



AUDIT REPORT
ON
THE ACCOUNTS OF
TEHSIL MUNICIPAL ADMINISTRATIONS
RAHIM YAR KHAN
AUDIT YEAR 2014-15

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Programme
CCB	Citizen Community Board
D&C	Demand & Collection
DAC	Departmental Accounts Committee
DGA	Directorate General Audit
E&T	Excise & Taxation
FD	Finance Department
IPSAS	International Public Sector Accounting Standards
LG&CD	Local Government & Community Development
MB	Measurement Book
MFDAC	Memorandum for Departmental Accounts Committee
NAB	National Accountability Bureau
NAM	New Accounting Model
PAC	Public Accounts Committee
PDG	Punjab District Governments
PLGO	Punjab Local Government Ordinance
POL	Petroleum Oil and Lubricants
RDA	Regional Directorate of Audit
TAC	Tehsil Accounts Committee
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
TO (F)	Tehsil Officer (Finance)
TO (I&S)	Tehsil Officer (Infrastructure & Services)
TO (P&C)	Tehsil Officer (Planning & Coordination)
TO (R)	Tehsil Officer (Regulation)

Preface

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973, and Section 115 of the Punjab Local Government Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of Receipts and Expenditure of the Local Fund and Public Accounts of District Governments.

The report is based on audit of the accounts of Tehsil Municipal Administrations of District Rahim Yar Khan for the Financial Year 2013-14. The Directorate General of Audit District Governments Punjab (South), Multan conducted audit during 2014-15 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings carrying value of Rs.1 million or more. Relatively less significant issues are listed in the Annex-A of the Audit Report. The audit observations listed in the Annex-A shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

Audit findings indicate the need for adherence to the regularity framework besides instituting and strengthening internal controls to avoid recurrence of similar violations and irregularities.

The observations included in this report have been finalized in the light of written responses of the management concerned and DAC directives.

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

Islamabad
Dated:

(Rana Assad Amin)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General Audit, (DGA), District Governments, Punjab (South), Multan, a Field Audit Office of the Auditor General of Pakistan, is mandated to carry out the audit of all District Governments in Punjab (South) including Tehsil and Town Municipal Administrations. Regional Directorate of Audit Bahawalpur has audit jurisdiction of District Governments, TMAs and UAs of three Districts i.e. Bahawalpur, Bahawalnagar and Rahim Yar Khan.

The Regional Directorate has a human resource of 25 officers and staff, constituting 4,848 mandays and budget amounting to Rs14.669 million was allocated in audit year 2014-15. The office is mandated to conduct financial attest audit, audit of sanctions, audit of compliance with authority and audit of receipts as well as the performance audit of entities, projects and programs. Accordingly, RDA Bahawalpur carried out audit of the accounts of four TMAs of District Rahim Yar Khan for the financial year 2013-14 and the findings included in the Audit Report.

Each Tehsil Municipal Administration in District Rahim Yar Khan is headed by a Tehsil Nazim / Administrator. He/she carries out operations as per Punjab Local Government Ordinance, 2001. Tehsil Municipal Officer is the Principal Accounting Officer (PAO) and acts as a coordinating and administrative officer, responsible to control land use, its division and development and to enforce all laws including Municipal Laws, Rules and By-laws. The PLGO 2001 requires the establishment of Tehsil / Town Local Fund and Public Account for which Annual Budget Statement is authorized by the Tehsil Nazim / Tehsil Council / Administrator in the form of Budgetary Grants.

The total Development Budget of four TMAs in the District Rahim Yar Khan for the financial year 2013-14 was Rs 437.944 million and expenditure incurred of Rs 224.883 million showing savings of Rs 213.062 million in the year. Total Non-development Budget for Financial Year 2013-14 was Rs 1,251.744 million and expenditure amounting to Rs 1,106.150 million was incurred showing savings of Rs145.594 million. The reasons for savings in Development and Non-development Budgets are required to be provided by TMO and PAO concerned.

Audit of TMAs of District Rahim Yar Khan was carried out with a 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, was made in accordance with laws and rules and that there was no leakage of revenue.

a. Scope of Audit

Out of total expenditure of the TMAs District Rahim Yar Khan for the financial year 2013-14, auditable expenditure under the jurisdiction of Regional Director Audit, Bahawalpur was Rs 1,331.033 million covering four PAOs/formations. Out of this, RDA Bahawalpur audited an expenditure of Rs 577.800 million which, in terms of percentage, is 43% of auditable expenditure and irregularities amounting to Rs 267.824 million were pointed out. Regional Director Audit planned and executed audit of 04 formations i.e. 100% achievement against the planned audit activities.

Total receipts of the TMAs of District Rahim Yar Khan for the financial year 2013-14, were Rs 1,162.925 million. RDA Bahawalpur audited receipts of Rs 407.024 million which was 35% of total receipts and irregularities amounting to Rs 67.302 million were pointed out.

b. Recoveries at the Instance of Audit

Recoveries of Rs 556.034 million were pointed out by Audit which was not in the notice of the management before audit. An amount of Rs 7.759 million was recovered and verified during year 2014-15 till the time of compilation of the Report.

However, against the total recovery amount of Rs 462.886 million pertaining to paras (over one million) drafted in this report, recovery of an amount of Rs 6.776 million has been made by the management till the time of compilation of this Report.

c. Audit Methodology

Audit was conducted after understanding the business processes of TMAs with respect to its functions, control structure, prioritization of risk areas by determining their significance and identification of key controls. This helped auditors in understanding

the systems, procedures, environment and the audited entity before starting field audit activity.

d. Audit Impact

A number of improvements in record maintenance and procedures have been initiated by the departments concerned; however, audit impact in the shape of change in rules could not be materialized as the Provincial Accounts Committee has not discussed audit reports pertaining to Tehsil Municipal Administrations for the year 2014-15.

e. Comments on Internal Control and Internal Audit department

Internal control mechanism of TMAs of District Rahim Yar Khan was not found satisfactory during audit. Many instances of weak internal controls have been highlighted during the course of audit which includes some serious lapses. Negligence on the part of TMA authorities may be captioned as one of important reasons for Weak Internal Controls.

According to Section 115-A (1) of PLGO, 2001, Nazim of each District Government and Tehsil/Town Municipal Administration shall appoint an Internal Auditor but the same was not appointed in all TMAs of District Bahawalpur.

f. The Key Audit Findings

- i. Fraud / Misappropriations involving an amount of Rs 32.592 million were noted in two cases.¹
- ii. Non Production of record involving an amount of Rs 6.384 million was noted in two cases.²
- iii. Irregularities & non compliance involving an amount of Rs 47.472 million were noted in ten cases.³
- iv. Performance issues involving an amount of Rs 366.185 million were noted in eight cases.⁴

¹ Para: 1.3.1.1,1.5.1.1

² Para: 1.3.2.1,1.4.1.1

³ Para: 1.2.1.1 to 1.2.1.2, 1.3.3.1 to 1.3.3.3,1.4.2.1 to 1.4.2.4, 1.5.2.1

⁴ Para: 1.2.2.1 to 1.2.2.3,1.3.4.1 to 1.3.4.3,1.4.3.1, 1.5.3.1

Audit paras on the accounts for financial year 2013-14 involving procedural violations including internal controls weaknesses and irregularities which were not considered worth reporting to Provincial PAC have been included in Memorandum for Departmental Accounts Committee (MFDAC). (**Annex-A**)

g. Recommendations

Audit recommends that the PAO/Management of TMAs should ensure to resolve the following issues seriously:

- i. Production of record to audit for verification
- ii. Hold investigations for wastage, fraud, misappropriation and losses, and disciplinary actions after fixing responsibilities.
- iii. Strengthening of financial and managerial controls
- iv. Compliance of DAC directives and decisions in letter and spirit
- v. Expediting recoveries pointed out by Audit as well as other recoveries in the notice of management
- vi. Compliance of relevant laws, rules, instructions and procedures, etc.
- vii. Proper maintenance of accounts and record
- viii. Appropriate actions against officers/officials responsible for violation of rules and losses
- ix. Addressing systemic issues to prevent recurrence of various omissions and commissions.

SUMMARY TABLES AND CHARTS

Table 1: Audit Work Statistics

(Rupees in Million)

Sr. No.	Description	No.	Expenditure	Receipt
1	Total PAOs in Audit jurisdiction	04	1,331.033	1162.925
2	Total Formations/DDOs in Audit Jurisdiction	04	1,331.033	1162.925
3	Total Entities (PAOs) Audited	04	577.800	407.024
4	Total formations/DDOs audited	04	577.800	407.024
5	Audit & Inspection Reports	04	-	-
6	Special Audit Reports	-	-	-
7	Performance Audit Reports	-	-	-
8	Other Reports (Relating to TMA)	-	-	-

Table 2: Audit Observations Classified by Category

(Rupees in Million)

Sr. No.	Description	Amount placed under audit observation
1	Asset management	32.592
2	Financial management	6.384
3	Internal controls	47.472
4	Others	366.185
Total		452.633

Table 3: Outcome Statistics

(Rupees in Million)

Sr. No.	Description	Expenditure on Physical Assets	Civil Works	Others	Receipt	Total Current Year	Total Last Year
1	Total Financial Outlay	27.808	224.883	1,078.342	1,162.925	2,493.958	-
2	Outlays Audited	11.957	96.700	469.143	407.024	984.824*	3,736.474
3	Amount placed under audit observations / irregularities pointed out	-	8.726	168.037	401.037	577.800	4,182.416
4	Recoveries pointed out at the instance of Audit	-	2.766	114.739	345.381	462.886	1,185.547
5	Recoveries accepted / established at the instance of Audit	-	-	43.147	345.381	388.528	1,185.547
6	Recoveries realized at the instance of Audit	-	-	-	7.759	7.759	-

* The amount mentioned against Sr. No. 2 in column of "Total Current Year" is the sum of expenditure and receipts whereas the total expenditure was Rs 577.800 million

Table 4: Irregularities Pointed Out

(Rupees in Million)		
Sr. No.	Description	Amount placed under Audit observation
1	Violation of rules and regulations and violation of principle of propriety and probity in public operations.	47.472
2	Reported cases of fraud, embezzlement, theft and misuse of public funds.	32.592
3	Recoveries, overpayments, or unauthorized payments of public money.	366.185
4	Non-production of record to Audit	6.384
5	Others, including cases of accidents, negligence etc.	-
6	Accounting errors (accounting policy departure from IPSAS ⁵ , misclassification, overstatement 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.	-
7	Quantification of weaknesses of internal controls system.	-
Total		452.633

Table 5: Cost-Benefit

(Rupees in Million)		
Sr. No.	Description	Amount
1	Outlays Audited (Item 2 of Table 3)	984.824
2	Expenditure on Audit	0.081
3	Recoveries realized at the instance of Audit	7.759
4	Cost-Benefit Ratio	95.790

⁵ The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are IPSAS (Cash) compliant.

CHAPTER-1

1.1 TEHSIL MUNICIPAL ADMINISTRATIONS, RAHIM YAR KHAN

1.1.1 Introduction:

According to 1998 population census, the population of District Rahim Yar Khan is 3.141 million. District Rahim Yar Khan comprises four TMAs namely Rahim Yar Khan, Sadiqabad, Khanpur and Liaqatpur. Business of TMAs is run by the Administrator and five Drawing & Disbursing Officers i.e. TMO, TO (I&S), TO (Finance), TO (P&C) and TO (Regulation) under Punjab Local Government Ordinance, 2001.

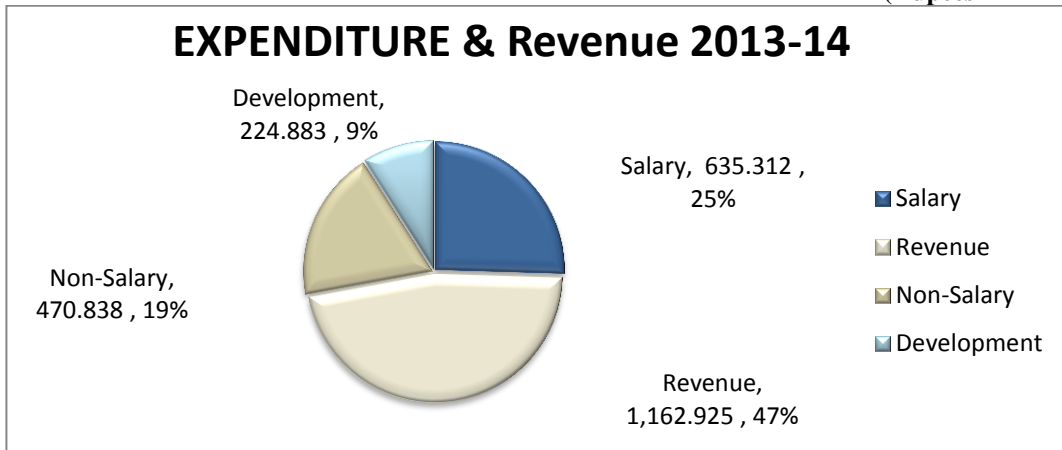
1.1.2 Comments on Budget and Accounts

Detail of budget and expenditure is given below in tabulated form.

(Rupees in Million)

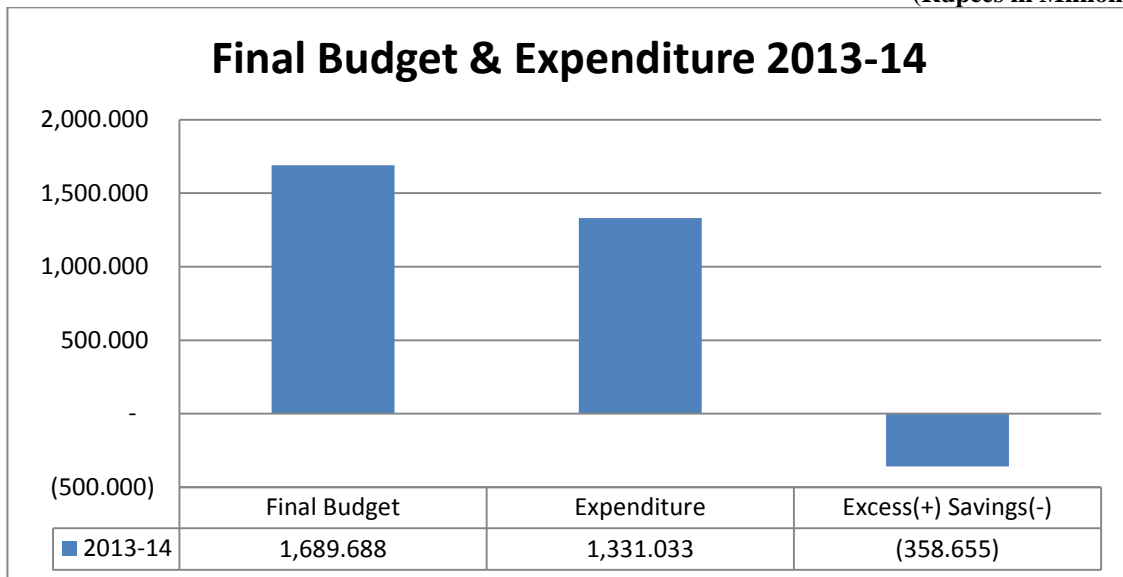
2013-14	Budget	Actual	Excess (+) / Savings(-)	% savings
Salary	653.936	635.312	(-)18.624	-3%
Non-salary	597.808	470.838	(-)126.970	-21%
Development	437.944	224.883	(-)213.061	-49%
Total	1689.688	1331.033	(-)358.655	-21%
Revenue	1,250.174	1,162.925	(-)87.249	-7%

(Rupees in Million)



As per Annual Accounts the expenditure relating to TMAs in District Rahim Yar Khan was Rs 1,689.688 million against original budget of Rs 1,331.033 million. A saving of Rs 358.655 million came to the notice of Audit, which shows that TMAs failed to provide municipal services and infrastructure developments. No plausible explanation was provided by the PAOs / Administrators and management of TMAs. **(Annex-B)**

(Rupees in Million)



1.1.3 Brief Comments on the Status of Compliance of MFDAC Audit Paras of Audit Report 2013-14

Audit paras reported in MFDAC (Annex-I) of last year Audit Report, which have not been attended in accordance with the directives of DAC have been reported in Part-II of Annex-A.

1.1.4 Brief Comments on the Status of Compliance with PAC Directives

The Audit Reports pertaining to following years were submitted to the Governor of the Punjab but have not been examined by the Public Accounts Committee.

Status of Previous Audit Reports

Sr. No.	Audit Year	No. of Paras	Status of PAC Meetings
1	2009-12	76	PAC not constituted
2	2012-13	10	PAC not constituted
3	2013-14	35	PAC not constituted

AUDIT PARAS

1.2 Tehsil Municipal Administration, Rahim Yar Khan

1.2.1 Irregularities and Non Compliance

1.2.1.1 Doubtful expenditure on development schemes – Rs 1.730 million

According to Rule 6(1) (ii) of the PDG and TMA Budget Rules, 2003 the functions of the drawing and disbursing officer include incurring of expenditure as per rules.

TMO Rahim Yar Khan incurred an expenditure of Rs 1.730 million on account of various development works during 2013-14. The incurrence of expenditure held doubtful due to reasons stated below.

(Amount in Rupees)

Sr. No.	Work Description	Date of Work Order	Amount of work	Irregularities Observed
1	Improvement of Road Nehar Kinara Basti Nonari Aslam Muhandra Street Tehsil Rahim Yar Khan	21.04.14	572,791	1. Work order was issued on 21.04.14, but work was completed on 24.04.14. Contract agreement was signed by contractor on 15.04.14 well before issuance of work order. It was not possible to get agreement signed before the allotment of work. 2. In the estimate the earth work excavation was included but there was no PVC pipe or RCC laid down.
2	Repair of Main Road & Sewer Cut Aziz Abad Rahim Yar Khan	27.11.13	1,156,994	1. Work order was issued on 27.11.13, but the work was started on 22.11.13 well before the allotment of work. 2. The work of construction of manhole / sludge tank was carried out after lying of sub-base and base course. 3. The work of excavation was carried out without metalling of RCC, brick work, road and brick soling.
Total			1,729,785	

Audit is of the view that due to financial mismanagement, development works were executed in doubtful manner.

Execution of development works in doubtful manner created doubt about the legitimacy of expenditure amounting to Rs 1.730 million.

The matter was reported to TMO and Administrator during January, 2015. TMO replied that the works were executed according to the revised estimates. Reply was not tenable as agreements were signed prior to the issuance of work orders. DAC, in its meeting held on 10.03.2015, directed for compliance of directions of audit. No progress was reported till finalization of this Report.

Audit recommends regularization of the expenditure from competent authority besides action against the concerned, under intimation to Audit.

[AIR Para: 27, 28]

1.2.1.2 Non recovery of Income Tax from the contractor – Rs 1.036 million

According to notification issued by Government of the Punjab Finance Department dated 16.01.13, No. SO (TAX)1-2/97 (Pt. VII), in exercise of the powers conferred under section 5 of the Punjab Sales Tax on Services Act, 2012 (XLII of 2012), Governor of the Punjab is pleased to direct that in the Second Schedule, for entries at Sr. 12, in columns No.1 to 4, that rate of Income Tax is 16% on the advertisement on hoarding boards, pole sign, sign boards, on closed circuit cameras, websites and internet.

TMO Rahim Yar Khan awarded the contract of advertisement of hoarding boards to a contractor at an auction amount of Rs 13.810 million. The Income Tax @ 16% amounting to Rs 2.210 million was recoverable from the concerned contractor. However, Income Tax amounting to Rs 1.381 million was recovered, leaving a balance of Rs 0.829 million which was not recovered. Further, the recovery of Income Tax was kept by the contractor till the close of financial year and deposited the same on 13.06.2014. Resultantly, the contractor utilized the Government receipt for his personal use and interest @15% based on applicable bank rate amounting to Rs 0.207 million was also recoverable. The detail of total recovery is as under:

(Amount in Rupees)

Auction Value	I.T to be deduct @ 16%	I.T deducted @ 10%	Less Deducted	Bank Markup @ 15%	Total Recovery
13,810,000	2,209,600	1,381,000	828,600	207,150	1,035,750

Audit is of the view that due to weak internal controls less Income Tax was recovered from the contractor.

Less deduction of Income Tax amounting to Rs 1.035 million resulted in loss to the TMA fund.

The matter was reported to TMO and Administrator during January, 2015. TMO replied that the said notification was not received in the office from LG & CD department. Reply was not tenable as the notification was for the Province as a whole. DAC, in its meeting held on 10.03.2015, directed for obtaining clarification. No progress was reported till finalization of this Report.

Audit recommends recovery of Rs 1.036 million besides fixing of responsibility against the concerned, under intimation to Audit.

[AIR Para: 36]

1.2.2 Performance

1.2.2.1 Less realization of TMA taxes and fee – Rs 70.500 million

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

TMO Rahim Yar Khan did not recover the Government receipts and arrears amounting to Rs 70.500 million during 2013-14. Detail is given below:

(Amount in Rupees)

Income Head	Station	Receivable	Received	Balance
Sewerage Tax	Head Quarter	44,201,237	2,091,967	42,109,270
	Head Quarter Arrears (2012-13)	15,000,000	597,550	14,402,450
	Non-Head Quarter Kot Smaba	150,000	44,050	105,950
Water Rate	Head Quarter	6,000,000	5,218,110	781,890
	Non-Head Quarter Kot Smaba	104,600	50,696	53,904
	Non Head Quarter Trandda Sawae Khan	531,840	469,040	62,800
	Head Quarter Arrears (2012-13)	2,601,876	1,889,067	712,809
	Non-Head Quarter Kot Smaba Arrears (2012-13)	182,977	98,936	84,041
Rent of Shops	Head Quarter Arrears (2012-13)	19,615,470	7,515,433	12,100,037
	Non-Head Quarter Kot Smaba Arrears (2012-13)	160,529	106,813	53,716
Slaughter House Fee	Non-Head Quarter Kot Smaba	45,000	39,310	5,690
License Fee	Non-Head Quarter Kot Smaba	66,000	38,600	27,400
Total		88,659,529	18,159,572	70,499,957

Audit is of the view that due to financial mismanagement, TMA dues remained unrealized.

Non-realization of the TMA dues resulted in loss amounting to Rs 70.500 million to TMA funds.

The matter was reported to TMO and Administrator during January, 2015. TMO replied that the public was reluctant to pay the tax and efforts were being made to recover the tax. It was further replied that arrears were brought to the next D&C register for recovery. DAC, in its meeting held on 10.03.2015, directed for compliance

of the directions of audit and recovery of the remaining amount. No progress was reported till finalization of this Report.

Audit recommends recovery of Rs 70.500 million besides action against the responsible under intimation to Audit.

[AIR Paras: 38 & 21]

1.2.2.2 Non vacation of petrol pumps and recovery of rent – Rs 5.373 million

According to Rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by the Government though fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

TMO Rahim Yar Khan failed to recover the rent from two petrol pump owners since 2008-14 as detailed below. Further, management of TMA awarded four plots on lease to four petroleum services with the condition that the agreement would be renewed after ten years, but after lapse of 24 years there had been no renewal of the agreement.

(Amount in Rupees)

Sr. No.	Firm name	Per month rent	Periods (months) 2008-14	Arrears
1	Tahir Petroleum Service (PSO)	44,772	60	2,686,320
2	Caltex oil company	44,772	60	2,686,320
Total				5,372,640

Audit is of the view that due to negligence of the administration, agreements were not renewed after lapse of considerable time and no rent was recovered from the firms.

Non renewal of agreements and non recovery of the rent resulted in loss amounting to Rs 5.373 million to TMA funds.

The matter was reported to TMO and Administrator during January, 2015. TMO replied that the cases were pending in the courts and action would be taken after

the decision of the court. Reply was not tenable as no progress of the cases was shown despite the lapse of considerable time and the cases were not pursued vigorously by the administration. DAC, in its meeting held on 10.03.2015, directed for recovery of the amount of rent. No progress was reported till finalization of this Report.

Audit recommends fixing the responsibility besides recovering the loss of Rs 5.373 million under intimation to Audit.

[AIR Para: 18]

1.2.2.3 Non auctioning of shops since establishment of TMA or municipal committee

According to Section 16 (a) of chapter V of Punjab Local Government Property Rules 2003, the immovable Property shall be given on lease through competitive bidding. The procedure prescribed in sub rule (2) of rule 9, shall be followed, mutates mutandis, in case of lease of the Property; further, section 16(b) stipulates that the period of such lease shall be up to five years at a time.

TMO Rahim Yar Khan did not auction the shops which were allotted to the tenants in 1989 and before that period. These shops were further allotted on stamp papers by the original allottees to others on higher rents while obtaining huge securities without intimating to TMA. The staff of the TMA stated that the rent was being collected in the name of original allottees and the staff did not even know the present occupants.

Audit is of the view that due to weak internal controls, the shops were not auctioned.

Non-auctioning of shops resulted in irrecoverable loss to TMA fund.

The matter was reported to TMO and Administrator during January, 2015. TMO replied that rent of shops was being collected after 10% increase every year and the case for re-assessment had been in progress. Reply was not tenable as the shops were to be re-auctioned after five years. DAC, in its meeting held on 10.03.2015,

directed for getting re-assessment by E & T department. No progress was reported till finalization of this Report.

Audit recommends auctioning of shops besides fixing of responsibility against the concerned, under intimation to Audit.

[AIR Para: 10]

1.3 Tehsil Municipal Administration, Sadiqabad

1.3.1 Fraud / Misappropriations

1.3.1.1 Suspected misappropriation of funds by showing fictitious repair of transformers and electric items – Rs 2.804 million

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

TMO Sadiqabad incurred expenditure of Rs 2.804 million during 2013-14 on account of repair of Transformers and electric items during 2013-14. The whole expenditure was open to following audit observations:

(Amount in Rupees)

Sr. No.	Description	Amount	Irregularities Observed
1	Repair of Transformer	1,486,204	1. It was the duty of WAPDA authorities to get it repaired but WAPDA office was not consulted in this regard. 2. Statement of electricity expenditure / bills showed that during the out of order period consumption of electricity units was not recovered in that particular month and heavy expenditure on payment of electricity charges was made during the period it was being repaired.
2	Repair of Electric Items	1,317,925	3. Reading of electricity bill on meter no. 29156430154408 installed at the turbine / unit showed that the electricity was being continuously consumed and total 11456 units were shown recorded / consumed. It clearly indicated that fake repair of electric items had been claimed 4. All bills were without serial numbers. 5. The required repair was not recommended and verified by the authorized persons.
Total		2,804,129	

Audit is of the view that due to financial mismanagement the funds were misappropriated.

Suspected misappropriation of funds resulted in loss amounting to Rs 2.804 million to TMA funds.

The matter was reported to TMO and Administrator during January, 2015. TMO replied that the expenditure was incurred on electric items on disposal works. Reply was not tenable as no relevant replies were submitted in the light of audit objections. DAC, in its meeting held on 07.03.2015, directed for the compliance of audit directions. No progress was reported till finalization of this Report.

Audit recommends holding of inquiry for fixing of responsibility against the concerned and recovering the amount of Rs 2.804 million under intimation to Audit.

[AIR Para: 1&2]

1.3.2 Non-Production of Record

1.3.2.1 Non production / maintenance of record

According to Clause 14 (1) (b) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, "the Auditor General shall in connection with the performance of his duties under this ordinance, have authority to inspect any office of accounts, under the control of Federation or of the Province or of District including Treasuries and such offices responsible for the keeping of initial and subsidiary accounts". Further according to Section 115(6) of the Punjab Local Government Ordinance 2001, "All officials shall afford all facilities and provide record for audit inspection and comply with the requests for information in as complete a form as possible and with all reasonable expedition".

TMO Sadiqabad did not produce the following auditable record for Audit scrutiny despite repeated requests.

1. Detail of all assets (Moveable or Immoveable).
2. Survey Reports for auditable period (for Taxable Items); License Permit Fee etc. and record of all receipt mentioned in summery of transactions.
3. History sheet registers of Vehicles and Machinery.
4. Detail showing list of all employees along with assigned duties; especially Work Charged / Contingent paid staff. (Attendance registers).
5. Complete Record of all Development Schemes executed during 2013-14 and list (along with complete bills) of all civil work schemes executed through quotations
6. List (along with vouchers) of expenditure regarding different events i.e. rental (tenting etc.) & purchase expenditures (lighting items) on eve of Ramzan Bazars, Independence Day, Eids, Moharram & Sports Festivals etc.
7. Record of Securities along with bank statements.

8. Record of Residential Housing Schemes initiated by the TMA (if any).
9. Record of illegal occupation on TMA properties.
10. Record of remaining revenue heads; i.e. License Permit Fee.
11. Approved Work programmes of Officers.
12. Furthermore, most of the record was produced very late on last date.

Audit is of the view that due to weak internal controls, record was not properly maintained and produced for audit verification.

Non production of record created doubt about the legitimacy of the expenditure.

The matter was reported to TMO and Administrator during January, 2015. TMO replied that the records were available and were produced to audit. Reply was not tenable as some portion of the total records was shown during record verification. DAC, in its meeting held on 07.03.2015, reduced the para for the records shown and directed for the compliance of audit directions. The issue of non production of record was also brought into the notice of the Administrator as well as the DCO but no progress was reported till finalization of this Report.

Audit recommends that responsibility be fixed and strict disciplinary action taken against the officials concerned for non-production of record, under intimation to Audit, and to ensure that the record is produced to Audit for scrutiny.

[AIR Para: 35]

1.3.3 Irregularities and Non Compliance

1.3.3.1 Non-collection of conversion fee – Rs 16.760 million

According to Chapter VIII (60) (1) (e) (Conversion and Betterment Fee) of Government of the Punjab, Local Government and Community Development Department notification No. SOR (LG) 38-18/2009 dated 27.06.2009, “A City District Government or a Tehsil Municipal Administration shall levy the conversion fee for the conversion of land use to educational or healthcare institutional use @ ten percent of the value of the commercial land as per valuation table or ten percent of the average sale price of preceding twelve months of commercial land in the vicinity, if valuation table is not available.”

TMO Sadiqabad did not recover TMA dues on account of conversion fee of Rs 16.760 million during 2013-14 from 135 owners of various residential buildings which were being used for commercial purposes; i.e. educational and healthcare facilities. Detail is given below:

(Amount in Rupees)

Sr. No.	Description	Number of Institutions	Total Commercial Value	TMA Dues
1	Private Hospitals	21	18,800,000	1,880,000
2	Private Schools	114	148,800,000	14,880,000
Total			167,600,000	16,760,000

Audit is of the view that due to weak internal controls, conversion fee was not recovered from the concerned.

Non-recovery of conversion fee dues resulted in loss of Rs 16.760 million to the TMA fund.

The matter was reported to TMO and Administrator during January, 2015. TMO replied that mostly cases related to the previous years i.e. 2001 to 2012 and fee was recovered. Reply was not tenable as all the records were not verified. DAC, in its meeting held on 07.03.2015, directed to produce the record for verification within two days. No progress was reported till finalization of this Report.

Audit recommends recovering the amount of Rs 16.760 million besides fixing of responsibility against the concerned, under intimation to Audit.

[AIR Para: 25]

1.3.3.2 Non / less recovery of different fees from private housing schemes – Rs 4.100 million

According to Chapter VII Section 38 of the Punjab Private housing Schemes and Land Subdivision Rules,(1) A developer shall deposit a preliminary planning permission fee along with application at the rate of(a) rupees five thousand for scheme having area up to two thousand kanal and (b) rupees ten thousand for scheme having area above two thousand kanal (2) A developer shall deposit a fee for:(a) sanction of a scheme at the rate of rupees one thousand per kanal(b) approval of design and specifications for water supply, sewerage and drainage at the rate of rupees five hundred per kanal;(c) approval of design and specifications for road, bridge and footpath of a scheme at the rate of rupees five hundred per kanal;(d) approval of design and specifications for electricity and street light at the rate fixed by WAPDA or other agency responsible for electricity supply.

TMO Sadiqabad neither collected different fees amounting to Rs 4.1 million from the unapproved private housing schemes nor took action against such schemes during 2013-14. Furthermore, two important fees (Map Fee and Pre-Planning Permission Fee) were not realized by the management in its statement. **(Annex-C)**

Audit is of the view that due to financial mismanagement, no efforts were made to recover the TMA dues from the developers of private housing schemes.

Non-recovery of TMA dues from developers of private housing schemes resulted in loss of Rs 4.1 million to the Government.

The matter was reported to TMO and Administrator during January, 2015. TMO replied that various notices were served to the developers of housing schemes for approval and recovery of TMA dues. Reply was not tenable as no progress was shown. DAC, in its meeting held on 07.03.2015, directed the concerned for recovery of the TMA dues within one month. No progress was reported till finalization of this Report.

Audit recommends recovering the amount of Rs 4.1 million under intimation to Audit.

[AIR Para: 29]

1.3.3.3 Unauthorized expenditure regarding construction of culverts & bridges – Rs 3.468 million

According to Section 54 of the PLGO 2001 Construction of Culverts, Bridges and Cattle Pond do not fall within the functions of Tehsil Municipal Administration.

TMO Sadiqabad incurred expenditure of Rs 3.468 million during 2013-14 on account of payment for the construction of Bridge, Culverts and RCC slab beyond the scope of its assigned functions. **(Annex-D)**

Audit is of the view that due to financial indiscipline expenditure was incurred beyond the delegated scope of activities of the TMA.

Incurrence of expenditure beyond the delegated functions resulted in unauthorized expenditure amounting to Rs 3.468 million.

The matter was reported to TMO and Administrator during January, 2015. TMO replied that the bridges and culverts were very small for providing passage for the general public. Reply was not tenable as this function was not of TMA. DAC, in its meeting held on 07.03.2015, directed for regularization of the matter within one month. No progress was reported till finalization of this Report.

Audit recommends fixing of responsibility against the concerned besides regularization of expenditure from competent authority under intimation to Audit.

[AIR Para: 33]

1.3.4 Performance

1.3.4.1 Non-collection of arrears of receipts – Rs 107.240 million

According to Rule 76 of PDG & TMA (budget) Rules 2003, “The primary obligation of the collecting officer shall be to ensure that all revenue due is claimed, realized and credited immediately into the Local Government fund under proper receipt head”.

TMO Sadiqabad did not recover arrears of Rs 107.240 million during 2013-14 under the different revenue heads as detailed below.

(Amount in Rupees)

Sr. No.	Receipt Head	Amount of arrears
1	Rent of Shops	47,967,701
2	Rent of Plots	
3	Water Rates	53,270,403
4	Sewerage Tax	4,449,134
5	Rent of Shops Non-H/Q APL	4,349
6	Rent of Plots Non-H/Q APL	637,523
7	Water Rates Non-H/Q APL (Old Arrers)	108,859
8	Plots, Butcher Shops & Quarters etc. Non-H/Q APL (Old Arrears)	801,647
Total		107,239,616

Audit is of the view that due to poor management, TMA dues remained unrealized.

Non-realization of the TMA dues resulted in loss of Rs 107.240 million.

The matter was reported to TMO and Administrator during January, 2015. TMO replied that cases of arrears were pending in court and recovery would be made after the decision of court. Reply was not tenable as no progress was shown. DAC, in its meeting held on 07.03.2015, directed to recover the outstanding amounts. No progress was reported till finalization of this Report.

Audit recommends recovery amounting to Rs 107.240 million besides action against the responsible, under intimation to Audit.

[AIR Para: 6]

1.3.4.2 Non-recovery of charges of Kachi Abadis – Rs 39.672 million

According to Rule 76 of PDG and TMA (Budget) Rules, 2003, the Collecting Officers shall ensure that all revenue due is claimed, realized and credited immediately into the Local Government Fund.

TMO Sadiqabad did not recover various charges amounting to Rs 39.672 million from dwelling units of 16 Kachi Abadis during 2013-14.

Audit is of the view that due to negligence, development charges were not recovered.

Non recovery of development charges resulted in loss amounting to Rs 39.672 million to TMA funds.

The matter was reported to TMO and Administrator during January, 2015. TMO replied that developers of kachi abadis had not contacted TMA for grant of ownership rights and efforts were being made by TMA for collection of charges. Reply was not tenable as no progress was shown. DAC, in its meeting held on 07.03.2015, directed for the compliance of audit directions. No progress was reported till finalization of this Report.

Audit recommends recovery of Rs 39.672 million besides fixing of responsibility against the concerned, under intimation to Audit.

[AIR Para: 27]

1.3.4.3 Less realization of taxes – Rs 33.986 million

According to Para 76 (1) of Government of the Punjab Local Government and Rural Development Department (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 Local Government Fund under proper receipt head.

TMA Sadiqabad did not realize sizeable revenue under the heads “Water Rates” and “Sewerage Tax” during 2013-14. The record of TMA showed that a huge electricity expenditure of Rs 47.648 million was incurred on account of 28 schemes in respect of 27487 connections, but total demand of Rs 13.662 million was made during 2013-14 by the management in its “Demand & Collection Register”, having less realization of taxes of Rs 33.986 million. This was quite unjustified as huge amount of expenditure was incurred while having quite a low volume of recovery of the water rates and sewerage tax which was creating doubts that management was concealing total number of connections and recovery of the same. Detail is given below:

(Amount in Rupees)

Sr. No.	Scheme Types	No. of Schemes	No. of Connections	Electricity Expenditure	Fee Demand For 2013-14 (As per D&C Register)	Per Day / Per Person Activity (Connections)	Expected Less Collection of Taxes
1	2	3	4	5	6	7	8 = (5 – 6)
1	Water Schemes	16	13893	38,374,204	12,426,220	*13893 connections / 300 working days / 08 persons	2,5947,984
2	Disposal Schemes	12	13594	9,273,872	1,235,825		8,038,047
Total		28	27487	47,648,076	13,662,045	5.78	33,986,031

Audit is of the view that due to financial indiscipline, less realization was made in respect of the total expenditure incurred.

Less realization of revenue as compared to huge amount of expenditure resulted in loss amounting to Rs 33.986 million.

The matter was reported to TMO and Administrator during January, 2015. TMO replied that fee had been collected according to the gazette notification from the

people having connections. Further replied that it was the responsibility of TMA to provide water supply and sewerage disposal and all expenditure was incurred on provision of the services. Reply was not tenable because such incurrence of huge expenditure did not match with the recovery. DAC, in its meeting held on 07.03.2015, directed for recovery of the dues within one month. No progress was reported till finalization of this Report.

Audit recommends recovery of Rs 33.986 million besides fixing of responsibility against the concerned, under intimation to Audit.

[AIR Para: 20]

1.4 Tehsil Municipal Administration, Khanpur

1.4.1 Non-Production of Record

1.4.1.1 Non-production / maintenance of record – Rs 6.384 million

According to Clause 14 (1) (b) of the Auditor General’s (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, “the Auditor General shall in connection with the performance of his duties under this ordinance, have authority to inspect any office of accounts, under the control of Federation or of the Province or of District including Treasuries and such offices responsible for the keeping of initial and subsidiary accounts”. Further according to Section 115(6) of the Punjab Local Government Ordinance 2001, “All officials shall afford all facilities and provide record for audit inspection and comply with the requests for information in as complete a form as possible and with all reasonable expedition”.

TMO Khanpur did not produce/maintain record of expenditure incurred and revenue realized under different objects / codes of classification amounting to Rs 6.384 million during 2013-14 despite repeated written requests. Detail is given below:

(Rupees in Million)		
Sr. No.	Description of Record	Amount
1	Rate analysis, site plans, inspection reports, lead maps, technical sanctions, administrative approval, completion certificates of 32 development /repair and maintenance schemes was not produced to Audit.	6.384
2	Record of 14 CCB Schemes of 2011-12 which were still incomplete.	N.A
3	List of employees (other than officials posted in public dealing offices in nation building departments/sanitation and watering staff in local bodies) to whom Holiday Allowance was being paid and copies of their pay bills.	N.A
4	Schedule of Payments verified by the TAO.	N.A
5	Detail of sanctioned / actual posts verified by the DAO as per their scale audit register	N.A
Total		6.384

Audit is of the view that due to weak internal controls, record was not properly maintained and produced for audit verification.

Non production of record created doubt about the legitimacy of the expenditure amounting to Rs 6.384 million.

The matter was reported to TMO and the Administrator during February, 2015. TMO replied that some relevant record was available for verification while some record was lying with the contractors who had been served notices to submit record in TMA. DAC, in its meeting held on 06.03.2015, directed to produce the record at the earliest. The issue of non-production of record was also brought into the notice of the Administrator as well as the DCO but no progress was reported till finalization of this Report.

Audit recommends that responsibility be fixed and strict disciplinary action taken against the officials concerned for non-production of record, under intimation to Audit, and to ensure that the record is produced to Audit for scrutiny.

[AIR Para: 27]

1.4.2 Irregularities and Non Compliance

1.4.2.1 Irregular expenditure due to non compliance of PPRA rules – Rs 8.443 million

According to Rule 9 and 12 (1) of the PPRA Rules 2009, 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 the procurements so planned and annual requirements thus determined would be advertised in advance on the PPRA's web site. Procurement opportunities over Rs. 100,000 and up to Rs. 2,000,000 shall be advertised on the PPRA's website in the manner and format specified by the PPRA from time to time.

TMA Khanpur incurred expenditure of Rs 8.443 million during 2013-14 for procurement of electric wires, bulbs, bamboo, tyres, etc. The expenditure was held irregular as purchases were made through splitting, without annual demand and without advertisement of procurement opportunities on the website of PPRA. (**Annex-E**)

Audit is of the view that due to financial mismanagement, PPRA's instructions were violated.

Non-observance of PPRA rules resulted in non-transparent and uneconomical purchases of different items worth Rs 8.443 million.

The matter was reported to TMO during February 2015. TMO replied that PPRA rules were not applicable on TMAs. Reply was not tenable as PPRA rules were applicable throughout the province. DAC, in its meeting held on 06.03.2015, directed to get the irregularity condoned from competent authority within one month. No progress was reported till finalization of this Report.

Audit recommends regularization of the expenditure from the competent authority besides fixing of responsibility against the concerned, under intimation to Audit.

[AIR Para: 21]

1.4.2.2 Unauthorized expenditure beyond financial competency – Rs 5.583 million

According to Rule 4 (ii) (i) of the Punjab Delegation of Financial Power Rules 2006, the Administrator of TMA being Officer in Category-I / Administrative Department, was competent to sanction expenditure on repair of vehicle / machinery amounting to Rs 200,000 in each case. According to rule 2 (xxv) (b) (i) of above mentioned rules, the Administrative Department was competent to sanction expenditure up to Rs 500,000 in each case for expenditure on recurring items.

TMA Khanpur incurred expenditure of Rs 5.583 million during 2013-14 for repair of two tractors, fire brigade and purchase of sanitation items, etc. The payment was made to supplier after obtaining sanction of the Administrator of TMA (Officer in Category-I). The expenditure was beyond competence of the Administrator as he was not competent to sanction that expenditure. Further, the sanction of the Government of Punjab, Finance Department was also not produced to Audit. Detail is given below:

(Amount in Rupees)

Sr. No.	Description	Voucher No.	Expenditure	Financial Power
1	Repair, general overhauling , repair of radiator ,lights etc for Tractor No.135/1	595	300,000	Up to Rs 200,000 in each case
2	Repair, general overhauling , etc for Tractor No.385		350,000	
3	Repair of Fire Brigade	220	1,387,620	
4	Purchase of sanitation items	519	744,998	Up to Rs 500,000 in each case
5	Rent of tentage for Ramzan Bazar	151	1,208,330	Up to Rs 100,000 in each case
6	Rent of tentage for Khanpur Festival	434	554,220	
7	Rent of tentage for Muharam-ul-Haram	594	610,139	
8	Rent of tentage for Jashan-E- Eid Milad-Un-Nabi	628	298,534	
9	Rent of tentage for Youth Festival	674	129,384	
Total			5,583,225	

Audit is of the view that due to financial indiscipline expenditure was incurred in excess of delegated powers.

Incurrence of expenditure in excess of delegated powers resulted in unauthorized expenditure worth Rs 5.583 million.

The matter was reported to TMO during February 2015. TMO replied that as per rules TMO was competent enough to incur such expenditure, but no record was shown to audit in support of such competence. DAC, in its meeting held on 06.03.2015, directed to get the irregularity condoned from competent authority within one month. No progress was reported till finalization of this Report.

Audit recommends that irregularity be got condoned from competent authority besides fixing responsibility on person(s) at fault under intimation to Audit.

[AIR Para: 20]

1.4.2.3 Irregular expenditure on repair of vehicle – Rs 2.437 million

According to Rule 2.10(a)(1) of the 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”.

TMO Khanpur incurred expenditure of Rs 2.437 million on repair of tractors, diesel generator and fire brigade. Detail is given below:

(Amount in Rupees)

Sr. No.	Description	Expenditure
1	Repair, general overhauling , repair of radiator, lights etc for Tractor No.135/1	300,000
2	Repair, general overhauling , etc for Tractor No.385	350,000
3	Repair, general overhauling of diesel generator	200,000
4	Repair of floor of trolley of tractor No.135/1	200,000
5	Repair of Fire Brigade	1,387,000
Total		2,437,000

The expenditure was held irregular on the basis of following reasons:

1. The expenditure was not assessed / estimated before according the approval of the repair.

2. The procurement opportunity was not advertised on PPRA's website.

3. The log books indicated that the tractors / generator remained in work shop from 01.12.13 to 31.12.13, whereas the supplier's invoice and reports of staff members indicated that the vehicles / machinery was got repaired during 13.11.13 to 21.12.13.

4. As per log book, the fire brigade was sent to Lahore for repair on 08.07.13, which was received back on 07.09.13, whereas the POL chits and POL expenditure verified by TMO indicated that the fire brigade consumed 163 liters of diesel (valuing Rs 23,928) during August 2013.

Audit is of the view that due to weak internal controls, expenditure was incurred in an irregular manner.

Incurring of expenditure amounting to Rs 2.437 million in irregular manner resulted in misuse of funds.

The matter was reported to TMO during February 2015. TMO replied that repair was actual and record was available for audit but no documentary evidence was shown to audit. DAC, in its meeting held on 06.03.2015, directed to produce relevant record within two days. No progress was reported till finalization of this Report.

Audit recommends that irregularity be got condoned from competent authority besides fixing responsibility against the concerned, under intimation to Audit.

[AIR Para: 15 &16]

1.4.2.4 Misclassification of expenditure – Rs 2.432 million

According to Para 12 (1) (5) (9) of the Local Government Account Manual, 2003, the expenditure shall be classified into account heads relating to nature of item. Moreover, the classification of accounts prescribed by the Auditor General of Pakistan shall be used in the Local Governments.

TMA Khanpur incurred expenditure of Rs 2.432 million during 2013-14 for procurement of electric wires, bulbs, flowers, plants, pipes etc. The expenditure was

held irregular as the expenditure was misclassified and was incurred from irrelevant head of account. (**Annex-F**)

Audit is of the view that due to financial mismanagement expenditure was misclassified.

Misclassification resulted in irregular expenditure amounting to Rs 2.432 million.

The matter was reported to TMO during February 2015. TMO replied that expenditure was made as per classified register of TMA. Reply was not tenable as misclassification was made. DAC, in its meeting held on 06.03.2015, directed to get the irregularity condoned from competent authority within one month. No progress was reported till finalization of this Report.

Audit recommends that irregularity be got condoned from competent authority besides fixing responsibility against the concerned, under intimation to Audit.

[AIR Para: 22]

1.4.3 Performance

1.4.3.1 Non / less realization of revenue and arrears – Rs 107.094 million

According to Rule 76 of the PDG & TMA (Budget) Rules, 2003, collecting officers should see that all revenue due is claimed, realized and checked against demands and that they are deposited into relevant head of account.

TMO Khanpur did not make due efforts to recover / realize revenue and arrears of revenue worth Rs 107.094 million during 2013-14 on account of receipt heads as detailed below:

(Amount in Rupees)

Sr. No.	Particulars	Arrears 2012-13, 2013-14	Recovery of Arrears 2012-13	Balance Amount
1	Advertisement / Publicity Charges (36 Business Units)	12,623,560	-	12,623,560
2	License & Permit fee	1,042,000	-	1,042,000
3	Registration of Private Housing Schemes (18 Private Housing Schemes)	90,226,000	-	90,226,000
4	Sewerage Tax (29 Private Housing Schemes)	1,486,000	50,000	1,436,000
5	Rent of Shops	8,718,876	6,959,915	1,766,961
Total				107,094,521

Audit is of the view that due to financial mismanagement, TMA receipts remained less realized.

Less realization of the receipts resulted in loss to TMA funds amounting to Rs 107.094 million.

The matter was reported to TMO during February 2015. TMO replied that efforts were being made to recover the arrears and notices had been issued to the concerned regarding recovery whereas recovery of sewerage tax was made on regular basis. The license / permit fee due was collected as per schedule. Registration fees would be collected upon completion of documentation of ownership of housing

schemes. DAC, in its meeting held on 06.03.2015, directed to recover the amount within one month. No progress was reported till finalization of this Report.

Audit recommends recovery of Rs 107.094 million besides taking disciplinary action against the concerned, under intimation to Audit.

[AIR Para: 1, 3, 4, 7 & 8]

1.5 Tehsil Municipal Administration, Liaquatpur

1.5.1 Fraud / Misappropriations

1.5.1.1 Suspected fraudulent maintenance of land property record – Rs 29.788 million

According to Rule 2.33 of Punjab Financial Rules Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part. Moreover, as per agreement between the department and the allottees, the following clauses were available in the agreement:

- (a) The allottees will deposit 1/3rd of original auctioned amount at the time of auction.
- (b) The remaining amount will be deposited in three equal installments after every six months.
- (c) In case the above condition were not fulfilled the allotment will cancelled automatically.

The management of TMA Liaquatpur appeared to be involved in non-transparent activities during 2013-14 regarding maintenance of land record and auction of properties. The allotment process was open to following audit observations:

1. Management made fictitious record pertaining to names/ size of plots which led to malpractice in land property amounting to Rs 8.925 million.
2. The department did not collect the 1/3rd amount of total auctioned amount of the plot from the allottees at the time of auction. The remaining dues amounting to Rs 4.198 million were to be deposited in 3 installments after every six months but nothing had been recovered from the allottees of these plots.
3. Allotted plots were shifted in the name of other person(s).
4. The Administrator cancelled the plots which were not re-instated again by the competent authority, but the department did not get the plots vacated from the concerned unauthorized occupants. Some of the plots valuing Rs 10.665 million were

fictitiously re-instated by the TO (R) which was unjustified as after cancellation by the Administrator, the re-instatement cannot be made by the lower cadre employee.

5. Some of the plots were originally allotted to various bidders after that the management exchanged their plots with some other plots. The new plots (which were given in exchange with the old ones) were bigger than the original ones amounting to Rs 1.500 million.

Audit is of the view that due to malafide intention, record of property was maintained in fraudulent manner.

Suspected fraudulent maintenance of property record resulted in likely misappropriation amounting to Rs 29.788 million.

The matter was reported to TMO during March 2013. TMO replied that the cases were already under investigation in court of NAB. Reply was not tenable as no progress was shown. DAC, in its meeting held on 05.03.2015, directed to keep the para pending for compliance of audit directives. No progress was reported till finalization of this Report.

Audit recommends that amount of Rs 29.788 million be recovered from the concerned and deposited into relevant head of account besides taking disciplinary action against the concerned, under intimation to Audit.

[AIR Paras: 14, 6, 7, 13 & 10]

1.5.2 Irregularities and Non Compliance

1.5.2.1 Non / less imposing of penalty due to delay in completion of work – Rs 1.483 million

According to Clause 39 of contract agreement, the contractor shall pay, as compensation, an amount equal to one percent of the amount of the contract subject to the maximum of 10% or such smaller amount as the Engineer In charge may decide, for delay in completion of work. Further, as per Clause 37 of the contract agreement, the contractor shall apply in writing for time extension, thirty days before the due date of completion, if there are unavoidable circumstances and the work may be delayed.

TMO Liaquatpur did not impose and recover penalty from the contractor for abnormal delay in completion of works amounting to Rs 1.483 million in 20 works costing Rs 14.825 million. In some cases nominal penalty @ 0.10% or 0.15% was imposed. In some cases extensions were granted even after the due date or actual date of completion. Moreover, time extensions were granted on unjustified reasons and the time extended was more than the time allowed to complete the work. (**Annex – G**)

Audit is of the view that due to weak internal control, penalty was not/less imposed for late completion of works.

Non/less imposition of penalty resulted in loss to the Government amounting to Rs 1.483 million.

The matter was reported to TMO and the Administrator during February, 2015. TMO replied that the works were delayed due to site problems, but no documentary evidence was produced in support of reply. DAC, in its meeting held on 05.03.2015, directed to recover the amount from the concerned at the earliest. No progress was reported till finalization of this Report.

Audit recommends recovery of Rs 1.483 million besides taking appropriate action against the concerned, under intimation to Audit.

[AIR Para: 35]

1.5.3 Performance

1.5.3.1 Irregular sub-letting of shops and non re-auctioning of shops - Rs 2.320 million

According to auction condition No.08, real lessee cannot sublet the shops to other person, if he will do such, his allotment will be cancelled. Further, according to agreement, “the allottees of the shop cannot transfer the allotment of the shops to any other person, if so the allotment will be cancelled”. Furthermore, according to Rule 16 (1) (a) and (b) of Local Government (Property) Rules 2003, the immovable Property shall be given on lease through competitive bidding; the period of such lease shall be up to five years at a time.

TMO Liaquatpur allotted various shops to different persons for 05 years on lease in different periods before 1990 with the agreement that the shop cannot be transferred to any other person. But some of these shops were shifted to others without observing the condition in the agreement. Not a single notice was served by the TMO for vacation of these shops from the unauthorized allottees. Further, TMO did not re-auction/ re-fix the rates of the shops. Detail is given below:

(Amount in Rupees)

Sr. No	Market	Shop No.	Rent P.M as per D&CR	Actual position at spot (snaps attached)		Difference	Months 07/2013 to 12/14	Total loss to TMA in a year
				Present Occupier	Estimated Monthly rent			
1	Near Petrol Pump	08	3579	Mobilink franchise	35,000	31,400	18	565,200
2	Do	06	3579	Telenor franchise	35,000	31,400	18	565,200
3.	Do	14	3937	Zong + Warid Franchise	70,000	66,063	18	1,189,134
Total								2,319,534

Audit is of the view that due to weak financial management the shops were subletted and the same were not auctioned.

Sub-letting and non-auctioning of shops resulted in irrecoverable loss amounting to Rs 2.320 million to TMA fund.

The matter was reported to TMO and the Administrator during February, 2015. TMO replied that action would be taken against concerned upon completion of enquiry report. Reply of TMO was not tenable as it was not supported with substantiating evidences. DAC, in its meeting held on 05.03.2015, directed to re-auction the shops at current market rates to make good the loss. No progress was reported till finalization of this Report.

Audit recommends re-auctioning of shops at current market rates to recover the loss of Rs 2.320 million under intimation to Audit.

[AIR Para: 32]

ANNEX

Annex – A

Part-I

Memorandum for Departmental Accounts Committee (MFDAC) Paras pertaining to
current Audit Year 2014-15

(Rupees in Million)

Name of TMA	Sr. No.	Para No.	Description	Amount
Rahim Yar Khan	1	2	Non realization of Cost of Land and Development Charges due to Non Granting of Property Rights	0
	2	4	Un-Authorized Payment of Holiday Allowance	3.756
	3	6	Loss to govt. due to non-achievement of targets	15.009
	4	7	Loss to Government Due to Concealing of Income Points under the Head Cattle Markets and Others	61.478
	5	8	Conducting of Stock Taking	0
	6	14	Non-imposing of Penalty due to delay in Completion of Works	1.087
	7	16	Loss to Govt. due to Non deduction of HRA and 5% R&M and Penal Rent	0.477
	8	17	Loss to Government due to Non Vacation Property / due to Encroachment	50
	9	19	Less Collection of Tax on Transfer of Immoveable Property and Non availability of Backup Record	93.961
	10	24	Irregular Expenditure on Construction of Roads	2.621
	11	25	Loss to Govt. by Adopting Irregular Lead for Purchase of T.S.T and Base Course Material	0.539
	12	27	Doubtful expenditure on Development Schemes	0.573
	13	32	Doubtful Expenditure on Development Schemes Due to Fake Documentation	0.901
	14	33	Doubtful Expenditure on Construction of Metal Road	0.561
	15	37	Irregular Appointment and Payment of Pay & Allowances	0.223
	16	40	Irregular Purchase without observing PPRA Rules & Undue Favor	1.319
	17	41	Unjustified Repair of Vehicles	0.897
	18	42	Irregular expenditure on repair of Machinery	1.307
	19	43	Non Collection of Permit Fee Loss to Govt.	0.196
	20	44	Mis-Appropriation in Collection of Permit Fee Loss to Govt.	0.082
	21	45	Irregular Expenditure on POL	2.237
	22	48	Loss to Government for repair of AC + expenditure of billing of Electricity due to non-observance of Austerity Measures	0.075
	23	50	Doubtful Expenditure on installation of electric poles and L.E.D Lights	3.155
	24	52	Incurrence of Expenditures and Execution of Works without Soil Survey	3.458
	25	54	Loss to Government due to Non collection of theater	0.228
	26	55	Loss to Government due to Non Finalization of Court Cases	56.148

Name of TMA	Sr. No.	Para No.	Description	Amount
	27	56	Loss to Government due to Non Auctioning of News Papers	0.238
	28	57	Misclassification of Expenditure	0.078
	29	60	Non Production of Record	0
Sadiq Abad	30	3	Loss to Govt. Treasury due to Charging Less Rates under the Head of "Rent of Shops"	7.573
	31	5	Loss to Govt. Treasury due to Rate Contract Regarding R&M of Electric Items	1.586
	32	7	Loss to Govt. due to Misappropriation of Used Mobil Oil	0.183
	33	9	Loss to Govt. Treasury due to Less Collection of Enlistment / Renewal Fee and Penalties for Late Renewal	0.416
	34	10	Loss to Govt. Treasury due to Non-Recovery of Professional Tax	0.052
	35	13	Loss to Govt. Treasury due to Un-Justified Payment of HRA	0.145
	36	14	Loss to Govt. Treasury due to Un-Justified Drawl of Conveyance Allowance	0.107
	37	16	Loss to Govt. due to Un-Justified / Un-Authorized Expenditure for Air Conditioners	0.228
	38	17	Misappropriation of Funds by showing Fictitious "Repair of Vehicles" Expenditure	0.47
	39	18	Loss to Govt. due to Irregular Payment to Work Charge / Contingent Paid Staff	13.685
	40	19	Loss to Govt. Treasury due to Unjustified Usage of Fire Brigade Vehicles	1.021
	41	22	Misappropriation of Funds by showing Fictitious Repairs of Different Items	0.109
	42	23	Misappropriation on account of License Permit fee and Loss to Govt. due to Non-Conducting Survey of New Shops regarding "License Permit Fee "	0.388
	43	24	Loss to Govt. due to Non-Collection of Penalties from Contractors	0.315
	44	26	Receipt on Account of Transfer of Immovable Property Without Backup Record	59.71
	45	28	Loss to Govt. Treasury due to Misappropriation of Different Items	0.133
	46	30	Loss to Govt. due to Non-Recovery of Sewerage Tax from Map Cases	0.332
	47	31	Loss to Govt. due to Rental Lighting, Sound System and Tenting	0.685
	48	32	Loss to Govt. due to Doubtful Repair Works through Quotations	7.469
49	34	Loss to Govt. due to Un-Justified / Un-Needed Volume Extension and Non Imposing Penalty to Contractors	2.139	
Khan Pur	50	5	Loss to government due to non-auction of shops	0.228
	51	9	Non-achievement of targets resulting in Revenue loss	50.194
	52	11	Loss due to purchase of POL at higher rates than the rates fixed by OGRA	0.168
	53	12	Irregular Expenditure on Purchase of Electric Items	0.241
	54	13	Loss due to Misappropriation of Electric Items	0.147

Name of TMA	Sr. No.	Para No.	Description	Amount
	55	14	Unauthorized Appointment and Expenditure on Contingent Paid Staff	12.06
	56	17	Loss due to Availing Lesser Discount on Rent of Tentage	0.315
	57	18	Unjustified Expenditure on Rent of Shamiana and Qanat	0.448
	58	19	Loss due to Payment of Rent of Excessive Items	0.529
	59	25	Non-Auction of Dry Trees / Iron Pipes etc.	0.530
Liaquat Pur	60	3	Irregular Expenditure on Construction of Culverts	0.838
	61	4	Loss to Govt. due to Inefficiency of collection staff	11.937
	62	5	Loss to government due to non deduction of income tax	0.132
	63	8	Loss to govt. Treasury due to unjustified usage of fire brigade vehicles	0.414
	64	9	Irregular payment to work charge / contingent paid staff	11.515
	65	12	Irregular payment of on works and loss	0.87
	66	15	Unauthorized retention and refund of additional securities before prescribed period	6.383
	67	16	Unjustified payment with final bills of Nil amount	2.045
	68	17	Unjustified expenditure on works due to negotiation	0.371
	69	18	Misappropriation of energy savers	0.208
	70	19	Irregular expenditure without observing PPRA	0.411
	71	20	Non accountal of stock	0.33
	72	22	Loss to govt. due to inefficiency of collection staff	11.937
	73	23	Issuance of NOC by the TMA management for construction of buildings.	0.576
	74	24	Irregular / doubtful expenditure of POL regarding local traveling	0.246
	75	25	Loss due to non collection of rent from various shops	2.851
	76	26	Bogus expenditure on POL and TA	0.055
	77	27	Fraud in Rent of Shops	8.528
	78	28	Unjustified collection of performance security	1.036
	79	30	Bogus/irregular expenditure on tree plantations celebrations/ 23rd march	0.213
80	31	Overpayment of advance increment recovery thereof	0.042	
81	34	Non recovery of professional tax	0.112	

Part-II
[Para 1.1.3]

**Memorandum for Departmental Accounts Committee Paras not attended in Accordance
with the Directives of DAC Pertaining to Audit Year 2013-14**

(Rupees in Million)

Name of TMA	Sr. No.	Para No.	Description	Amount	Nature
TMA Rahim Yar Khan	1.	22	Loss to TMA due to non-recovery of auctioned amount from the contractors.	0.219	Recovery
TMA Sadiqabad	2.	20	Less Realization Of Receipts ITP	7.393	Recovery
TMA Khanpur	3.	51	Loss to govt. due to purchase of POL at higher rates than the rates fixed by OGRA	0.285	Violation of Rule
TMA Liaquatpur	4.	11	Loss to Govt. due to Un-Authorized / Personal Use of Official Vehicle,	0.161	Violation of Rule

TMA of District Rahim Yar Khan
Consolidated Budget and Expenditure for TMAs District Rahim Yar Khan

TMA Rahim Yar Khan

(Rupees in Million)

2013-14	Budget	Actual	Excess (+) / Savings(-)	% savings
Salary	240.833	239.559	(-)1.274	-1%
Non-salary	285.042	248.036	(-)37.006	-13%
Development	120.275	94.36	(-)25.915	-22%
Revenue	591.343	584.794	(-)6.549	-1%
Total	1237.493	1166.749	(-)70.744	-6%

TMA Sadiqabad

(Rupees in Million)

2013-14	Budget	Actual	Excess (+) / Savings(-)	% savings
Salary	142.853	141.253	(-)1.600	-1%
Non-salary	130.658	106.445	(-)24.213	-19%
Development	120.25	72.449	(-)47.801	-40%
Revenue	305.087	292.003	(-)13.084	-4%
Total	698.848	612.15	(-)86.698	-12%

TMA Khanpur

(Rupees in Million)

2013-14	Budget	Actual	Excess (+) / Savings(-)	% savings
Salary	165.792	159.919	(-)5.873	-4%
Non-salary	96.483	64.397	(-)32.086	-33%
Development	62.922	24.19	(-)38.732	-62%
Revenue	325.197	269.518	(-)55.679	-17%
Total	650.394	518.024	(-)132.37	-20%

TMA Liaquatpur**(Rupees in Million)**

2013-14	Budget	Actual	Excess (+) / Savings(-)	% savings
Salary	104.458	94.581	(-)9.877	-9%
Non-salary	85.625	51.960	(-)33.665	-39%
Development	134.497	33.884	(-)100.613	-75%
Revenue	28.547	16.610	(-)11.937	-42%
Total	353.127	197.035	(-)156.092	-44%

Annex – C
[Para 1.3.3.2]

Non / Less Recovery of Different Fees from Private Housing Schemes – Rs 4.100 Million

(Amount in Rupees)

S . R . N o .	Name of Housing Schemes	Area	Fees Admissible						Total Fees Admissible		
			Sanctioning Fee	Scrutiny Fee	Approval (W. Supply, Drainage & Sewerage) Fee	Approval (Roads, Bridges & Foot paths) Fee	Conversion Fee Agri. to Comm.	Conversion Fee Agri. to Resi.		Map Fee	Pre-Planning Permission Fee
			Rate: Rs. 1,000/kanal	Rate: Rs. 1,000 up to 100k & Rs. 5,000 > 100k	Rate: Rs. 500/kanal	Rate: Rs. 500/kanal	Rate: 01% of Residential Value		Rate: Rs. 3,000 per acre	Rate: Rs. 5,000 up to 2000kanals	
1	Rao Town	144	144,000	5,000	72,000	72,000	108,000	205,200	Not Realized / Claimed by the Management	Not Realized / Claimed by the Management	606,200
2	Siraj Gardens	45	45,000	1,000	22,500	22,500	16,875	64,125			172,000
3	GushanBahoo	80	80,000	1,000	40,000	40,000	30,000	114,000			305,000
4	Sahib Naseeb	24	24,000	1,000	12,000	12,000	9,000	34,200			92,200
5	Peoples Colony	96	96,000	1,000	48,000	48,000	36,000	136,800			365,800
6	GulshanDawood	85	85,000	1,000	40,500	40,500	31,875	121,125			320,000
7	Madina Town	120	120,000	5,000	60,000	60,000	45,000	171,000			461,000
8	Allamalqabat Town	96	96,000	1,000	48,000	48,000	36,000	136,800			365,800
9	Al-Riaz Town	80	80,000	1,000	40,000	40,000	30,000	114,000			305,000
10	Al-Bari Town	70	70,000	1,000	35,000	35,000	26,250	99,750			267,000
11	Sarban Villas	200	200,000	5,000	100,000	100,000	150,000	285,000			840,000
Total			1,040,000	23,000	518,000	518,000	519,000	1,482,000			4,100,000

Annex – D**[Para 1.3.3.3]****Unauthorized Expenditure Regarding Construction of Culverts & Bridges
– Rs 3.468 Million****(Amount in Rupees)**

Sr. No. in Progress Report	Name of Schemes	Exp.
7	Const. of Culverts Main Road Chak No. 152/P	159,111
38	Repair of Bridge Canal Ahmed Wah Near Basti Mari Jindu Khan Daher	6,565
47	Const. of Slab Puli Kandair Minor Chak 33 Alif Anjum Paracha	175,432
48	Const. of Slab Peer Puli Near Basti Chuhan Qasmani Minor	173,438
49	Const. of Slab Pulli Mubarak Minor Near Basti Qalandar Daher	172,000
50	Const. of Culverts Noor Minor Near Basti Abdul Raheem Daher	199,758
51	Const. of Culverts Laghari Minor Near Basti Mali Meer	197,200
52	Const. of Slab Pulli Noor Minor Near Basti Dera Haroon Laghari	165,975
53	Const. of Different Dot Culverts 297/P	215,654
66	Const. of RCC Slab, TMA Sadiqabad	500,000
67	Supply RCC & Manhole Cover with Frame, TMA Sadiqabad.	1,500,000
69	Const. & Repair of Bridge Basti Surab Sher Chak No. 190/P	2,593
	Total	3,467,726

Annex – E

[Para 1.4.2.1]

**Irregular Expenditure due to Non Compliance of PPRA Rules –
Rs 8.443 Million**

(Amount in Rupees)

Sr. No.	Account Head Used	No. of Vouchers	Total Expenditure	Description of Expenditure
1	A-09601 Purchase of Machinery	01	870,480	Purchase of tyres, battery etc for tractors
2	A-13101 Repair of Machinery	01	1,050,000	Repair of tractors and generator
3	A-13101 Repair of Machinery	01	1387620	Repair of fire brigade
4	A-09602 Purchase of equipment for sanitation (Khanpur HQ)	58	1986109	Purchase of Baans, Kasi, Punja, bucket etc
5	A-09602 Purchase of equipment for sanitation (Non-HQ) ZahirPir	14	348452	Purchase of Baans, Kasi, Punja, bucket etc
6	A-03918 Sports, religious occasions and National Celebrations	01	1208,330	Rent of tentage for Ramzan Bazar
		1	554,220	Rent of tentage for Khanpur Festival
		01	610,139	Rent of tentage for Muharam-ul-Haram
		01	298,534	Rent of tentage for Jashan-E-EidMilad-Un-Nabi
		01	129,384	Rent of tentage for Youth Festival
Total			8,443,268	

Annex – F
[Para 1.4.2.4]

Misclassification of Expenditure – Rs 2.432 Million

(Amount in Rupees)

Voucher No.	Account Head Used	A/C Head to have been Used	Total Expenditure	Items Purchased
533-539, 701	A-09503 Other Purchases	Cost of Stores	1,150,552	electric wires, bulbs, energy savors etc
387	A-09601 Purchase of Machinery	A-09606 Purchase of Seeds and Plants	60,478	Flowers and plants for city park Khanpur
669	A-09601 Purchase of Machinery	Repair of Vehicle	870,480	Purchase of tyres, battery etc for tractors
784	A-09601 Purchase of Machinery	Repair of Machinery	71,145	Repair of 20/HP motor of disposal at Theme Abad
1121	A-09601 Purchase of Machinery	Repair of Machinery	51,350	Purchase of pipes for disposal
1080	A-09601 Purchase of Machinery	Repair of Machinery	93,960	Repair of main disposal
137	A-09602 purchase of Equipment	Repair of Vehicle	24,980	Purchase of Battery for Lari Bedford
330	A-09602 purchase of Equipment	Cost of Stores	9,828	Purchase of plastic pipe for city park
342	A-09602 purchase of Equipment	Cost of Stores	23,729	Sanitary fittings at bath room of city park
112	A-09602 purchase of Equipment	A-09603 Seeds, plants and garden lights	23,137	Search lights, choke, rod etc for city park
216	A-09602 purchase of Equipment	Repair of Vehicle	10,860	Tube for Bed Ford Lari
217	A-09602 purchase of Equipment	Repair of Vehicle	16,842	Brakes repair of bed ford lari
219	A-09602 purchase of Equipment	Repair of Vehicle	24,904	repair of pressure pump bed ford lari
Total			2,432,245	

Annex – G
[Para 1.5.2.1]

Non / Less imposing of penalty due to delay in completion of work Rs 1.483 million

(Amount in Rupees)

Sr. No.	ADP	Name of work	Estimated cost.	Date of work order	Time Limit	Penalty
1	1943	Construction of metal road basti jam Fida Hussain Advocate sidhu wali	4,981,000	14.04.2014	2 months	498,100
2	1951	Construction of soling basti Khurshid Khan mouza gulani	930,000	14.04.2014		93,000
3	1952	Construction of soling, slab bridge basti rana Rustum mouza Sangla	1,577,000	14.04.2014	2 months	157,700
4	1953	Construction of slab bridge basti Faizullah mouza sangla	350,000	14.04.2014	2 months	35,000
5	1954	Construction of bridge Allah abad minor basti Jamal Arrain	437,000	14.04.2014	45 days	43,700
6	2024	Construction of soling basti Jam Abdul Qadir to shahi road mouza Murad Pur Sial.	300,000	14.04.2014	45 days	30,000
7	2043	Laying and repair of sewer line Katchi Muhammad Khan	500,000	14.04.2014	2 months	50,000
8	2046	Laying of tuff tile Owais Nagar Chak 124/NP	350,000	14.04.2014	45 days	35,000
9	2050	Construction of waiting I land Ghora More near Feroza	350,000	14.04.2014	2 months	35,000
10	2051	Construction of soling inside chak 15/A	300,000	14.04.2014	45 days	30,000
11	2054	Construction of soling metal road to Girls P/S Chak 5/A	300,000	14.04.2014	45 days	30,000
12	2063	Construction of culvert chak 125/Np	150,000	31.03.2014	1month	15,000
13	2074	Construction of soling , culverts u/c 25/A	500,000	14.04.2014	2 months	50,000
14	2080	Construction of boundary wall Eid Gah / Park colony chak 24/A	700,000	14.04.2014	2 months	70,000
15	2082	Construction of soling , culverts chak 178/7R	400,000	31.03.2014	1month	40,000
16	2085	Construction of soling , culverts u/c 42/A	400,000	14.04.2014	45 days	40,000

17	2086	Construction of soling , drain chak 20/A.	400,000	14.04.2014	45 days	40,000
18	2087	Construction and repair of diggi 44/A Mughlan wala	200,000	14.04.2014	45 days	20,000
19	2093	Laying Of R.C.C Sewer Line fateh Memorial Eye Hospital 17/A Road To Disposal Works Hakim Abad Liaquat pur	1,000,000	14.04.2014	2 months	100,000
20	2098	Construction of sullage carrier chairman markete Khan Bela	700,000	14.04.2014	2 months	70,000
Total			14,825,000			1,482,500