



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
CHIEF OFFICER, DISTRICT COUNCIL &  
TALUKA MUNICIPAL ADMINISTRATIONS  
DISTRICT TANDO ALLAHYAR  
AUDIT YEAR 2012-13**

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**AUDITOR-GENERAL OF PAKISTAN**

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## **ABBREVIATIONS AND ACRONYMS**

ADP	Annual Development Programme
BTS	Base Trans-receiver Station
CCB	Citizen Community Board
DAC	Departmental Accounts Committee
DGA	Director General Audit
FD	Finance Department
GoS	Government of Sindh
IPSAS	International Public Sector Accounting Standards
LG&CD	Local Government & Community Development
LFA	Local Fund Audit
MEFDAC	Memorandum for Departmental Accounts Committee
M&R	Maintenance & Repair
NSL	Natural Surface Level
SLGO	Sindh Local Government Ordinance
SLG	Sindh Local Government
SLGB	Sindh Local Government Board
POL	Petroleum Oil and Lubricants
TAO	Taluka/Town Accounts Officer
TMA	Taluka / Town Municipal Administration
TMO	Taluka / Town Municipal Officer
TS	Technical Sanction
TO (F)	Taluka/Town Officer (Finance)
TO (I&S)	Taluka/Town Officer (Infrastructure & Services)
TO (P&C)	Taluka/Town Officer (Planning & Coordination)
TO (R)	Taluka/Town Officer (Regulation)
TDC	Taluka/Town Development Committee
TSE	Technically Sanctioned Estimate



## Preface

Articles 169 & 170 (2) of the Constitution of the Islamic Republic of Pakistan, 1973, read with Sections 8 and 12 of the Auditor General (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, require the Auditor General of Pakistan to conduct audit of the receipts and expenditure of the Secretary Local Government Department, Karachi Metropolitan Corporation, Karachi Water & Sewerage Board, Taluka / Town Municipal Administrations and Union Councils.

The report is based on audit of Taluka Municipal Administrations of District Tando Allahyar for the year 2011-12. The Directorate General of Audit Local Councils Sindh, Karachi, conducted audit during 2012-13 on test check basis with a view to reporting significant findings to relevant stakeholders. The main body of 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 Annexure-A of the Audit Report. The Audit observations listed in the 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.

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

Some of the observations included in this Report have been finalized in the light of written responses.

The Audit Report is submitted to the Governor of the Sindh in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 116 of the Sindh Local Government Act 2013, for causing it to be laid before the Provincial Assembly of the Sindh.

Islamabad  
Dated:

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





## **EXECUTIVE SUMMARY**

The DG Audit, Local Councils, Sindh, Karachi is responsible to carry out the audit of 119 Taluka / Town municipal Administrations. This Directorate General has a human resource of 33 officers and staff, resulting in 2,937 man days and annual budget amounted to Rs 67.096 million for the financial year 2011-12. The office has a mandate to conduct regularity audit (compliance with authority audit) on test check basis with a view to report significant findings to the relevant stakeholders. This office also conduct performance audit of programmes / projects.

Each Taluka Municipal Administration in District Tando Allahyar is headed by a Taluka Administrator and District is headed by Chief Municipal Officer who carries out operations as per Sindh Local Government Ordinance, 1979. Taluka Administrative Officer is the Principal Accounting Officer (PAO) and acts as coordinating and administrative officer and is responsible to control land use, its division and development and to enforce all laws including Municipal Laws, Rules and Bye-laws.

Audit of TMAs District Tando Allahyar was carried out with the view to ascertain that the expenditure was incurred with proper authorization, in conformity with laws, rules, regulations and economy was ensured in procurement of assets and hiring of services and to review, analyze and comment on various Government policies regarding different sectors.

Audit of receipts was conducted to verify that the assessment, collection, reconciliation and allocation of revenue was made in accordance with laws and that there was no leakage of revenue and also that revenue did not remain outside Government account.

### **a. Scope of Audit**

Out of total budget of the District Tando Allahyar for the Financial Year 2011-12, auditable expenditure under the jurisdiction was Rs 493.780 million, out of which an expenditure of Rs 391.343 million was audited which in terms of percentage, was 79%. Total receipts of the TMAs for the financial year 2011-2012 was Rs 69.010 million out of this, an amount of Rs 9.614 million was audited which was 14% of the total amount.

**b. Recoveries at the instance of audit**

Recovery of Rs 9.614 million was pointed out during the audit but no recovery was affected till the time of compilation of this Report. Total recoverable amount of Rs 9.614 million was not in the notice of the executive before audit.

**c. Audit Methodology**

Audit was performed through understanding of the business process of TMAs with respect to internal control structure, prioritization of risk areas determining significance and identification of key internal controls. This helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field activity. The audit used intensive application of desk audit techniques facilitated through compiled data and review of permanent files/record. Desk Audit facilitated identification of high risk areas for substantive testing in the field.

**d. Audit Impact**

On the pointation of audit, TMAs have streamlined their work in accordance with rules & regulations and made efforts for realization of outstanding dues.

**e. Comment on Internal Control and Internal Audit Department**

Several loopholes in the internal control system were noticed during the audit years. Major internal control weaknesses have been reported in Chapter-1. Moreover, other internal control weaknesses have been incorporated in Annexure-A.

**f. The key audit findings of the report**

- i. Non- Production of record was noted in 02 cases - Rs 60.110 million.<sup>1</sup>
- ii. Non-Compliance was noted in 03 cases - Rs 37.000 million.<sup>2</sup>
- iii. Internal Control Weaknesses were noted in 07 cases-Rs 37.370 million cases.<sup>3</sup>

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<sup>1</sup> Para 1.2.1.1, 1.2.4.1

<sup>2</sup> Para 1.2.2.1, 1.2.2.2, 1.2.5.1

<sup>3</sup> Para 12.3.1, 1.2.3.2, 1.2.3.3, 1.2.3.4, 1.2.6.1, 1.2.6.2, 1.2.6.3,

Audit paras for the audit year 2011-12 involving procedural violations including internal control weaknesses and irregularities not considered worth reporting to the PAC are included in MEFDAC (Annexure-A).

**g. Recommendations**

Audit recommends the Taluka Municipal Administrations (TMAs) to focus on the following issues:

- i. Head of the Taluka Municipal Administrations needs to conduct physical stock taking of fixed and current assets.
- ii. The TMA needs to comply with the Public Procurement Rules for economical and rational purchase of goods and services.
- iii. Inquiries need to be held to fix responsibility for fraud, misappropriation, losses, theft and wasteful expenditure.
- iv. The PAO needs to make efforts for expediting the realization of various Government receipts.
- v. The PAO and their teams need to ensure implementation of proper monitoring system.
- vi. The PAO needs to take appropriate action against non-production of record.
- vii. The PAO needs to rationalize their budget with respect to utilization.



## SUMMARY TABLES & CHARTS

**Table 1: Audit Work Statistics**

(Rupees in Million)

<b>Sr.</b>	<b>Description</b>	<b>No.</b>	<b>Budget</b>
1.	Total Entities (PAOs) in Audit Jurisdiction	04	493.780
2.	Total Entities (PAOs) Audited	02	391.343
3.	Audit & Inspection Reports	02	391.343
4.	Special Audit Reports	-	-
5.	Performance Audit Reports	-	-
6.	Other Reports (relating to TMAs)	-	-

**Table 2: Audit observations Classified by Categories**

(Rupees in Million)

<b>Sr.</b>	<b>Description</b>	<b>Amount under audit observation</b>
1	Asset Management	0
2	Financial Management	0
3	Internal controls	37.370
4	Violation of rules	5.000
5	Others	60.110
<b>Total</b>		<b>102.480</b>

**Table 3: Outcome Statistics**

(Rupees in Million)

Sr.	Description	Expenditure on Acquiring Physical Assets (Procurement)	Salary	Non-Salary	Civil Works	Receipts (Revenue Targets)	Total Current year	Total Last year
1.	Outlays Audited	0	107.664	28.341	209.171	69.010	*414.186	-N/A-
2.	Amount Placed under Audit Observation of Audit	0	14.227	2.390	76.249	9.614	102.480	-N/A-
3.	Recoveries Pointed Out at the instance of Audit	0	0	0	0	9.614	9.614	-N/A-
4.	Recoveries Accepted /Established at the instance of Audit	0	0	0	0	0	0	-N/A-
5.	Recoveries Realized at the instance of Audit	0	0	0	0	0	0	-N/A-

\*The amount mentioned against serial No. 1 in column of “Total Current Year” is the sum of Expenditure and Receipts whereas the total expenditure is Rs 345.176 million for the current year.

**Table 4: Irregularities pointed out**

(Rupees in Million)		
Sr.	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations and violation of principle of propriety and probity in public operations.	5.000
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	0
3	Accounting Errors (accounting policy departure from NAM <sup>1</sup> , 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.	0
4	Quantification of weaknesses of internal control systems.	27.756
5	Recoveries and overpayments, representing cases of establishment overpayment or misappropriations of public monies	9.614
6	Non-production of record.	60.110
7	Others, including cases of accidents, negligence etc.	0
<b>Total</b>		<b>102.480</b>

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<sup>1</sup> The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are IPSAS (Cash) compliant.





## **CHAPTER-1**

### **1.1 CHIEF OFFICER, DISTRICT COUNCIL AND TALUKA MUNICIPAL ADMINISTRATIONS, TANDO ALLAHYAR**

#### **1.1.1 INTRODUCTION**

As of 2010, the population of District Tando Allahyar is 0.575 million. District Tando Allahyar comprises of One Chief Officer of District Council and Three TMAs namely Tando Allahyar, Jhando Marri and Chamber. Business of TMAs is run through the Administrator and four officers namely TO (I&S), TO (Finance), TO (P&C) and TO (Regulations) under Sindh Local Government Ordinance, 1979. The functions of TMAs are as following:

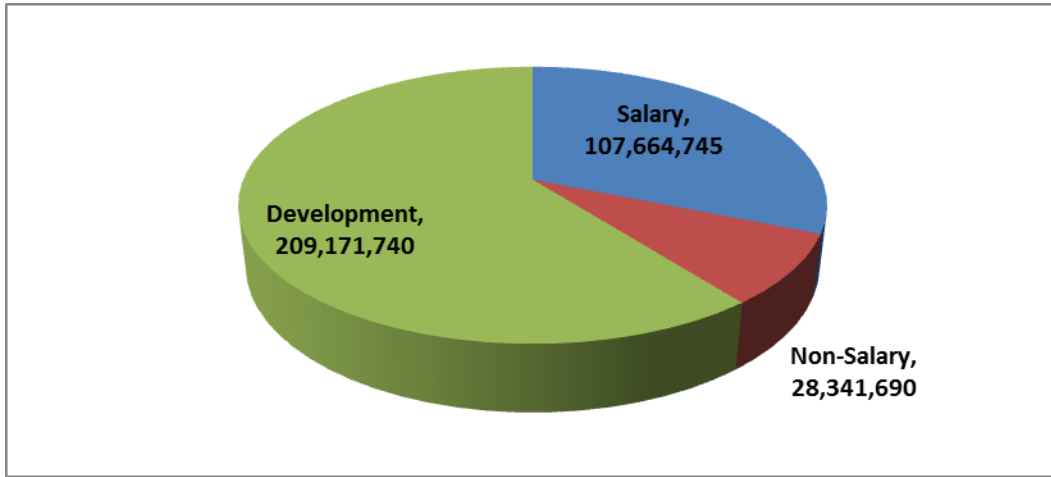
1. Prepare spatial plans for the Town including plans for land use, zoning and functions for which TMA is responsible.
2. Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including agriculture, industry, commerce markets, shopping and other employment centers, residential, recreation, parks, entertainment, passenger and transport freight and transit stations.
3. Enforce all municipal laws, rules and bye-laws governing TMA's functioning.
4. Prepare budget, long term and annual municipal development programmes in collaboration with the Union Councils.
5. Collect approved taxes, cesses, user fees, rates, rents, tolls, charges, fines and penalties.
6. Manage properties, assets and funds vested in the Town Municipal Administration.
7. Develop and manage schemes, including site development in collaboration with Union Administration.
8. Issue notice for committing any municipal offence by any person and initiate legal proceedings for commission of such offence or failure to comply with the directions contained in such notice.
9. Prosecute, sue and follow up criminal, civil and recovery proceedings against violators of Municipal Laws in the courts of competent jurisdiction.
10. Maintain municipal records and archives.

## 1.1.2 Comments on Budget and Accounts (Variance Analysis)

(Amount in Rupees)

Sr.	Name of TMAs	Nature of Expenditure	Original Grant	Suppl: Grant	Revised/Final Grant	Actual Expenditure	(+) Excess (-) Saving
1	TMA Tando Allahyar	Salary	80,182,078	-	80,182,078	93,200,200	13,018,122
		Non-Salary	51,067,827	-	51,067,827	18,922,592	-32,145,235
		<b>Sub-Total</b>	<b>131,249,905</b>	-	<b>131,249,905</b>	<b>112,122,792</b>	<b>-19,127,113</b>
		<b>Development</b>	<b>105,730,000</b>	-	<b>105,730,000</b>	<b>98,579,708</b>	<b>-7,150,292</b>
		<b>Total</b>	<b>236,979,905</b>	-	<b>236,979,905</b>	<b>210,702,500</b>	<b>-26,277,405</b>
2	TMA Jhando Marri	Salary	9,950,192	-	14,737,850	14,464,545	-273,305
		Non-Salary	26,913,000	-	9,444,527	9,419,098	-25,429
		<b>Sub-Total</b>	<b>36,863,192</b>	-	<b>24,182,377</b>	<b>23,883,643</b>	<b>-298,734</b>
		<b>Development</b>	<b>117,500,000</b>	-	<b>112,500,000</b>	<b>110,592,032</b>	<b>-1,907,968</b>
		<b>Total</b>	<b>154,363,192</b>	-	<b>136,682,377</b>	<b>134,475,675</b>	<b>-2,206,702</b>
		<b>Salary</b>	<b>90,132,270</b>	-	<b>94,919,928</b>	<b>107,664,745</b>	<b>12,744,817</b>
		<b>N.salary</b>	<b>77,980,827</b>	-	<b>60,512,354</b>	<b>28,341,690</b>	<b>-32,170,664</b>
		<b>Non-Development</b>	<b>168,113,097</b>	-	<b>155,432,282</b>	<b>136,006,435</b>	<b>-19,425,847</b>
		<b>Development</b>	<b>223,230,000</b>	-	<b>218,230,000</b>	<b>209,171,740</b>	<b>-9,058,260</b>
		<b>Grand Total</b>	<b>391,343,097</b>	-	<b>373,662,282</b>	<b>345,178,175</b>	<b>-28,484,107</b>

### Expenditure 2011-12



Original budget of Rs 391.343 million was allocated to TMAs Tando Allahyar and Jhando Marri under various grants and no supplementary grants/re-appropriation was provided. The revised/final budget of these TMAs was Rs 373.662 million. The total expenditure incurred by concerned TMAs during 2011-12 was Rs 345.171 million as detailed above.

The Variance analysis of the Revised/Final Grant and Actual Expenditure for the Financial Year 2011-12 depicted that there was a saving of Rs 28.483 million.

#### 1.1.3 Brief comments on the status of compliance with PAC Directives

The audit reports of pertaining to following years have been submitted Governor of Sindh. Detail of PAC meeting is given below:

Audit Year	No. of Paras	Status of PAC Meetings
2011-12	Nil	Nil

As indicated in the above table, no PAC meeting was convened to discuss the audit report of TMAs Tando Allahyar.

## **1.2 AUDIT PARAS**

**Taluka Municipal Administration, Tando Allahyar**

## **1.2.1 Non-Production**

### **1.2.1.1 Non-Production of Record - Rs 51.882 Million**

Article 170(2) of the Constitution of the Islamic Republic of Pakistan, inserted vide Constitution (Eighteenth Amendment) Act, 2010 w.e.f. 19-04-2010, states that, “The audit of accounts of the Federal and of the Provincial Government and the accounts of any authority or body established by, or under the control of, the federal or Provincial Government shall be conducted by the Auditor General, who shall determine the nature and extent of such audit”.

Further, the Constitutional provision was stressed upon by the Orders of the Honourable Supreme Court of Pakistan dated 07-05-2013 given in CMA No.2376/2013, “where the amount is charged on the Consolidated Fund or relates to the Public Accounts of the Federation or of the Provinces, the same may be audited by the Auditor- General without exception”.

TMA, Tando Allahyar, incurred expenditure of Rs 51.882 million, during 2011-12, on-going development schemes but failed to provide access of record to audit, in violation of the above rule.

Audit is of the view that due to non-provision of record, authenticity of expenditure is doubtful and chances of misappropriation of public funds cannot be ruled out.

Matter was reported during May 2013. The management vide its reply dated 23-07-2013, stated that all the record is available in office and will be shown to next audit party. The reply was not tenable since record was not made available to audit party during course of audit. The PAO failed to convene the DAC meeting to discuss audit Para despite pursuance by audit.

Audit recommends fixing responsibility on account of non-provision of record.

[AIR Para: 2]

## **1.2.2 Non-Compliance**

### **1.2.2.1 Non-Posting of Evaluation Report**

Rule 10 of Sindh Public Procurement Rules 2010, states that, “The procuring agency shall, immediately upon award of contract, make the evaluation report of the bid, and the contract agreement to public through hoisting on the Authority’s website as well as on procuring agency’s website, if the procuring agency has such a website”.

TMA, Tando Allahyar, awarded development schemes to various contractors of Rs 32.000 million, during 2011-12, through NIT but failed to post evaluation report on SPPRA website, in violation of above rule.

Audit is of the view that non-posting of evaluation report resulted into non-transparency in public spending and non-achievement of competitive rates which constitutes weak financial management.

Non-posting of bid evaluation report constitutes weak internal control.

Matter was reported during May, 2013. The management vide its reply dated 23-07-2013, agreed to audit point of view. The PAO failed to convene DAC meeting to discuss audit para despite pursuance by audit.

Audit recommends fixing responsibility on management of TMA for non-posting of evaluation report on SPPRA website.

[AIR Para: 3]

### **1.2.2.2 Non-Utilization of Funds / Execution of New Schemes Rs 2.500 Million**

Rule 3 (v) of Sindh District Government and Taluka/Town Municipal Administration (Budget) Rules 2002, states that, “TMO is responsible for ensuring that funds allocated are spent on the activities for which the money was provided”.

Further, Para 209 of GFR Vol-I, states that, “Unless it is otherwise ordered by government every grant made for a specific object is subject to the implied conditions: (i) that the grant will be spent upon the object within a reasonable time, if no time limit has been fixed by the sanctioning authority and (ii) that any portion of the amount that is not ultimately required for expenditure upon the object should be duly surrendered to government”.

TMA, Tando Allahyar, allocated an amount of Rs 2.500 million, during 2011-12, for the development schemes but management failed to execute the work despite of availability of funds, approval on account of technical sanction and NIT, in violation of above rules. Detail is as under:

(Amount in Rupees)

<b>Sr.</b>	<b>Name of Schemes</b>	<b>Est. Cost</b>	<b>Remarks</b>
1.	Construction of Dust Bin in TMA, Tando Allah Yar	500,000	Not started
2.	Renovation of TMA office	1,500,000	-do-
3.	Supply of Hand Pumps	500,000	-do-
<b>Total</b>		<b>2,500,000</b>	<b>-</b>

Audit is of the view that due to non-execution of works / funds were not utilized for development activities which constitutes weak financial control.

Due to non-execution of works public was deprived of benefits of development schemes which constitute weak internal control.

Matter was reported during May, 2013. The management vide its reply dated 23-07-2013, agreed to audit point of view. The PAO failed to convene DAC meeting to discuss audit para despite pursuance by audit.

Audit recommends fixing responsibility on management for non-execution of schemes / non-utilization of funds for the benefit of public.

[AIR Para: 11]

## **1.2.3 Internal Control Weaknesses**

### **1.2.3.1 Non-Recovery of Government Dues - Rs 6.814 Million**

Para 28 of GFR Volume-I, states that, “No amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable orders of the competent authority for their adjustment must be sought”.

TMA, Tando Allahyar, failed to recover outstanding revenue an amount of Rs 6.814 million, during 2011-12, from various agencies, in violation of the above rule, Detail provided in Annexure-B.

Audit is of the view that non-recovery of revenue resulted into short receipt which constitutes weak financial management.



Non-recovery of government revenue constitutes weak internal control.

Matter was reported during May, 2013, but no departmental point of view was received. The PAO failed to convene DAC meeting to discuss audit para despite pursuance by audit.

Audit recommends fixing responsibility on the official(s) at fault and outstanding revenue may be recovered, under intimation to audit.

[AIR Para 8]

### **1.2.3.2 Wasteful Expenditure - Rs 2.000 Million**

Para 10(1) of GFR Volume-1, states that, “Every public officer is expected to exercise same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

TMA, Tando Allahyar, incurred expenditure of Rs 2.000 million, during 2011-12, on construction of slaughter house situated out of city which remained unutilized till date resulting into wasteful expenditure, in violation of the above rule.

Audit is of the view that due to improper planning the government sustained loss of Rs 2.000 million which constitutes weak financial management.

Non-utilization of slaughter house resulted into deprivation of facility for public which constitutes weak internal control.

Matter was reported during May, 2013. The management vide its reply dated 23-07-2013, agreed to audit point of view. The PAO failed to convene DAC meeting to discuss audit para despite pursuance by audit.

Audit recommends fixing of responsibility on account of wasteful expenditure and non-utilization of facility.

[AIR Para: 12]

### **1.2.3.3 Non-Recovery of Rent - Rs 1.640 Million**

Section 60 (1) of SLGO 1979, states that, “A council may levy in the prescribed manner any of the taxes, fees, rates, tolls, and fees mentioned in Schedule IV”.

Further, Para 28 of GFR Vol-I, states that, “No government amount should be left outstanding without sufficient reason and where any dues appear to be irrecoverable, the order of competent authority for its adjustment must be obtained”.

TMA, Tando Allahyar, allotted shops to different subscribers at fix rates but failed to realize rent of 286 shops, resulting into outstanding dues of Rs 1.640 million, in violation of the above rules. Detail provided in Annexure-C.

Audit is of the view that due to non-realization of rent authority was deprived revenue which constitutes weak financial management.

Non-realization of government revenue constitutes weak internal control.

Matter was reported during May, 2013. The management vide its reply dated 23-07-2013, agreed to audit point of view. The PAO failed to convene DAC meeting to discuss audit para despite pursuance by audit.

Audit recommends fixing responsibility for non-realization of outstanding government dues and all out efforts may be made to realize the same, under intimation to audit.

[AIR Para: 14]

#### **1.2.3.4 Non-Achievement of Targeted Receipts - Rs 1.162 Million**

Para 28 of GFR Volume-I, states that, “No amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable orders of the competent authority for their adjustment must be sought”.

TMA, Tando Allahyar, levied taxes on different accounts for the estimated recovery, during 2011-12, but failed to achieve the target of Rs 1.162 million and serious efforts were not taken by authority to realize the estimated revenue, in violation of above rule. Detail is as under: (Further detail provided in Annexure-D).

(Amount in Rupees)

<b>Estimate</b>	<b>Recovery</b>	<b>Outstanding</b>
1,596,718	435,133	1,161,585

Audit is of the view that due to non-realization of estimated receipts authority was deprived of genuine public revenue which constitutes weak financial management.

Non-realization of targeted revenue constitutes weak internal control.

Matter was reported during May, 2013. The management vide its reply dated 23-07-2013, agreed to audit point of view. The PAO failed to convene DAC meeting to discuss audit paras despite pursuance by audit.

Audit recommends fixing responsibility on account of laxity of management to realize targeted revenues.

[AIR Paras: 16, 17]

**Taluka Municipal Administration, Jhando Marri**

## **1.2.4 Non-Production**

### **1.2.4.1 Non-Production of Record - Rs 8.228 Million**

Article 170(2) of the Constitution of the Islamic Republic of Pakistan, inserted vide Constitution (Eighteenth Amendment) Act, 2010 w.e.f. 19-04-2010, states that, “The audit of accounts of the Federal and of the Provincial Government and the accounts of any authority or body established by, or under the control of, the federal or Provincial Government shall be conducted by the Auditor General, who shall determine the nature and extent of such audit”.

Further, the Constitutional provision was stressed upon by the Orders of the Honourable Supreme Court of Pakistan dated 07-05-2013 given in CMA No.2376/2013, “where the amount is charged on the Consolidated Fund or relates to the Public Accounts of the Federation or of the Provinces, the same may be audited by the Auditor- General without exception”.

TMA, Jhando Marri, incurred expenditure of Rs 8.228 million, during 2011-12, but failed to provide access of record to audit, in violation of the above rule. Detail provided in Annexure-E.

Audit is of the view that due to non-provision of record authenticity of expenditure cannot be verified and chances of misappropriation of public funds cannot be ruled out.

Matter was reported during August, 2013, but management failed to reply. The PAO failed to convene the DAC meeting to discuss audit para despite pursuance by audit.

Audit recommends fixing responsibility on account of non-provision of record.

[AIR Para: 24]

## **1.2.5 Non-Compliance**

### **1.2.5.1 Un-authorized Expenditure - Rs 2.500 Million**

Rule 17 (1) of Sindh Public Procurement Rules 2010, states that, “Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority’s website and may in print media in the manner and format prescribed in these rules”.

TMA, Jhando Marri, incurred expenditure of Rs 2.500 million, during 2011-12, vide N.I.T. No. nil dated 04-05-2011, without following the prescribed procedure, in violation of the above rule. Detail provided in Annexure-F.

Audit is of the view that management failed to invite open tender resulting into non-transparency in public spending and non-achievement of competitive rates which constitutes weak financial management.

Non-pursuance of SPPRA rules 2010 constitutes weak internal control.

The matter was reported during August, 2013, but management failed to provide departmental point of view. The PAO failed to convene the DAC meeting to discuss audit para despite pursuance by audit.

Audit recommends fixing responsibility on departments on account of non-transparency in awarding of contracts and failure in obtaining competitive rates.

[AIR Para: 15]

## **1.2.6 Internal Control Weaknesses**

### **1.2.6.1 Un-authorized Appointments - Rs 14.227 Million**

Rule 10 (i) of GFR Vol-I, states that, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from the public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.(ii) The expenditure should not be prima facie more than the occasion demands”.

TMA, Jhando Marri, incurred expenditure of Rs 14.227 million, during 2011-12, on the salaries of newly appointed 115 employees without going through prescribed procedure and against the clear vacancies, in violation of the above rule.

Audit is of the view that recruitment was made without following prescribed procedure, besides, appointment of 115 was made against the 54 vacant posts resulted into unauthorized expenditure which constitutes weak financial management.

Non-observance of rules on recruitment constitutes weak internal control.

The matter was reported during August, 2013 but management failed to provide departmental point of view. The PAO failed to convene the DAC meeting to discuss audit para despite pursuance by audit.

Audit recommends investigation for fixing of responsibility for unauthorised appointment over and above the sanctioned strength.

[AIR Para: 23]

### **1.2.6.2 Doubtful Expenditure - Rs 9.978 Million**

Para 32 (2) of Local Government Accounts Manual, states that, “Every bill shall be pre-audited by the Accounts Office, the pre-audit shall ensure that the bill has been sanctioned and that funds are available to make payment. The pre-audit shall also involve scrutinizing the bill to identify possible fraud and irregularities”.

TMA, Jhando Marri, incurred expenditure of Rs 9.978 million, during 2011-12, to various contractors / suppliers without pre-audit of bills by LFA, FD, GoS, resulted into doubtful expenditure and misappropriation of public money can't be ruled out, in violation of above rule. Detail provided in Annexure-G.

Audit is of the view that management directly authorised the claims of contractors without pre-audited conducted by LFA which constitutes non-transparency in public exchequer and weak financial management.

Non-observance of prescribed procedure constitutes weak internal control.

The matter was reported during August, 2013, but management failed to provide departmental point of view. The PAO failed to convene the DAC meeting to discuss audit para despite pursuance by audit.

Audit recommends fixing responsibility on official(s) at fault for authorizing doubtful payments without pre-audit.

[AIR Para: 28]

### **1.2.6.3 Non-transparency of Government Spending - Rs 1.549 Million**

Rule 20 of the Staff Car Rules 1980, as amended in 2001, states that, “The log book, History Sheet, and Petrol Account Register shall be maintained for each official vehicle”.

TMA, Jhando Marri, incurred expenditure of Rs 1.549 million, during 2011-12, on purchase of POL for official vehicles but the log books, history sheets and

petrol account registers were not maintained to justify the expenditure, in violation of the above rule. Detail provided in Annexure-H.

Audit is of the view that expenditure incurred on POL without preparation of log books, history sheets and petrol consumption account resulted into non-transparency in spending from public funds which constitute weak financial management.

The expenditure on POL without preparation of log books constitutes weak internal control.

Matter was reported during August, 2013, but management failed to provide departmental point of view. The PAO failed to convene the DAC meeting to discuss audit para despite pursuance by audit.

Audit recommends fixing responsibility for incurring expenditure without supporting record and same be prepared to justify the expenditure, under intimation to audit.

[AIR Para: 13]



## **ANNEXURES**

**Memorandum for Departmental Accounts Committee (MFDAC) Paras**

(Amount in Rupees)				
<b>Sr.</b>	<b>Name of Formation</b>	<b>AP No.</b>	<b>Title of Para</b>	<b>Amount of Audit Observation</b>
1.	TMA, Tando Allahyar	21	Recovery of dis-continued allowances.	122,964
2.	-do-	22	No- recovery of rent of TMA Houses	240,000
3.	-do-	23	No- recovery of income tax	125,901
4.	-do-	24	Recovery of excess salary paid	37,680
5	TMA, Jhando Marri	12	Non-deduction of income tax	21,347
6	-do-	01	Non-deduction of sales tax	385,000
<b>Total</b>				<b>932,892</b>

## Details of Government dues

(Amount in Rupees)

Sr.	Name Bid	Year	Amount
1	OCTROI TAX	76-77	35,877
2		77-78	12,858
3		83-84	332,874
4		84-85	182,984
5	TOLL TAX	75-76	37,227
6	JANWARON KI PIREE FEE	76-77	12,000
7		83-84	18,305
8		84-85	29,854
9		86-87	51,194
10	KACHHI PAKI PIREE	73-74	981
11		82-83	6,157
12		83-84	9,476
13	GHANDA PANI	82-83	2,850
14	BUS STAND LATREEN FEE	2001-02	18,150
15	PARKING FEE	2003-04	351,200
16	JANWARON KI PIREE FEE	2005-06	170,000
17			343,000
18	PARKING FEE	2006-07	177,199
19		2007-08	224,100
20	KACHHI PIRI		
21	JANWARON KI PIREE FEE	2008-09	650,000
22	KACHHI PIRI FEE		680,000
23	PARKING FEE		148,000
24	JANWARON KI PIRI FEE	2009-10	72,261
25	KACHHI PIRI FEE	2010-11	802,500
26	JANWARON KI PIRI		1,400,000
27	KACHHI PIRI FEE	2011-12	561,520
28	BUS STAND LATREEN		38,500
29			56,000
<b>Total</b>			<b>6,814,067</b>

## Annexure-C

## Details of Less Recovery of Rent

(Amount in Rupees)

Sr.	Location	No. of shops	Recoverable rent	Recovered Rent	Outstanding amount
1	Meat Market Tando Allahyar	14	110,645	39,690	70,955
2	Baldia Shoping Centre Tando Allah Yaar	12	103,500	64,000	39,500
3	Station Bazzar Tando Allah Yar	39	313,710	71,330	242,380
4	Bus stand Tando Allah Yar	48	500,414	234,337	266,077
5	Naser pur Nakka Hyderabad road	07	172,290	22,570	149,720
6	Near Girls College Hyderabad	12	241,018	154,248	86,770
7	Market Chowk	60	526,079	200,470	325,609
8	Nasur Pur Nakka	07	90,540	39,540	51,000
9	Court Road	03	35,100	13,940	21,160
10	Tando Adam Road	01	12,875	11,095	1,780
11	Mooj e Darya Road	01	6,840	0	6,840
12	Near old UBL	01	9,620	2,840	6,780
13	Mirwah Road	01	13,880	3,520	10,360
14	Near Ladies Hospital	02	26,450	6,720	19,730
15	Near Bus stand	08	135,175	88,600	46,575
16	Bus Stand Cabins	47	394,495	185,490	209,005
17	Plots	23	131,040	45,210	85,830
<b>Total</b>		<b>286</b>	<b>2,823,671</b>	<b>1,183,600</b>	<b>1,640,071</b>

**Annexure-D****Details of Recovery for 2011-12**

(Amount in Rupees)

<b>Sr.</b>	<b>Name Tax / Fee</b>	<b>Estimate</b>	<b>Recovery</b>	<b>Outstanding</b>
1	WATER RATE	200,000	33,510	166,490
2	NALI TAX	150,000	16,623	133,377
3	LISENCE FEE	175,000	59,500	115,500
4	PAKKA PIRI FEE	380,000	281,620	98,380
5	PAK MEDICAL ASS:	5,000	2,080	2,920
6	RESIDENCE AC	177,918	0	177,918
7	WATER PUMP	60,000	11,400	48,600
8	WATER TANK	200,000	26,200	173,800
9	GANDA PANI	8,000	0	8,000
10	DAIRY FARM FEE	30,000	3,200	26,800
11	SIGN BOARD FEE	20,000	1,000	19,000
12	Water Connection Charges	190,800	0	190,800
<b>Total</b>				<b>1,161,585</b>

### Details of Non-Production of Record

(Amount in Rupees)

Sr.	Cheque No.	Cheque Date	Payee	Particulars	Amount
1	550173	21/11/11	Safee Hussain Contractor	Generator for NADRA at Usman shah Huri	191,070
2	550176	21/11/11	Muhammad Iqbal	Electric fitting & networking NADRA Usman Shah Huri	285,000
3	550177	21/11/11	Muhammad Ramzan	petrol for NADRA Generator at Usman huri	107,580
4	2126226	Nil	A. Rasheed	Const. Of C.C. Block	1,021,680
5	Nil	Nil	Imtiaz Ali	Const. Of C.C. Block	510,840
6	Nil	Nil	A & P Enterprises	Const. Of C.C. Block	425,700
7	Nil	Nil	A & P Enterprises	Const. Of C.C. Block	825,900
8	Nil	Nil	Muhammad Ramzan	Const. of mateled road at Mal Khan	1,165,736
9	2126230	Nil	Aftab Ahmed	Const. Of C.C. Block	1,021,680
10	2126223	Nil	Hafiz Riaz Hussain	Earth filling	825,600
11	2126224	Nil	A & P Enterprises	Earth filling	825,600
12	2126225	Nil	Riaz Hussain	Const. Of C.C. Block	1,021,680
<b>Total</b>					<b>8,228,066</b>

**Detail of Expenditure without Calling Open Tender**

(Rupees in Million)

<b>Sr.</b>	<b>Name of Work</b>	<b>Estimated Cost</b>
1	Const: of CC Block in Dawood Thebo UC- Dasori	0.500
2	Const: of 3 Nos. residential quarters beyond TMA office.	0.500
3	Execution of (S) tube well bores @ various villages within the limits of Jhando Marri	0.500
4	Const: metaled road from Hot Khan Aklaani to Mian Fazlani Road UC- Tando Soomro.	0.500
5	Earth filling works @ Village Sadique Foundation.	0.500
<b>Total</b>		<b>2.500</b>

**Annexure-G****Details of Expenditure without Pre-Audit**

(Amount in Rupees)

<b>Sr.</b>	<b>C.V. No.</b>	<b>Date</b>	<b>Work</b>	<b>Amount</b>
1	10	10-08-2011	Construction of C.C Block At Various Villages U.C Piyaro lund	4,250,631
2	Nil	25-10-2011	Construction of C.C Block At Various Villages Essa Balouch	253,790
3	8	09-05-2011	Construction Of C.C Block Various Places U.C Jhando Mari	4,518,240
4	10	30-7-2011	Purchase of Electric Wire	168,000
5	9	30-7-2011	Purchase Of furniture For General Branch	194,800
6	11	30-7-2011	Purchase Of Furniture For To (I&S) Branch	300,850
7	7	28-7-2011	Sanitation contract	292,000
<b>TOTAL</b>				<b>9,978,311</b>



**Details of Consumption of POL**

(Amount in Rupees)

<b>Sr.</b>	<b>Description</b>	<b>Budget 2011-12</b>	<b>Actual 2011-12</b>
1	POL/CNG For Vehicles	700,000	394,861
2	POL For Fire Brigade	400,000	356,410
3	POL For Diesel Engines	200,000	136,311
4	Diesel For Tractor	100,000	82,020
5	Diesel For Refuse Van	300,000	579,880
<b>Total</b>			<b>1,549,482</b>