle markets were to be established in each district after 01-07-2014. The cattle markets will be run under the auspices of Tehsil Transition Team.

Cattle Market Management Company Sargodha established cattle market at district Bhakkar in April 2016, after two years of the

establishment of the company. Audit noticed that management established the cattle market at Bhakkar which had less turnover in comparison with Khushab.

Sr. No.	District	No. of Cattle Markets	Turnover (Rs)
1	Sargodha	14	141,752,000
2	Khushab	03	182,800,000
3	Mianwali	15	114,466,000
4	Bhakkar	09	102,656,000
Total		41	541,674,000

Audit is of the view that due to weak internal controls, cattle market having lesser turnover was established at Bhakkar instead of having higher turnover at Khushab.

This resulted in loss to the company besides depriving of masses of the area of its benefits.

The observation was discussed with the management in June, 2017 but no reply was furnished. DAC directed in its meeting held on 06-12-2017 to submit the case to Finance Department through BOD and Administrative Department for regularization. No progress was intimated till finalization of this report.

Audit recommends inquiry of the matter and action against the persons at fault under intimation to audit.

(AIR Para No.12)

4.4.2.3 Loss to the company due to non-establishment of cattle markets having higher turnover - Rs 541.674 million

According to Rules 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 government through fraud or negligence on his part or to the extent he contributed to the loss by his own action or negligence. According to commissioner Sargodha Division letter No.636/DLG dated 21.01.2014, 1 or 2 cattle markets were to be established in each district after 01-07-2014. The cattle markets will be run under the auspices of Tehsil Transition Team during transitional period.

During audit of Cattle Market Management Company Sargodha Division for the period 2014-15 and 2015-16 it was noticed that during 2015-16 only one cattle markets of District Bhakkar was established by the company. Audit noticed that company could took over the possession

of 41 cattle markets already working under the control of TMAs and up lift its revenue upto Rs 541.674 million per annum (approximate).

Sr. No.	District	No. of Cattle Markets	Collection per annum (Rs)
1	Sargodha	14	141,752,000
2	Khushab	03	182,800,000
3	Mianwali	15	114,466,000
4	Bhakkar	09	102,656,000
Total		41	541,674,000

Audit is of the view that management failed to establish cattle markets due to weak managerial controls.

This resulted in loss of Rs 541.674 million (approximately) to the company.

The observation was discussed with the management in June, 2017 but no reply was furnished. DAC directed in its meeting held on 06-12-2017 to submit the case to Finance Department through BOD and Administrative Department for regularization. No progress was intimated till finalization of this report.

Audit recommends that responsibility be fixed upon the persons at fault for the non-establishment of cattle markets and making the loss good under intimation to Audit.

(AIR Para No 15)

ANNEXURES

Annexure-A

Details of MFDAC

(Rs in million)

Company Name	Sr. No.	PDP No	Subject of Para	Amount
Gujranwala Division CMMC	1	01	Less deduction of income tax	0.172
	2	04	Non verification of sales Tax	0.024
	3	05	Non deposit of deducted sales tax and income tax into Government exchequer	0.118
	4	06	Irregular payment of vehicle rent	0.090
	5	07	Doubtful payment made to the Operational Manager	0.189
	6	11	Non verification of Degrees /Certificates from HEC of managerial and operational staff	-
	7	12	Non-maintenance of budget & expenditure statements	-
	8	14	Loss to Govt. due to non-provision of facilities in cattle markets	-
	9	16	Non discussion of financial statements	-
	10	17	Non auction of outsourcing services	-
	11	20	Non-collection of Income from TMAs	-
	12	23	Overpayment of Daily Allowance	0.010
Lahore Division CMMC	13	42	Unauthorized establishment of cattle market	-
	14	5	Unauthentic collection on account of Parking Fee and Animal Tagging fee	-
	15	49	Non-obtaining of Membership of National and International Bodies	-
	16	17	Non deduction of Income Tax	0.158
	17	18	Purchase at higher rates recovery of	0.220
	18	25	Irregular disbursement of pay & allowances with deployment of employees without approved business plan and without verification of educational certificate	-
	19	28	Irregular Contract of Animal Ear Tagging	-
	20	29	Unjustified payment of electricity charges	-
	21	15	Evasion of Environmental Impact Assessment (EIA) of Cattle Markets in the Urban Area	-
	22	19	Mis- procurement of billboards	-
	23	20	Irregular hiring of tentage	-
	24	30	Unjustified payment of Rent of Building	-
	25	16	Irregular purchase of electrical items	-
	26	17	Irregular purchase of hot water pressure washer	-
	27	27	Irregular payment of Income Tax at the expense of Company	-
	28	32	Un-authentic payment of electricity bills Rs 4.894 million	-
	29	31	Non-conformity with pre-requisites to run operations	-
	30	37	Non generation of revenue from animal waste	-

Rawalpindi Division CMMC	31	5	Non formulating of significant policy and manuals	-
	32	6	Loss due to non auction of collection rights	0.43
	33	7	Non-verification of GST	0.20
	34	8	Irregular tender of tents valuing	0.27
	35	9	Irregular appointment of managerial and operational staff	-
	36	13	Irregular award of Government Scale	-
	37	16	Loss to company due to non establishing of big Cattle Market	-
Sargodha Division CMMC	38	8	Non-preparation and Non-approval of Financial Statement	-

Annexure-B**(Para1.4.1.1)**

Cheque No.	Date	Description	Name	Designation	Amount (Rs)
803234501	15-Jul-15	Paid salary to MD for the month of June,2015	Farrukh Qayyum	M. Director	93,333
803234504	10-Aug-15	Paid salary to MD for the month of July,2015	Farrukh Qayyum	M. Director	179,584
803234508	6-Oct-15	Paid salary to MD for the month of Sep.2015	Farrukh Qayyum	M. Director	17,959
803234510	27-Nov-15	Paid Salary to Amir Saleem for the 4 months	Amir Saleem	Field Assistant	84,516
803234511	27-Nov-15	Paid salary to WaqasHussain Shah for the 4 Month	Waqas Hussain	Field Assistant	84,516
803234512	2-Dec-15	Paid salary to MD for the month of Nov 2015	Col M Akram	M. Director	224,267
803234513	2-Dec-15	Paid salary to CFO for the month of Dec 2015	Rana M Arif	CFO	90,000
803234515	31-Dec-15	Paid salary to MD for the month of Dec 2015	Col M Akram	M. Director	232,000
803234516	31-Dec-15	Paid salary to CFO for the month of Dec 2015	Rana M Arif	CFO	180,000
803234517	31-Dec-15	Paid Salary to Amir Saleem foe the month	Amir Saleem	Field Assistant	20,000
803234518	31-Dec-15	Paid Salary toWaqasHussain Shah for the month	WaqasHussain	Field Assistant	20,000
803234526	30-Jan-16	Paid Staff salary of CMMCG fot the month of Jan	CMMCG Staff	All Staff	391,613
803234527	30-Jan-16	Paid salary to MD for the month of Jan 2016	Col M Akram A	M. Director	232,000
803234538	1-Mar-16	Paid Salary to MD for the month of Feb,2016	Col M Akram	M. Director	212,000
803234539	1-Mar-16	PaidSalary to CMMCG Staff for the month of Feb	CMMCG Staff	All Staff	520,342
803234546	30-Mar-16	Paid Salary to staff for the month of March ,2016	CMMCG Staff	All Staff	529,000
803234558	30-Apr-16	Paid salary to CMMCG Staff for the month of April	CMMCG Staff	All Staff	526,200
803234	31-	Paid Salary to staff for	CMMCG	All Staff	244,000

Cheque No.	Date	Description	Name	Designation	Amount (Rs)
565	May-16	the month of May ,2016	Staff		
803234 569	27- Jun-16	Paid Salary to staff for the month of June ,2016	CMMCG Staff	All Staff	224,000
803234 574	4-Aug- 16	Paid Salary to staff for the month of July ,2016	CMMCG Staff	All Staff	232,000
803234 579	5-Sep- 16	Paid Salary to staff for the month of August ,2016	CMMCG Staff	All Staff	227,199
803234 588	29- Sep-16	Paid Salary to staff for the month of September	CMMCG Staff	All Staff	255,200
803234 592	31- Oct-16	Paid Salary to staff for the month of October,2016	CMMCG Staff	All Staff	255,200
803234 599	15- Nov- 16	Payment of Salay to Ex-MD Col AkramAnjum	Col M Akram	M Director	125,525
TOTAL					5,200,454

Annexure-C
(Para 1.4.1.3)

Chq No.	Date	Particulars	Head	Amount (Rs)
803234509	30-Oct-15	Paid TA/DA to MD for the month of Oct 2015	TA/DA	27,730
803234519	31-Dec-15	Paid TA/DA of MD for the month of Dec 2015	TA/DA	13,800
803234520	31-Dec-15	Paid TA/DA of CFO for the month of Dec 2015	TA/DA	6,900
803234528	30-Jan-16	Paid TA/DA to MD for the month of Jan 2016	TA/DA	12,820
803234529	30-Jan-16	Paid TA/DA of CFO for the month of Jan 2016	TA/DA	8,950
803234533	18-Feb-16	Paid TA/DA of CMMCG Staff for the month of Jan & Feb 2016	TA/DA	34,515
803234544	3-Mar-16	Paid TA/DA to MD for the month of Feb,2016	TA/DA	6,500
803234545	4-Mar-16	Paid TA/DA to CMMCG Staff for the month of Feb,2016	TA/DA	38,800
803234551	30-Mar-16	Paid TA/DA to MD for the month of March,2016	TA/DA	5,300
803234552	30-Mar-16	Paid TA/DA to staff for the month of March,2016	TA/DA	73,930
803234563	11-May-16	Paid TA/DA to MD for the month of April,2016	TA/DA	41,960
803234566	28-Jun-16	Paid TA/DA to MD for the month of May,2016	TA/DA	13,000
803234570	27-Jun-16	Paid TA/DA to Staff for the month of May,2016	TA/DA	37,550
803234573	25-Jul-16	Paid TA/DA to Staff for the month of June ,2016	TA/DA	56,880
Total				378,635

Annexure-D**2.4.1.8**

Sr.#	Description	Firm	Site	Billing date	Amount (Rs)	GST (Rs)
1	Water Filtration Plants	M/S Shangtai International	Shahpurkangran and SKP		5,615,000	785,400
2.	Dumper	Malik trading co.	-do-	30.08.2015	257,000	37,342
3.	Dumper	Malik trading co.	-do-	20.09.2015	298,555	43,380
4.	Electric items	M/S progressive	LDCMMC Office	06.08.2015	2,984,138	368,554
5.	Purchase of furniture	M/S Profine	LDCMMC		5,653,534	821,453
6.	-do-	-do-	-do-		1,488,006	216,226
7.	-do-	-do-	-do-		361,868	50,763
8.	CCTV	Abdullah Electronic	-do-		1,878,000	272,872
9.	Animal tagging	Lot-I	-do-		14,467,000	2,102,043
10.	Animal tagging	Lot-2	-do-		22,103,000	3,211,547
11.	Animal tagging	Lot-3	-do-		13,059,000	1,897,462
12.	IT equipment	CMC	-do-		4,376,000	635,829
Total:-					72,541,101	10,442,871

Annexure-E**2.4.1.9**

Sr.#	Description	Firm	Billing Amount (Rs)
1.	Hiring of tractors at shahpur kanjran	Mohammad Bashir	138,824
2.	Tent at shahpur kanjran	Sultan Engg& Const.	891,186
3	Rent of sogo lights	Qasir Iqbal	624,456
4	Rent of tent at shahpur kanjran mandi	Qasir Iqbal	3,273,072
5	Rent of chairs etc in medical camp shahpur kanjran	Qasir Iqbal	91,200
6	Supply of trollies sand and soil	Ismail brothers	242,000
7	Hiring of Dumper	Ismail brothers	156,310
8	Hiring of Dumper	-do-	103,449
9	Hiring of Dumper	Malik trading co.	257,000
10	Hiring of Dumper	Malik trading co.	298,555
Total			6,076,052

Annexure-F

2.4.1.11

Sr #	Category	Description	Contractor Name	Contract amount (Rs)
1	Tori/ Parrali Points	TP-01	M. Faheem Khan S/o M. Afzal Khan	1,510,000
2		TP-02	M. Faheem Khan S/o M. Afzal Khan	1,510,000
3		TP-03	Vacant	-
4	Hotel/ Canteen	H-01	Ashfaq Ahmad S/o Mushtaq Ahmad	966,100
5		H-02	Muhammad Khalil S/o Muhammad Amin	1,005,000
6		H-03	Khalid Mahmood s/o M. Sadiq	440,000
7		H-04	Zeeshan Khan s/o M. Sadiq Khan	675,000
8		H-05	Abdul Hameed s/o Ashraf Khan	405,000
9		H-06	Muhammad SaleemRaza s/o Mubarak Ali	777,786
10		H-07	Vacant	-
11		H-08	Bashir Ahmad s/o Ahmad din	310,000
12		H-09	Baggan S/o Jangi	350,000
13		H-10	Muhammad Idrees s/o Nawab Din	460,000
14		H-11	Abuzar Ali S/o MeyanPehalwan	660,400
15		H-12	Vacant	-
16		H-13	Muhammad Nawaz s/o M. Yaqoob	1,000,000
17	Khokha/ Tea Stall (Block 3)	Khokha-01	AsifJaved S/o M. Hussain	211,300
18		Khokha-02	Vacant	-
19		Khokha-03	Muhammad Shehzad Akbar S/o M. Akbar	225,000
20		Khokha-04	Muhammad Nawaz S/o Shaukat Ali	211,000
21		Khokha-05	Vacant	-
22		Khokha-06	KashifShaheen S/o PeeraDitta	188,786
23		Khokha-07	Muhammad Ibrahim s/o Rehmat Ali	120,000
24		Khokha-08	Muhammad Naeem S/o Muhammad Hanif	261,786
25	Khokha/ Tea Stall (Block 4)	Khokha-01	Ghulam Mustafa S/o M. Ramzan	311,000
26		Khokha-02	Karamat Ali S/o Shamas-ud-Din	321,000
27		Khokha-03	Muhammad Ramzan S/o Baitullah	330,000
28		Khokha-04	Vacant	-
29		Khokha-05	Istikhar Hussain S/o Muhammad Tufail	240,786
30		Khokha-06	Gaffor Hussain S/o GhulamRasool	211,000
31		Khokha-07	Rehmatullah S/o Baitullah	333,000
32		Khokha-08	Zulfiqar Ali S/o M. sarwar	160,786
33		Khokha-09	Muhammad Akram S/o Allah Ditta	330,000
34		Khokha-10	Muhammad Shahid S/o M. Akram	240,000
35		Khokha-11	Murad Ali S/o Barkat Ali	311,086
36	Khokha-12	Muhammad Sarwar S/o Khushi Muhammad	190,786	
37	Khokha/ Tea Stall (Block 5)	Khokha-01	Faryad Ali S/o Barkat Ali	211,786
38		Khokha-02	Muhammad Akbar S/o Muhammad Shafi	170,500
39		Khokha-03	Muhammad Saleem S/o M. Din	210,500
40		Khokha-04	Sheikh Saifullah S/o Baitullah	230,000
41		Khokha-05	Sohaib Ahmad S/o Muhammad Tufail	252,786
42		Khokha-06	Vacant	-
43		Khokha-07	Muhammad Waris S/o M. Ali	130,240
44		Khokha-08	Majid Ali S/o Din Muhammad	211,000
45	Four Ice Sale	BSP-01	Muhammad Akram s/o Akber Ali	160,000

46	Points	BSP-02	Muhammad Arif S/o Sardar Ali	131,000
47		BSP-03	Vacant	-
48		BSP-04	Vacant	-
	Total			15,974,414

Annexure-G

2.4.1.14

Sr. #	Cattle Market	Type	Description	Contractor Name	Contract amount (Rs)	Advance Tax @ 10% (Rs)
1	Model Cattle Market Sheikhpura	Fodder Shop with Toka and Without Toka	Without Toka-FWT 01	Sabar Hussain S/o Ameer Ali	306,800	30,680
2	-do-	Fodder Shop with Toka and Without Toka	With Toka-FT 01	Ahsan Khabar S/o Zulfikar Ali	1,651,000	165,100
3	-do-	Tori/ Parrali Points	TP-01	EhsanMunawar S/o Munawar Hussain	1,200,786	120,079
4	-do-	Hotel/ Canteen	H-01	NadeemTahir s/o M. Yousaf	3,025,000	302,500
5	-do-	Khokha/ Tea Stall	Khokha-01	Ghulam Murtaza S/o Ghulam Mustafa	2,361,000	236,100
6	Cattle Market Shahpur Kanjran	Fodder Shop with Toka and Without Toka	With Toka-FT 02	Ch. Ammar Shafqat s/o Ch. Shafqat Ali	1,410,000	141,000
7	-do-	Fodder Shop with Toka and Without Toka	Without Toka-FWT 01	Ch. Shaukat Ali S/O Ch. Liaqat Ali	5,110,000	511,000
8	-do-	Fodder Shop with Toka and Without Toka	Without Toka-FWT 02	Muhammad Arshad S/O Abdul Gani	4,051,000	405,100
9	-do-	Tori/ Parrali Points	TP-01	M. Faheem Khan S/o M. Afzal Khan	1,510,000	151,000
10	-do-	Tori/ Parrali Points	TP-02	M. Faheem Khan S/o M. Afzal Khan	1,510,000	151,000
11	-do-	Hotel/ Canteen	H-01	Ashfaq Ahmad S/o Mushtaq Ahmad	966,100	96,610
12	-do-	Hotel/ Canteen	H-03	Khalid Mahmood s/o M. Saddiq	440,000	44,000
13	-do-	Hotel/ Canteen	H-04	Zeeshan Khan s/o M. Sadiq Khan	675,000	67,500
14	-do-	Hotel/ Canteen	H-05	Abdul Hameed s/o Ashraf Khan	405,000	40,500
15	-do-	Hotel/ Canteen	H-06	Muhammad Saleem Raza s/o Mubarik Ali	777,786	77,779
16	-do-	Hotel/ Canteen	H-08	Bashir Ahmad s/o Ahmad din	310,000	31,000

17	-do-	Hotel/ Canteen	H-09	Baggan S/o Jangi	350,000	35,000
18	-do-	Hotel/ Canteen	H-10	Muhammad Idrees s/o Nawab Din	460,000	46,000
19	-do-	Hotel/ Canteen	H-13	Muhammad Nawaz s/o M. Yaqoob	1,000,000	100,000
20	-do-	Ornamentals (Zewrat) Shops	J-01	Muhammad Waqas S/o Muhammad Irshad	600,000	60,000
21	-do-	Ornamentals (Zewrat) Shops	J-02	Muhammad Imran S/o Muhammad Mushtaq	652,000	65,200
22	-do-	Khokha/ Tea Stall	Khokha-01	Nawaz Ali S/o M.Ramzan	112,000	11,200
23	-do-	Khokha/ Tea Stall	Khokha-02	Abdul Majeed S/o Muhammad Akbar	102,200	10,220
24	-do-	Khokha/ Tea Stall	Khokha-03	Sharafat Ali S/o Shair Muhammad	150,786	15,079
25	-do-	Khokha/ Tea Stall	Khokha-01	Ali Abbas S/o Shoukat Ali	150,400	15,040
26	-do-	Khokha/ Tea Stall	Khokha-02	Abdul Rasheed S/o M. Haneef	250,786	25,079
27	-do-	Khokha/ Tea Stall	Khokha-03	Muhammad Ali Majid S/o Majid Jahangir	165,000	16,500
28	-do-	Khokha/ Tea Stall	Khokha-04	Hashim Ali S/o MeeranBaksh	381,786	38,179
29	-do-	Khokha/ Tea Stall	Khokha-05	Muhammad Rafiq S/o Karam Din	170,000	17,000
30	-do-	Khokha/ Tea Stall	Khokha-06	Kashif Munir S/o Muhammad Munir	150,200	15,020
31	-do-	Khokha/ Tea Stall	Khokha-07	Muhammad Mehboob S/o M. Sarwar	250,786	25,079
32	-do-	Khokha/ Tea Stall	Khokha-08	Afzal Ahmad S/o M. Azam Ghuri	111,786	11,179
33	-do-	Khokha/ Tea Stall	Khokha-01	Asif Javed S/o M. Hussain	211,300	21,130
34	-do-	Khokha/ Tea Stall	Khokha-03	Muhammad Shehzad Akbar S/o M. Akbar	225,000	22,500
35	-do-	Khokha/ Tea Stall	Khokha-04	Muhammad Nawaz S/o Shaukat Ali	211,000	21,100

36	-do-	Khokha/ Tea Stall	Khokha-06	Kashif Shaheen S/o Peera Ditta	188,786	18,879
37	-do-	Khokha/ Tea Stall	Khokha-07	Muhammad Ibrahim s/o Rehmat Ali	120,000	12,000
38	-do-	Khokha/ Tea Stall	Khokha-01	Ghulam Mustafa S/o M. Ramzan	311,000	31,100
39	-do-	Khokha/ Tea Stall	Khokha-02	Karamat Ali S/o Shamas-ud-Din	321,000	32,100
40	-do-	Khokha/ Tea Stall	Khokha-03	Muhammad Ramzan S/o Baitullah	330,000	33,000
41	-do-	Khokha/ Tea Stall	Khokha-05	Istikhar Hussain S/o Muhammad Tufail	240,786	24,079
42	-do-	Khokha/ Tea Stall	Khokha-06	Gaffor Hussain S/o Ghulam Rasool	211,000	21,100
43	-do-	Khokha/ Tea Stall	Khokha-08	Zulfiqar Ali S/o M. sarwar	160,786	16,079
44	-do-	Khokha/ Tea Stall	Khokha-09	Muhammad Akram S/o Allah Ditta	330,000	33,000
45	-do-	Khokha/ Tea Stall	Khokha-10	Muhammad Shahid S/o M. Akram	240,000	24,000
46	-do-	Khokha/ Tea Stall	Khokha-12	Muhammad Sarwar S/o Khushi Muhammad	190,786	19,079
47	-do-	Khokha/ Tea Stall	Khokha-01	Faryad Ali S/o Barkat Ali	211,786	21,179
48	-do-	Khokha/ Tea Stall	Khokha-02	Muhammad Akbar S/o Muhammad Shafi	170,500	17,050
49	-do-	Khokha/ Tea Stall	Khokha-03	Muhammad Saleem S/o M. Din	210,500	21,050
50	-do-	Khokha/ Tea Stall	Khokha-04	Sheikh Saifullah S/o Baitullah	230,000	23,000
51	-do-	Khokha/ Tea Stall	Khokha-05	Sohaib Ahmad S/o Muhammad Tufail	252,786	25,279
52	-do-	Khokha/ Tea Stall	Khokha-07	Muhammad Waris S/o M. Ali	130,240	13,024
53	-do-	Khokha/ Tea Stall	Khokha-08	Majid Ali S/o Din Muhammad	211,000	21,100
54	-do-	Mobile Shop	MS-01	Qaiser Iqbal s/o Muhammad Iqbal	117,200	11,720
55	-do-	Mobile Shop	MS-02	Yasir Ali s/o Rehmat Ali	190,000	19,000

56	-do-	Four Ice Sale Points (New)-To be named "Ice Khokha"	BSP-01	Muhammad Akram s/o Akber Ali	160,000	16,000
57	-do-	Four Ice Sale Points (New)-To be named "Ice Khokha"	BSP-02	Muhammad Arif S/o Sardar Ali	131,000	13,100
Total					36,073,658	3,607,366

Annexure-H**2.4.1.17**

Sr. #	Year	Description	Location	Sanctioned Post	No. of daily wages hired	Excess staff
1.	2014-15	Janitorial staff hired	Model cattle market Sheikhupura	Nil	15	15
2.	2014-15	Gardner	-do-	Nil	05	05
3.	2015-16	-do-	-do-	Nil	13	13
4.	2015-16	Other garners	-do-	Nil	08	08
5.	2015-16	Cashier	-do-	Nil	01	01
6.	2015-16	Worker attendant	-do-	10	14	04
7.	2015-16	Plumber	-do-	01	02	01
9.	2015-16	Parking staff	-do-	12	13	01
9.	2015-16	Worker attendant	Lahore Cattle Market	20	23	03
10.	2015-16	Supervisor	-do-	06	07	01
11.	2015-16	Electrician	-do-	01	02	01
12.	2015-16	Office support staff	Head office	09	10	01
Total:-				59	113	54

Annexure-I**2.4.2.11**

Sr.#	Complain	Date of complaint	Cattle Market	Comments of the Manager Q.C	Action taken
1.	Over charging of rates of Animal Food	02.08.2016	Shahpur Kanjran	Warning / showcase noticed must be issued	Still pending
2.	-do-	19.01.2016	-do-	Temporary contractor should not be awarded with contract in future	No action taken.
3.	Sub-standard sale of animal food	11.1.2016	-do-	Strict action please	No action taken
4.	Over charging of khurlies	23.12.2015	-d-	Proper action should be taken	No action taken
5.	Theft of animal	29.01.2016	-do-	Security co. must remain vigilant	No further action were taken
6.	Mis-appropriation in receipt	27.01.2016	-do-	No comments were given	-do-
7.	Charging high rate in the sale of animal food	22.01.2016	-do-	Case forwarded to sale committee	-do-

Annexure-J**(Para 3.4.2.3)**

Period	Appointment	Required Criteria	Irregularity	Payment made Rs in million
2014-16	MD	At least three individuals to the government for appointment as chief executive (M.D.) of the public sector company	Three names were also not forwarded to government	2,611,200
2014-16	GM (Operations)	DVM/M.Phil in veterinary sciences or/with MBA,MPA,MA or MSc from any HEC recognized or International university with 10 years experience in relevant fields	Officer had neither any experience in relevant field nor had any qualification of veterinary sciences	2,064,000
2014-16	Internal Auditor	Five years of relevant audit experience in Public sector Company	officer had no working experience in Public sector Company	1,650,000
2014-16	Chief Financial Officer	Five years of relevant audit experience in Public sector Company	officer had no working experience in Public sector Company	1,040,000
Total				7,365,200

Annexure-K

4.4.1.4

Description	Reserve Price								(Amount in Rs)
	Cattle Market Bhalwal	Cattle Market Khushab	Cattle Market Bhakkar	Cattle Market Sarya-Mahjar Bhakkar	Cattle Market Chandni Chowk-Bhakkar	Cattle Market Mianwali	Cattle Market Bin Hafiz G - Mianwali	Cattle Market Piplan-Mianwali	Total (Rs)
Parking	4,000,000	7,260,000	3,311,000	687,960	608,400	2,186,080	859,301	566,280	19,479,021
Chara Jat	114,000	0	0	0	0	104,000	0	0	218,000
Tea Stall	330,000	173,785	132,000	94,966	46,800	85,800	18,461	39,000	920,812
Canteen/Hotel	165,000	386,100	462,000	187,200	10,400	280,800	72,801	124,800	1,689,101
Juice/Fruit/Vegetable	71,500	35,200	231,000	76,999	13,000	93,600	267,810	47,057	836,166
Zaiverat Shop for veterinary	110,000	54,618	115,500	76,999	31,200	72,800	6,492	198,917	666,526
Vegetable panieri	0	0	93,500	0	0	18,200	31,199	30,304	173,203
Misc. Stall	0	0	209,000	64,167	23,400	249,600	416,001	117,003	1,079,171
Total	4,790,500	7,909,703	4,554,000	1,188,291	733,200	3,090,880	1,672,065	1,123,361	25,062,000
Recovery made during 2014-16									397,013
Loss amount									24,664,987