



**AUDIT REPORT
ON
THE ACCOUNTS OF
TEHSIL MUNICIPAL ADMINISTRATIONS
DISTRICT BHAKKAR
AUDIT YEAR 2014-15**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

ADP	Annual Development Programme
CCB	Citizen Community Board
DAC	Departmental Accounts Committee
FD	Finance Department
IPSAS	International Public Sector Accounting Standards
LG&CD	Local Government & Community Development
MFDAC	Memorandum for Department Accounts Committee
NAM	New Accounting Model
PAC	Public Accounts Committee
PDG	Punjab District Government
PLGO	Punjab Local Government Ordinance
PLG	Punjab Local Government
POL	Petroleum Oil and Lubricants
PCC	Plain Cement Concrete
PDSSP	Punjab Devolved Social Sector Programme
TAC	Tehsil Accounts Committee
TMA	Town 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 (Municipal Regulations)

PREFACE

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 115 of the Punjab Local Government Ordinance, 2001 require the Auditor General of Pakistan to audit the accounts of the provincial governments and the accounts of any authority or body established by, or under the control of, the provincial government. Accordingly, the audit of all receipts and expenditures of the Local Fund and Public Accounts of Town /Tehsil Municipal Administrations of the City District/District Government is the responsibility of the Auditor General of Pakistan.

The report is based on audit of the accounts of various offices of Town /Tehsil Municipal Administrations of the District Government Bhakkar for the financial year 2013-14. The Directorate General of Audit, District Governments, Punjab (North), Lahore 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 Rs1.00 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 observation will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

The audit results indicate the need for adherence to the regularity framework besides instituting and strengthening internal controls to prevent recurrence of such violations and irregularities.

The observations included in this Report have been finalized after discussion of Audit Paras with the management. However no Departmental Accounts Committee meeting by PAO was convened despite repeated requests.

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

Islamabad

Dated:

(Rana Assad Amin)

Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Punjab (North), Lahore, is responsible to carry out the audit of District Government, Town/Tehsil Municipal Administrations and Union Administrations of three (03) City District Governments and sixteen (16) District Governments. Its Regional Directorate of Audit Sargodha has audit jurisdiction of District Governments, TMAs and UAs of four (04) District Governments i.e. Sargodha, Khushab, Mianwali and Bhakkar.

The Regional Directorate of Audit Sargodha has a human resource of 14 officers and staff, total 2,740 man-days and the budget of Rs13.021 million for the financial year 2014-15. It has the mandate to conduct Financial Attest Audit, Regularity Audit, and Compliance with Authority and Performance Audit of projects and programs. Accordingly, the Directorate General Audit District Governments Punjab (North), Lahore carried out audit of the accounts of various offices of the Town / Tehsil Municipal Administration of District Government, Bhakkar for the Financial Year 2013-14.

Each Tehsil Municipal Administration in District Bhakkar is conducts its operations under Punjab Local Government Ordinance, 2001. Town/Tehsil Municipal Officer is the Principal Accounting Officer (PAO) and acts as coordinating and administrative officer, responsible to control land use, its division and development and to enforce all laws including Municipal Laws, Rules and Bye-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.

Audit of TMAs of District Bhakkar was carried out with the view to ascertaining whether the expenditure was incurred with proper authorization, in-conformity with laws/ rules /regulations, economical procurement of assets and hiring of services etc.

Audit of receipts/ revenues was also conducted to verify whether the assessment, collection, reconciliation and allocation of revenues were made in accordance with laws and rules, there was no leakage of revenue and revenue did not remain outside Government Account/ Local Fund.

a) Scope of Audit

Out of four (04) TMAs, one (01) TMA was audited. Total expenditure of one TMA of District Bhakkar for the Financial Year 2013-14 under the jurisdiction of DG District Audit (N) Punjab was Rs276.933 million covering one (01) PAOs and one (01) formation. Out of this, DG District Audit (N) Punjab audited an expenditure of Rs111.216 million which in terms of percentage, is 40% of the auditable expenditure.

Total receipts of one (01) TMA of Bhakkar District for the Financial Year 2013-14, were Rs209.842 million. Directorate General Audit Punjab (N), audited receipts of Rs146.889 million which was 70% of total receipts.

b. Recoveries at the Instance of Audit

Recoveries of Rs13.428 million were pointed out through various audit paras which were not in the notice of executive before audit but no recovery was effected till compilation of this Report.

c) Audit Methodology

Audit was performed through understanding the business process of TMAs with respect to functions, control structure, prioritization of risk areas by determining the 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, as suggested by audit, in maintenance of record and procedures have been initiated by the concerned departments, however, audit impact in shape of change in rules has been less materialized due to non-convening of regular PAC meetings. Had PAC meetings been regularly convened, audit impact would have been manifold.

e. Comments on Internal Control and Internal Audit Department

Internal control mechanism of TMAs of District Government Bhakkar 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 like withdrawal of public funds against the entitlement of employees. Negligence on the part of District Government authorities may be captioned as one of important reasons for weak internal controls.

Section 115-A (1) of PLGO, 2001 empowers Town/Tehsil Municipal Administration to appoint an Internal Auditor but the same was not appointed in Town/Tehsil Municipal Administrations.

f. Key Audit Findings

- i. Non production of record for Rs31.523 million noted in one case¹
- ii. Non-compliance of Rules amounting to Rs17.449 million noted in five cases²
- iii. Internal Control Weaknesses for Rs27.284 million noted in three cases³

Audit paras for the audit year 2013-14 involving procedural violations including internal control weaknesses, and irregularities not considered worth reporting to the PAC have been included in MFDAC (Annex-A).

¹ Paras: 1.2.1.1

² Paras: 1.2.2.1 - 1.2.2.5

³Paras: 1.2.3.1 - 1.2.3.3

g) Recommendations

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

- i. Producing of record to audit for verification.
- ii. Holding investigations for wastage, fraud, misappropriation and losses, and take disciplinary actions after fixing responsibilities.
- iii. Strengthening of internal controls.
- iv. Appointing of internal auditor.
- v. Holding of DAC meetings well in time.
- vi. Ensuring compliance of DAC directives and decisions in letter and spirit.
- vii. Expediting the recoveries pointed out by Audit as well as others recoverable in the notice of management.
- viii. Ensuring compliance of relevant laws, rules, instructions and procedures, etc.
- ix. Maintaining of accounts and record in proper manner.
- x. Taking appropriate action against officers/officials responsible for violation of rules and losses.
- xi. Realizing and reconciling of various receipts.
- xii. Taking stock physically of the fixed and current assets.
- xiii. Addressing systemic issues to prevent recurrence of various omissions and commissions.

SUMMARY TABLES AND CHARTS

Table 1: Audit Work Statistics

Rs in million

Sr. No.	Description	No.	Budget
1	Total Entities (PAOs) in Audit Jurisdiction	04	683.082
2	Total formations in audit jurisdiction	04	683.082
3	Total Entities (PAOs) Audited	01	276.933
4	Total formations Audited	01	276.933
5	Audit & Inspection Reports	01	276.933
6	Special Audit Reports	Nil	Nil
7	Performance Audit Reports	Nil	Nil
8	Other Reports	Nil	Nil

* Figures at Serial no. 3, 4 & 5 represents expenditure

Table 2: Audit Observations regarding Financial Management

Rs in million

Sr. No.	Description	Amount Placed under Audit Observation
1	Unsound asset management	-
2	Weak financial management	13.428
3	Weak internal controls relating to financial Management	20.768
4	Violation of rules	10.537
5	Others	31.523
TOTAL		76.256

Table 3: Outcome Statistics

Rs in million

Sr. No.	Description	Physical Assets	Civil Works	Receipt	Others	Total	Total last year
1	Outlays audited	-	60.332	209.842	216.601	486.775	898.180
2	Amount placed under audit observation / irregularities of audit	-	5.121	11.641	59.494	76.256	472.124
3	Recoveries pointed out at the instance of Audit	-	1.787	11.641	-	13.428	34.693

Sr. No.	Description	Physical Assets	Civil Works	Receipt	Others	Total	Total last year
4	Recoverable accepted / established at the instance of Audit	-	-	-	-	-	-
5	Recoveries realized at the instance of Audit	-	-	-	-	-	-

*The amount in serial No.1 column of “total” is the sum of Expenditure and Receipts whereas the total expenditure for the current year was Rs276.933 million.

Table 4: Irregularities Pointed Out

Rs in million

Sr. No.	Description	Amount under Audit observation
1	Violation of rules and regulations and violation of principle of propriety and probity in public operations.	10.537
2	Reported cases of fraud, embezzlement, theft, misappropriations and misuse of public resources.	-
3	Accounting errors (accounting policy departure from IPSAS, misclassification, over and understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	20.768
	If possible quantify weaknesses of internal control system.	-
4	Recoveries and overpayments representing cases of establishment overpayment of misappropriations of public money	13.428
5	Non-production of record	31.523
6	Others, including cases of accidents, negligence etc.	-
Total		76.256

Table 5: Cost-Benefit

(Rs in million)

Sr. No.	Description	Amount
1	Outlays Audited (Item 1 of Table 3)	486.775
2	Expenditure on Audit	1.628
3	Recoveries realized at the instance of Audit	-
4	Cost Benefit Ratio	-

CHAPTER-1

1.1 TEHSIL MUNICIPAL ADMINISTRATIONS, BHAKKAR

1.1.1 INTRODUCTION

TMA consists of Tehsil Nazim, Tehsil Naib Nazim and Tehsil Municipal Officer. Each TMA comprises five Drawing and Disbursing Officers i.e. TMO, TO-Finance, TO-I&S, TO-Regulation, TO-B&F and Tehsil Nazim and Tehsil Naib Nazim. The main functions of TMAs are as follows:-

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 by-laws governing TMA's functioning;
4. Prepare budget, long term and annual municipal development programmes in collaboration with the Union Councils;
5. Propose taxes, cess, user fees, rates, rents, tolls, charges, surcharges, levies, fines and penalties under Part-III of the Second Schedule and notify the same;
6. Collect approved taxes, cesses, user fees, rates, rents, tolls, charges, fines and penalties;
7. Manage properties, assets and funds vested in the Town Municipal Administration;
8. Develop and manage schemes, including site development in collaboration with District Government and Union Administration;

9. 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;
10. Prosecute, sue and follow up criminal, civil and recovery proceedings against violators of Municipal Laws in the courts of competent jurisdiction;
11. Maintain municipal records and archives.

1.1.2 Comments on Budget and Accounts

Total Budget of TMA of District Bhakkar was Rs393.517 million (inclusive salary, Non Salary and Development) whereas the expenditure incurred (Inclusive Salary, Non Salary and Development) was Rs276.93 million showing savings of Rs116.584 million which in terms of percentage was 30% of the final budget as detailed below (Annex-B):

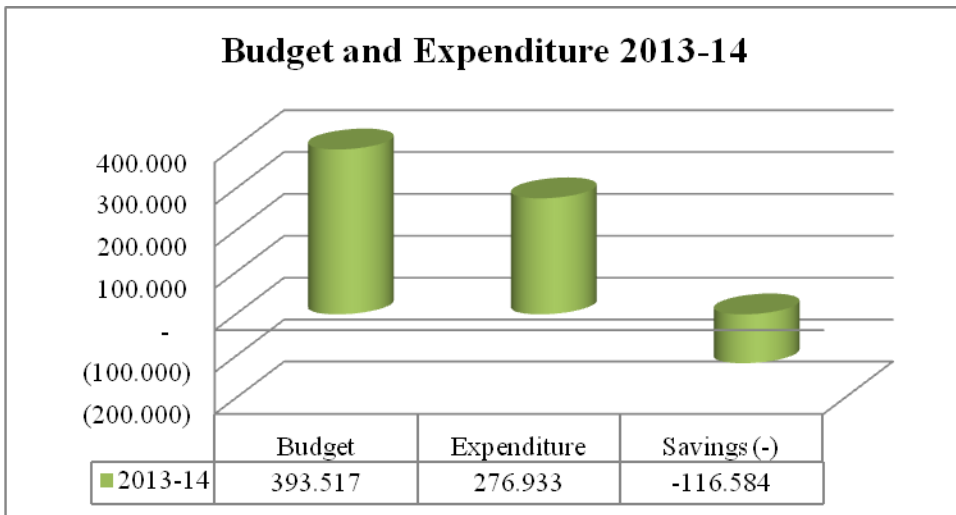
Rs in million

2013-14	Budget	Expenditure	Excess (+) / Saving (-)	% (Saving)
Salary	229.093	177.636	(-) 51.457	22
Non-salary	47.354	38.965	(-) 8.389	18
Development	117.070	60.332	(-) 56.738	48
Total	393.517	276.933	(-) 116.584	30

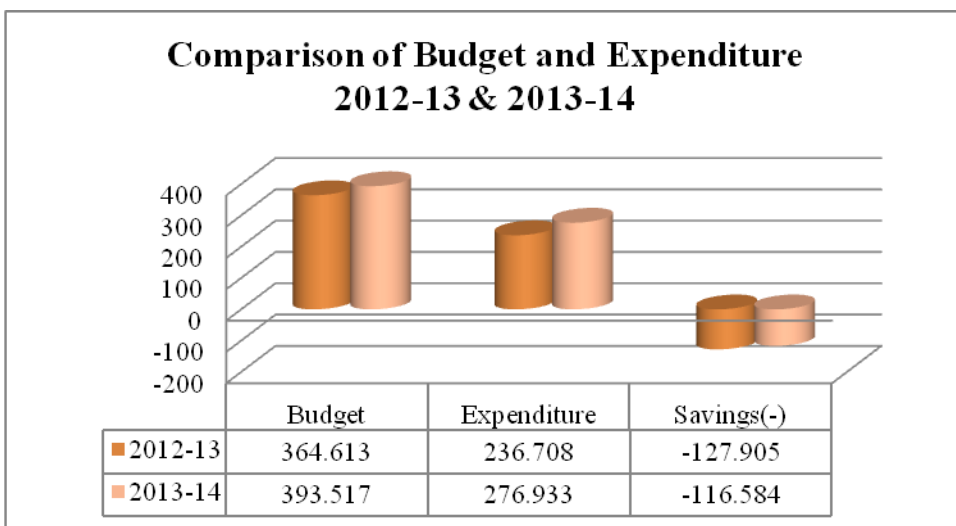
The budgeted outlay was Rs393.517 million of one (01) TMA includes PFC award of Rs75.00 million whereas total expenditure incurred by the TMAs during 2013-14 was Rs276.933 million with a savings of Rs116.584 million (detailed below). This is indicative of the fact that the TMAs had sufficient funds to meet the expenditure from their own sources and there was no need of any injection of PFC award.

Rs in million

TMA	Budgeted Figure			Budgeted Outlay	Actual Expenditure	Savings	%age of Savings
	Own receipt including OB	PFC award	Total Receipts				
Bhakkar	209.842	75.000	284.842	393.517	276.933	116.584	30
Total	209.842	75.000	284.842	393.517	276.933	116.584	30



The comparative analysis of the budget and expenditure of current and previous financial years is depicted as under:



There was savings in the budget allocation of the financial years 2012-13 and 2013-14 as follows:

Financial Year	Budget	Expenditure	Savings	Rs in million
				%age of savings
2012-13	364.613	236.708	(-) 127.905	35
2013-14	393.517	276.933	(-) 116.584	30

The justification of saving when the development schemes have remained incomplete is required to be provided, explained by PAOs and TMO concerned.

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

Audit paras reported in MFDAC 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:

Status of Previous Audit Reports

Sr. No.	Audit Year	No. of Paras	Status of PAC Meetings
1	2009-12	21	Not convened
2	2012-13	04	Not convened
3	2013-14	37	Not convened

1.2 AUDIT PARAS

1.2.1 TMA Bhakkar

1.2.1 Non Production of Record

1.2.1.1 Non Production of Record - Rs31.523 million

According to Section 14 (1) (b) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, the Auditor-General shall have authority to require that any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may direct for his inspection. Further Section 115 (6) of PLGO 2001, the officials shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

TMA Bhakkar did not produce record of receipts and expenditure amounting to Rs31.523 million pertaining to following heads of accounts during 2013-14 as detailed below:

1. Record pertaining to non approval of Housing Societies and their Maps, Petrol Pumps, Private Schools, Private Hospital, Road Inspector Daily Reports, Plazas, Commercial Building, Plazas Dispatch register, notices, Movement register, Leave record, Parks Record, Security Deposit Register, Rest House Record, Register of Properties
2. Bank accounts detail and their statements
3. Pension fund cash book, Receipt Books
4. Baba Swimming Pool, Police welfare Petrol Pump, Shah Jamal Housing Scheme, Bhedwal Town, Shahni Model Town, Ghulam Muhuddin Market, Blawal Plaza, Yasin Market etc.
5. Road Inspector daily report record, Parks record

Audit holds that non-production of expenditure records could lead to misuse of public funds and misappropriation / fraud.

The observation was discussed with the department but no reply was submitted. Afterwards, matter was reported to the TMO / PAO in February, 2015. Neither a written response was received nor a DAC meeting held till finalization of this report.

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

1.2.2 Irregularity / Non-compliance of Rules

1.2.2.1 Non-receipt of Performance Security - Rs5.125 million

According to Clause 26-A of the contract under Government Instruction for the guideline as notified by the Government of the Punjab, Finance Department vide letter No. RO(Tech) FD1-2/83 (vi) (P) dated 6th April 2005, in case the total tendered amount is less than 5% of the approved estimate (DNIT) amount, the successful bidder will have to deposit additional performance security in the Scheduled Bank ranging from 5% to 10% within 15 days of the issuance of notice or within expiry of the work order whichever is earlier.

TMA Bhakkar invited tenders for 94 development projects involving an estimated cost of Rs51.257 million during 2013-14. The bidders quoted their rates less than the TS cost but the work orders were issued to them without obtaining performance security and earnest money.

Audit holds that due to inefficient financial management and weak internal controls, performance security and earnest money was not deducted from the contractors' bills, which caused loss of Rs5.125 million.

The observation was discussed with the department but no reply was submitted. Afterwards, matter was reported to the TMO / PAO in February, 2015. Neither a written response was received nor a DAC meeting held till finalization of this report.

Audit recommends fixing responsibility against the persons at fault besides regularization of the expenditure obtaining sanction of competent authority under intimation to Audit.

1.2.2.2 Irregular Expenditure in Violation of PPRs - Rs3.704 million

As per Rule 9 of PPRA Rules 2009, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of procurement so planned. The annual requirements thus determined would be advertised in advance on the PPRA's website. Procurement over Rs100,000 and up to Rs2.00 million should be advertised on PPRA's website as well as in print media, if deemed necessary by the procuring agency.

TMA Bhakkar incurred an amount of Rs3.704 million under different purchases during financial year 2013-14 without advertisement on the PPRA's website as per following detail.

Description	AIR Para #	Amount (Rs in million)
Purchase of Sports Material	4	0.187
Hiring of CCTV Cameras	5	0.210
Establishment of Ramzan Bazar (Tentage)	6	1.073
Expenditure on Moharram-ul-Haram	13	0.561
Purchase of LED Lights	15	1.673
Total		3.704

Audit holds that incurring expenditure without advertisement on PPRA website was due to defective financial discipline and non-compliance of Punjab Procurement Rules.

This resulted in irregular expenditure of Rs3.704 million without advertisement at PPRA Website.

The observation was discussed with the department but no reply was submitted. Afterwards, matter was reported to the TMO / PAO in February, 2015. Neither a written response was received nor a DAC meeting held till finalization of this report.

Audit recommends fixing responsibility against the officers / officials for non-observance of PPRA Rules beside regularization of expenditure from competent authority under intimation to Audit.

1.2.2.3 Irregular Appointments of Contingent Paid Staff - Rs3.463 million

As per Wage Rate Act 2007, the appointment to a post included in the schedule shall be advertised properly in leading newspapers and recruitment to all posts in the schedule shall be made on the basis of merits specified for regular establishment vide para 11 of the Recruitment Policy issued by the S&GAD vide No. SOR-IV(S&GAD)10-1/2003 dated 17.09.2004.

TMO Bhakkar appointed daily wages staff for the period 2013-14 without observing codal formalities. No advertisement was made in newspapers. Applications were found in same handwriting which clearly reflected that staff of own choice was appointed ignoring the deserving candidates. Joining reports were also not found in record. This resulted in an unauthorized expenditure of Rs3.463 million (26 persons X Rs11,100per month X 12 months).

Audit holds that due to poor financial discipline and weak internal controls, work charge employees were appointed without the approval of competent authority.

The observation was discussed with the department but no reply was submitted. Afterwards, matter was reported to the TMO / PAO in February, 2015. Neither a written response was received nor a DAC meeting held till finalization of this report.

Audit recommends investigation of the matter for fixing responsibility against the persons at fault under intimation to Audit.

1.2.2.4 Irregular Expenditure on Base Coarse - Rs3.344 million

According to PWD standard instructions, the base course stone aggregate should be purchased from government approved quarry.

TMA Bhakkar incurred an amount of Rs3.334 million during 2013-14 for purchase of base coarse stone aggregate. The expenditure was held unauthorized because it was purchased from unapproved quarry. Furthermore, compaction test reports of base coarse also not carried out from competent authority as detailed in (Annex-C).

Audit holds that due to weak financial management and internal controls, heavy expenditure was incurred for purchase of base coarse stone from quarry not approved by the government.

The observation was discussed with the department but no reply was submitted. Afterwards, matter was reported to the TMO / PAO in February, 2015. Neither a written response was received nor a DAC meeting held till finalization of this report.

Audit recommends fixing responsibility against the persons at fault for unauthorized purchase of stone aggregate from unapproved quarry.

1.2.2.5 Non-recovery of Penalty for Delay in Completion of Work - Rs1.787 million

As per Rule 52 (2) of Tehsil / Town Municipal Administration (Works) Rules, 2003, if due to any unavoidable circumstances, a work cannot be completed within the period specified in a contract an extension in such period may be allowed as per contract conditions by-

- (a) the Tehsil Officer (I&S) if the period of extension does not exceed one month;

- (b) the Tehsil Municipal Officer if the period of extension does not exceed two months;
- (c) the Tehsil / Town Nazims if the period of extension does not exceed three months; and
- (d) the concerned Tehsil / Town Council if the period of extension exceeds three months.
- (e) According to clause 39(a) of the contract agreement, the time frame given from completion of work is required to be observed and in case of failure to complete the work within stipulated time, a maximum penalty of 10% shall be imposed of agreement amount.

TMA Bhakkar revealed that 13 schemes involving cost of Rs17.876 million remained incomplete even after the expiry of stipulated period but the penalty up to 10% of the estimated cost for delay in completion of work was not imposed. This resulted in loss of Rs1.787 million to the TMA as detailed in (Annex-D).

Audit holds that due to weak financial management and weak internal controls, no penalty was imposed on the contractors for delay in completion of projects, which resulted in a loss of Rs1.787 million.

The observation was discussed with the department but no reply was submitted. Afterwards, matter was reported to the TMO / PAO in February, 2015. Neither a written response was received nor a DAC meeting held till finalization of this report.

Audit recommends fixing responsibility, besides recovery of penalty for delayed works from concerned contractors after inquiry and effecting recovery of Rs1.787 million under intimation to Audit.

1.2.3 Internal Control Weaknesses

1.2.3.1 Non Achievement of Income Targets - Rs13.00 million

According to Rule 76(1) read with Rule 77, 78 & 79 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 the proper receipt head.

TMA Bhakkar did not achieve Income targets fixed for the financial year 2013-14 which resulted in loss to TMA due to lack of interest of the staff and poor supervision as per following detail.

Head	Target (Rs)	Achievement	Difference (Rs)
Arrears	5,000,000	Nil	5,000,000
Income Tax releases	8,000,000	Nil	8,000,000
Total	13,000,000		13,000,000

Audit holds that due to weak internal controls, inefficient financial management and poor performance receipt was not realized which resulted in a loss of Rs13.00 million.

The observation was discussed with the department but no reply was submitted. Afterwards, matter was reported to the TMO / PAO in February, 2015. Neither a written response was received nor a DAC meeting held till finalization of this report.

Audit recommends that the matter needs to be investigated at an appropriate level against the officers / officials at fault besides fixing of responsibility against the persons at fault after effecting recovery of the stated amount under intimation to Audit.

1.2.3.2 Loss due to Doubtful Purchase of Diesel for Tractors - Rs7.768 million

As per rules 2.33 of PFR Vol-1, every government servant should realize fully and clearly that he would be held personally responsible for any loss sustained by government through fraud or negligence on his part or to the extent he contributed to the loss by his own action or negligence.

TMA Bhakkar incurred heavy expenditure of Rs7.768 million on repair of tractors, trolleys, and other sanitation vehicles during 2013-14. Following objections were noticed (Annex-E):

1. No annual estimates were prepared and sanctioned by the competent authority

2. History sheets, model, Manufacture, book value etc not available.
3. No ceiling/ mileage /hour were fixed by the competent authority
4. Average consumptions certificate / fitness certificate were not got obtained from the motor vehicle examiner during 2013-14
5. No route of each tractor / road machinery has been laid down
6. Tractors were running throughout the year on the other hand numerous complaints were alive evidence against the TMA about their working and inefficiency.
7. Break Oil, Mobil Oil were being changed frequently without observing distance covered there on
8. Log book was silent about purpose and detail of journey.

Audit holds that due to weak internal controls, inefficient financial management and poor performance, heavy expenditure was incurred on POL, which resulted in irregular expenditure of Rs7.768 million.

The observation was discussed with the department but no reply was submitted. Afterwards, matter was reported to the TMO / PAO in February, 2015. Neither a written response was received nor a DAC meeting held till finalization of this report.

Audit recommends the matter to be looked into for arranging justification for the expenditure or otherwise its regularization from the competent authority for non-observing codal formalities and for doubtful purchase of diesel for tractors besides fixing responsibility under intimation to Audit.

1.2.3.3 Less Recovery of Government Revenue - Rs 6.516 million

According to Rule 76(1) read with Rule 77, 78 & 79 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 the proper receipt head.

TMA Bhakkar did not recover an amount of Rs6.516 million under different receipt heads during 2013-14 as detailed below:

Description	AIR Para #	Amount (Rs)
Auction of Cattle Mandi	9	15,090
Less Recovery of Water Rate Charges	11	5,242,820
Non auction of Garbage	12	821,250
Parking Fee	14	117,063
Advertisement Fee	14	320,250
Total		6,516,473

Audit holds that due to weak internal controls, inefficient financial management and poor performance, receipt was not realized which resulted in a loss of Rs6.516 million.

The observation was discussed with the department but no reply was submitted. Afterwards, matter was reported to the TMO / PAO in February, 2015. Neither a written response was received nor a DAC meeting held till finalization of this report.

Audit recommends fixing responsibility against the persons at fault besides effecting recovery of the stated amount under intimation to Audit.

ANNEXES

PART-I
Memorandum for Departmental Accounts Committee Paras
Pertaining to Audit Year 2014-15

(Rs in million)

Sr. No.	Name of TMA	Description of Paras	Nature of violation	Amount
1	Bhakkar	Doubtful payment of Cash Prizes	Irregularity	0.139
2		Defective preparation of securities register	Internal control weakness	0
3		Unauthorized payment without approval of lead	Irregularity	0.324
4		Non deduction of shrinkage	Recovery	0.269
5		Unauthorized execution of scheme	Irregularity	0.865
6		Overpayment for sewerage pipes	Recovery	0.378
7		Irregular TS by unauthorized authority	Irregularity	16.182

PART-II

[Para 1.1.3]

Memorandum for Departmental Accounts Committee Paras Pertaining to Audit Year 2013-14

(Rs in million)

Sr. No.	Name of Formation	Description of Paras	Nature of violation	Amount
1	TMA Bhakkar	Irregular block allocation for ADP schemes	Violation of Rules	184.076
2	TMA Bhakkar	Order book not maintained	Internal Control Weakness	150.417
3	TMA Kallur Kot	Insufficient collection of water rates	Internal Control Weakness	0.087
4	TMA Mankera	Non Execution of Development Scheme	Internal Control Weakness	23.605
5	TMA Darya Khan	Irregular acceptance of CCB Schemes	Violation of Rules	4.200
6	TMA Darya Khan	Loss due to wasteful expenditure on purchase of sports material	Internal Control Weakness	1.104
7	TMA Darya Khan	Wasteful expenditure on improper handling of Solid Waste	Internal Control Weakness	1.456

TMA of Bhakkar District
Budget and Expenditure Statement for the Financial Year 2013-14

TMA, Bhakkar

(Rs in million)

Head	Budget	Expenditure	Excess / Savings	%age	Comments
Salary	229.093	177.636	51.457	22	-
Non-salary	47.354	38.965	8.389	18	-
Development	117.070	60.332	56.738	48	-
Total	393.517	276.933	116.584	30	-

Annex-C

(Para 1.2.2.4)

Detail of Expenditure on Base Course

Scheme # & year	Name of work	Item	Qty	Rate (Rs)	Amount (Rs)
ADP-56 2013-14	Const of road moza Balmana to Basti Bajrani UC Dandhla	Base course	5340	5522.40	294,896
ADP-55 2013-14	Const of road from 60-61 ML from Dera Mulazim Hussain Advocate	-do-	2863	7585.85	217,183
ADP-71 2013-14	Const of road from Muslim Bazar to GPO chow vida TMA Bkr	-do-	1581	6920.59	109,405
ADP-58 2013-14	Const. of road from Asghar Abad to Gorcha House	-do-	2841	7541.75	214,261
ADP-50 2013-14	Const. of road from Eid Gah Junabi road Masjid Mustafai to Sial chowk via darbar lal darwaish UC 3	-do-	10633	6920.59	735,866
ADP-73 2013-14	Const. of road from Piayla Chow to NBP Mandi Town Bhakkar	-do-	13179	6920.59	912,065
ADP-59 2013-14	Const. of road basti pudhar UC No 3	-do-	7833	6999.95	548,306
ADP-46 2013-14	Const. of road remaining part Malik Bhadar Mullan wali road UC Katchi Shahani	-do-	4346	7173.55	311,762
Total					3,343,744

Annex-D

(Para 1.2.2.5)

Non Recovery of Penalty

Scheme # year	Name of work	Time period	Work completed	Contractor	Estimate Cost (Rs)	10% Penalty (Rs)
ADP-46 2013-14	Const. of road remaining part Malik Bhadar Mullan wali road UC Katchi Shahani	3 months	WIP	Rana Mehboob Ali	1,626,000	162,600
ADP-36 2013-14	Const. of soling drain culverts Daggarr Aoulakh	1 month	28.5.2014	Zameer Hussain	200,000	20,000
ADP-28 2013-14	Const of sewer line soling from House Sohail Mumtaz Shahani to Malik Ghulam Ghulam Sarwer near Shani House	1 month	18.8.2014	Mosa Khel & Co.	200,000	20,000
ADP-27 2013-14	Const of 6Nos culverts Cheena DagarUC Pir Ashab	2 months	6.08.2014	Murtaza Khan	350,000	35,000
ADP-21 2013-14	Const. of Girja Ghar near Christian Colony Mandi Town	2 months	6.6.2014	Sh.M Jamshad	300,000	30,000
ADP-19 2013-14	Const.of PCC Slab Soling drain from Prof. Ahmed Saeed UC 1	2 months	WIP	Abdul Hameed Ghori	400,000	40,000
ADP-17 2013-14	Const. of road PCC Shab soling drain Sewerline from Haji Amir Aoulakh UC Sial	2 months	15.08.2014	M. Qasim	800,000	80,000
ADP-16 2013-14	Cosnt. Of soling PCC Shal and culverts Ghulam M. Wala, Haji Wala Chak # 54, 57,58,53,56/TDA appi UC Notak	2 months	10.6.2014	M. Irfan	1,000,000	100,000
Scheme # 142013- 14	Const. of soling, PCC slab drains and culverts 33, 36/TDA, Basti Main Panja Gokal 183, 184, 187 /TDA UC Dagar Rutas	2 months	20.6.2014	Amir Hussain Dhol	1,000,000	100,000
Scheme # 12 2013-14	Const.of soling, PCC slab, Saray Mohajar chak No. 209-2010 TDA, 60-61/ML UC 60-61 ML	4 months	WIP	Mureed Baqar	2,000,000	200,000
Scheme # 08 2013-14	Const. of sewer, PCC slab soling & drain Mohallah Tibba Junabi Eid Gah Junabi, Kumaranwala railway UC3	4 months	WIP	Tahir Abbas Shah	3,000,000	300,000
Scheme #	Const. of soling drain	4	19.08.2014	Sh.M	3,000,000	300,000

Scheme # year	Name of work	Time period	Work completed	Contractor	Estimate Cost (Rs)	10% Penalty (Rs)
03 2013-14	sewer line PCC slab Mohallah Bano Bazar Qutab shah Eid Ghah Shumali & Khurshid Ahmed shah UC-1 Urban	months		Jamshid		
Scheme # 02 2013-14	Const. of soling drain sewer line, PCC slab etc Mohallah Kumharan wala Hussain Abad, Bahar Shah & Chah lallu UC-I urban Bhakkar	4 months	25.09.2014	Bilal & Co	4,000,000	400,000
Total						1,787,600

Annex-E

(Para 1.2.3.2)

Detail of Doubtful Purchase of Diesel for Tractor

Year	Description	Expenditure on POL (Rs)
2013-14	Tractor No. MI 5098,	250,757
	Tractor No. MI 4915	877,735
	Tractor No. MI 240/I	1195,096
	Tractor No. BK-896	413,725
	Tractor No. MF-240/2	660,506
	Tractor No. Jetting machine	250,683
	Tractor No. MF-260	687,439
	Hino track	376,890
	Tractor Holland No.2	297,859
	Tractor Holland No.1	189,364
	Nissan Truck	865,357
	Sucker machine	928,385
	Tractor Holland No.3	343,641
Tractor 1876	431,286	
Total		7,768,723