



**AUDIT REPORT
ON
THE ACCOUNTS OF
UNION ADMINISTRATIONS
DISTRICT SHEIKHUPURA**

AUDIT YEAR 2016-17

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

| | |
|-----------|--|
| ADP | Annual Development Programme |
| CCB | Citizen Community Board |
| DAC | Departmental Accounts Committee |
| MB | Measurement Book |
| NADRA | National Database Registration Authority |
| NAM | New Accounting Model |
| PAO | Principal Accounting Officer |
| PDG & TMA | Punjab District Governments & Tehsil Municipal Administration |
| PFR | Punjab Financial Rules |
| PLGO | Punjab Local Government Ordinance |
| RDA | Regional Director Audit |
| TMA | Town/Tehsil Municipal Administration |
| UA | Union Administration |

PREFACE

Articles 169 & 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 governments. Accordingly, the audit of all receipts and expenditures of the Local Fund and Public Accounts of Union Administrations of the Districts is the responsibility of the Auditor General of Pakistan.

The report is based on audit of accounts of Union Administrations of District Sheikhupura for the Financial Years 2013-16. The Directorate General of Audit District Governments Punjab (North), Lahore conducted audit during 2016-17 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit observations of serious nature. 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 upon intimation of preliminary responses offered by the management. However, no Departmental Accounts Committee meetings were 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:

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Punjab (North), Lahore, is responsible to carry out the audit of all District Governments and Local Governments in Districts in Punjab (North) including Union Administrations. Its Regional Directorate Lahore has audit jurisdiction of District Governments, TMAs and UAs of five Districts i.e. Lahore, Okara, Nankana Sahib, Kasur and Sheikhpura.

The Regional Directorate has a human resource of 23 officers and staff, total 5,727 man days and the annual budget of Rs 28.982 million for the financial year 2016-17. It has the mandate to conduct Financial Attest Audit, Regularity 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, Regional Directorate Lahore carried out audit of the accounts of 10 UAs in District Sheikhpura for the Financial Year 2014-15 & 2015-16.

Each Union Administration in District Sheikhpura conducts its operations as per Punjab Local Government Ordinance, 2001. The Secretary Union Council is the Principal Accounting Officer (PAO). The financial provisions of the Punjab Local Government Ordinance, 2001 requires the establishment of Union Local Fund and Public Account for which Annual Budget Statement is authorized by the Union Nazim and Union Council / Administrator in the form of budgetary grants.

Audit of UAs of District Sheikhpura was carried out with the view to ascertaining that the expenditure was incurred with proper authorization, also conforming to laws / rules / regulations, yielding economical procurement of assets and hiring of services etc.

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

a) Scope of Audit

Total expenditure of ten out of one hundred and one UAs of District Sheikhpura for the Financial Year 2013-16 under the jurisdiction of DG District Audit (North) Punjab was Rs 45.875 million covering ten PAOs and ten formations. The Directorate General Audit, District Government Punjab (North), Lahore audited an expenditure of Rs 45.875 million which, in terms of percentage, was 100% of total expenditure.

Total receipts of ten UAs of District Sheikhpura for the Financial Year 2013-16 was Rs 6.680 million. Directorate General Audit,

District Government Punjab (North), Lahore audited receipts of Rs 6.680 million which was 100% of total receipts.

b) Recoveries at The Instance of Audit

Recovery of Rs 5.815 million was pointed out, which was not in the notice of executive before audit. However, no recovery was affected till compilation of this report.

c) Audit Methodology

Audit was performed through understanding the business process of UAs with respect to 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, of the audited entity before starting field audit activity. Formations were selected for audit in accordance with risks analyzed. Audit was planned and executed accordingly.

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 the shape of change in rules has not been significant due to non-convening of regular PAC meetings.

e) Comments on Internal Controls

Internal controls mechanism of UAs of District Sheikhpura was not found satisfactory during audit. Many instances of weak Internal Controls have been highlighted during the course of audit. Negligence on the part of UA authorities may be captioned as one of important reasons for weak Internal Controls.

f) The Key audit findings of the report

- i. Irregularity and non-compliance of rules of Rs 45.875 million was noted in one case.¹
- ii. Internal control weaknesses of Rs 6.904 million was noted in two cases.²
- iii. Recovery of Rs 5.779 million was pointed out in two cases
- iv. Poor performance was highlighted in two cases.³

¹Para 1.2.1.1

²Para 1.2.2.1, 1.2.2.4

³ Para 1.2.2.2, 1.2.2.3

⁴Para 1.2.3.1, 1.2.3.2

Audit paras for the audit year 2016-17 involving procedural violations including internal control weaknesses and irregularities not considered worth reporting are included in MFDAC (Annex-A).

g) Recommendations

Audit recommends that the PAO/management of UAs should ensure to resolve the following issues:

- i. Strengthening of internal controls
- ii. Holding of DAC meetings well in time
- iii. Expediting realization of receipts
- iv. Compliance of relevant laws, rules, instructions and procedures
- v. Appropriate actions against officers/officials responsible for violation of rules and losses.

SUMMARY TABLES & CHARTS

Table 1 Audit Work Statistics

Rs in million

| Sr. No. | Description | No. | Budget | | |
|---------|--|-----|-------------|----------|---------|
| | | | Expenditure | Receipts | Total |
| 1 | Total Entities (PAOs) under Audit Jurisdiction | 101 | 747.75 | 70.585 | 818.335 |
| 2 | Total formations under Audit jurisdiction | 101 | 747.75 | 70.585 | 818.335 |
| 3 | Total Entities (PAO) Audited | 10 | 70.510 | 10.458 | 80.968 |
| 4 | Total formations Audited | 10 | 70.510 | 6.680 | 77.190 |
| 5 | Audit & Inspection Reports | 10 | 70.510 | 6.680 | 77.190 |
| 6 | Special Audit Reports | - | - | - | - |
| 7 | Performance Audit Reports | - | - | - | - |
| 8 | Other Reports (Relating to District Governments) | - | - | - | - |

Table 2 Audit Observations

Rs in million

| Sr. No. | Description | Amount under audit observation |
|--------------|---|--------------------------------|
| 1 | Inappropriate/ irregular asset management | 0 |
| 2 | Weak financial management | 0 |
| 3 | Weak Internal controls | 12.683 |
| 4 | Others | 45.875 |
| Total | | 58.558 |

Table 3 Outcome Statistics

Rs in million

| Sr. No. | Description | Expenditure procurement of physical assets | Civil Works | Receipt | Others | Total current year | Total Last Year |
|---------|--|--|-------------|---------|--------|--------------------|-----------------|
| 1 | Outlays audited | - | 0.113 | 6.680 | 45.762 | 52.555* | 29.040 |
| 2 | Amount placed under audit observation / irregularities | - | - | 5.779 | 52.779 | 58.558 | 16.119 |
| 3 | Recoveries pointed out at the instance of Audit | - | - | 5.779 | - | 5.779 | |
| 4 | Recoveries accepted | - | - | - | - | - | |

| | | | | | | | |
|---|--|---|---|---|---|---|--|
| | /established at Audit instance | | | | | | |
| 5 | Recoveries realized at the instance of Audit | - | - | - | - | - | |

*The amount in Serial No.1 column of "Total Current Year" is the sum of Expenditure and Receipts whereas the total expenditure for the financial years 2013-16 was Rs 45.875 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 | 45.875 |
| 2 | Reported cases of fraud, embezzlement, theft and misuse of public funds. | - |
| 3 | Quantification of weaknesses of internal control systems. | 6.904 |
| 4 | Recoveries, overpayments, or misappropriations of public money. | 5.779 |
| 5 | Non-production of record to Audit | - |
| 6 | Others, including cases of accidents, negligence etc. | - |
| Total | | 58.558 |

Table 5 Cost-Benefit Ratio

Rs in million

| Sr. No. | Description | Amount (Rs) |
|---------|--|-------------|
| 1 | Outlays Audited (Items 1 of Table 3) | 52.555 |
| 2 | Expenditure on Audit | 1.425 |
| 3 | Recoveries realized at the instance of Audit | -- |
| 4 | Cost Benefit Ratio | -- |

CHAPTER-1

1.1 Union Administrations, District Sheikhpura

1.1.1 Introduction

Each Union Administration of District Sheikhpura consists of Union Nazim, Union Naib Nazim, Secretary and Administration. Each UA Sheikhpura comprises one Drawing & Disbursing Officer i.e. Secretary. As per Section 76 of PLGO, 2001, the main functions of UAs are as follows:

- i. to collect and maintain statistical information for socio-economic surveys;
- ii. to consolidate village and neighborhood development needs and prioritize them into union-wise development proposals with the approval of the Union Council and make recommendations thereof to the District Government or Tehsil Municipal Administration, as the case may be;
- iii. to identify deficiencies in the delivery of services and make recommendations for improvement thereof to the Tehsil Municipal Administration;
- iv. to register births, deaths and marriages and issue certificates thereof;
- v. to make proposals to the Union Council for levy of rates and fees specified in the Second Schedule and to collect such rates and fees within the Union;
- vi. to establish and maintain libraries;
- vii. to organize inter-Village or Neighborhood sports tournaments, fairs, shows and other cultural and recreational activities;
- viii. to disseminate information on matters of public interest;
- ix. to improve and maintain public open spaces, public gardens and playgrounds;
- x. to provide and maintain public sources of drinking water, including wells, water pumps, tanks, ponds and other works for the supply of water;
- xi. to maintain the lighting of streets, public ways and public places through mutual agreement with the Tehsil Municipal Administration;
- xii. to execute the projects of the approved Union Annual Development Plan by contracting out to the private sector in the manner as may be

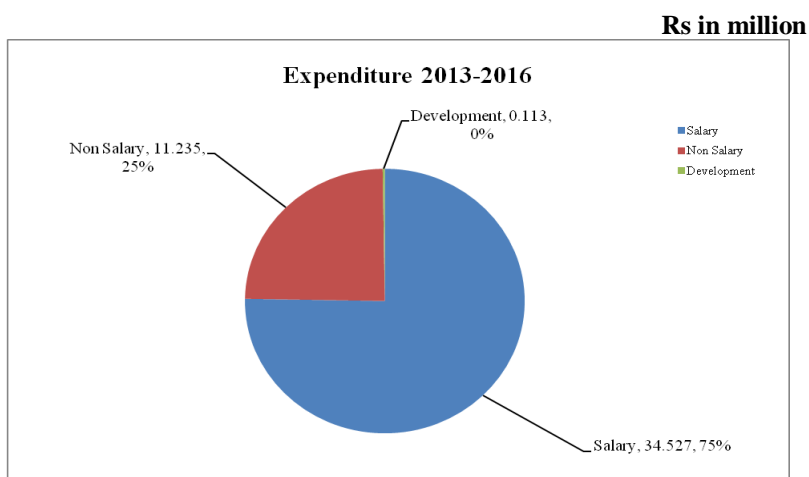
prescribed and to obtain support of the Tehsil Municipal Administration or District Government for such execution; and

- xiii. to assist the Village Councils or, as the case may be, Neighborhood Councils in the Union to execute development projects.

1.1.2 Comments on Budget and Accounts (Variance Analysis)

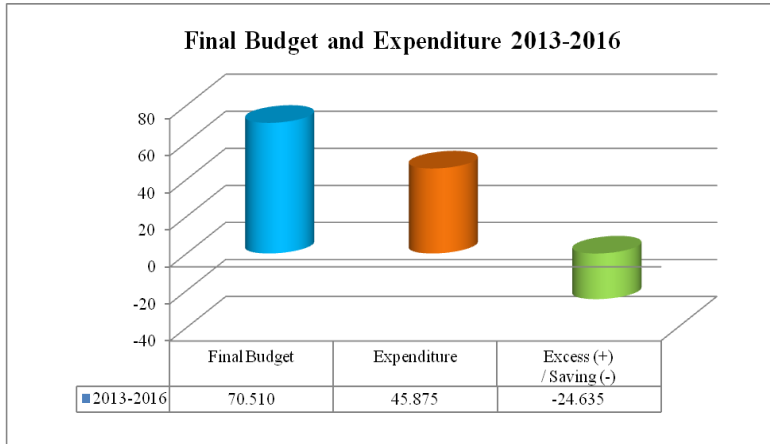
Total budget of ten UAs of District Sheikhpura was Rs 70.510 million including salary component of Rs 38.6 million, non-salary component of Rs 13.91 million and development component of Rs 18.000 million. Expenditure against salary component was Rs 34.527 million, utilization of non-salary component was Rs 11.235 million and that of development component was Rs 0.113 million. Overall savings were Rs 24.635 million which was 35% of total budget.

| Rs in million | | | | |
|---------------|---------------|---------------|-------------------------|---------------|
| F.Y. 2013-16 | Budget | Expenditure | Excess (+) / Saving (-) | %age / Saving |
| Salary | 38.6 | 34.527 | -4.073 | 11% |
| Non Salary | 13.91 | 11.235 | -2.675 | 19% |
| Development | 18 | 0.113 | -17.887 | 99% |
| TOTAL | 70.510 | 45.875 | -24.635 | 35% |



The original and final budget of ten UAs of Sheikhpura for the Financial Year 2013-15 was Rs 70.510 million. Against the final budget, total expenditure incurred by the UAs during the Financial Year 2013-16 was Rs 45.875 million.

Rs in million



Savings to the tune of Rs 24.635 million was shown which in terms of percentage was 35% of the final budget. The same was required to be justified by the management.

1.1.3 Brief Comments on the Status of Compliance on MFDAC Audit Paras of Audit Report 2015-16

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 Adhoc Accounts Committee meetings 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 Adhoc Accounts Committee Meetings |
|---------|------------|--------------|---|
| 1 | 2009-12 | 4 | Not convened |
| 2 | 2012-13 | 2 | Not convened |
| 3 | 2013-14 | 4 | Not convened |
| 4 | 2015-16 | 3 | Not convened |

As indicated in the above table, no Adhoc Accounts Committee meeting was convened to discuss the audit report of UAs of District Sheikhpura.

*During Audit Year 2015-16 Audit of Ten UAs was carried out.

1.2 AUDIT PARAS

1.2.1 Irregularities and Non-compliance

1.2.1.1 Non-Preparation of expenditure statement and non-reconciliation of expenditure – Rs 45.875 million

According to Rule 67(1) (2) of Union Administration Budget Rules 2003, during the first week of each month, the respective Union Accountant shall provide for the previous month, a schedule showing the numbers, dates and amounts of vouchers paid during that month, and supply copy of each such schedule to the concerned Drawing and Disbursing Officer (DDO). Upon receipt of the schedule from the Union Accountant, the Drawing and Disbursing Officer (DDO) shall- (i) compare such schedule with the statement prepared by him and (ii) reconcile expenditure with Union Accountant by 10th day of every following month for the previous month.

According to Rule 68 of Union Administration Budget Rules 2003, the Drawing and Disbursing Officer (DDO) shall provide a reconciled statement of expenditure not later than the 13th day of the month following the month to which the accounts relate, to the Head of Offices in Form BM-1

Management of the following UAs drew and expended a sum of Rs 45.875 million out of local fund during financial years 2013-16. Expenditure was held irregular because no expenditure statements were prepared by the management in compliance with budget rules to monitor the expenditure. No reconciliation statements were prepared. Detail of amount expended is as under.

| Name of UA | Expenditure (Rs in million) |
|-------------------------|--|
| UA 23 Chack 44 | 4.113 |
| UA 24 Bharat | 4.726 |
| UA 26 Shamkey | 4.789 |
| UA 30 Wandala Dyal Shah | 4.676 |
| UA 31 Wandala Dyal Shah | 4.270 |
| UA 32 Nizampura Dhaka | 4.731 |
| UA 33 Faizpur | 4.684 |
| UA 37 Momanpura | 4.203 |
| UA 39 Kot Pindi Das | 4.822 |
| UA 42 Burj Attari | 4.861 |
| Total | 45.875 |

Audit holds that due to non compliance of the rules and because of the poor financial management irregularity was committed. This resulted in irregular payment out of local fund.

The matter was also reported to PAO concerned in April, 2017 but neither reply was furnished nor was DAC meeting convened till finalization of this report.

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

1.2.2 Internal Controls Weaknesses

1.2.2.1 Wasteful expenditure - Rs 5.760 million

According to Rule 64(iv) of Punjab Union Administration (Budget) Rules, 2003, the resources made available to the local government should be managed efficiently and effectively.

Management of the following UAs made payment amounting to Rs 5.760 million to Secretaries union administrations. Payment was held unauthorized and wastage of public money because two secretaries have been appointed in each council. But no details of distinguishable duties performed were provided for audit scrutiny. No distribution of work among the staff was available. No progress reports or work done according to rules of business were available. Approved establishment schedules of UAs were not provided.

| Name of Union Administration | Amount (Rs in million) |
|-------------------------------------|-------------------------------|
| UA 23 Chack No 5 | 0.576 |
| UA 24 Chack No 4 | 0.576 |
| UA 25 Machrala | 0.576 |
| UA 27 Warburton | 0.576 |
| UA 29 Shareen Jhanghar | 0.576 |
| UA 30 City 1 | 0.576 |
| UA 31 City 2 | 0.576 |
| UA 32 City 3 | 0.576 |
| UA 33 Kot Hussain | 0.576 |
| UA 35 Fatah Thattha | 0.576 |
| Total | 5.760 |

Audit holds that the payment was made to the employees without performance of any duty. This resulted in irregular payment and wastage of public funds.

The matter was also reported to PAO concerned in April, 2017 but neither reply was furnished nor was DAC meeting convened till finalization of this report.

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

1.2.2.2 Non-collection of marriage fee – Rs 4.056 million

According to Rule 76(1) of Punjab Union Administration (Budget) Rules, 2003, the primary obligation of the Collecting Officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the local government fund under the proper receipt head. Further, according to part-V of fifth schedule of PLGO 2001, it is the duty of union council to collect fees for registration of birth marriage, death and marriage.”

Management of the following UAs did not deposit marriage fee amounting to Rs 4.056 million in union administration fund during 2013-16. Scrutiny of record revealed that no record was maintained regarding the number of Nikah registrars and date wise entry of Nikah registered by each registrar. No Nikah fee was credited in the union administration fund. Approximated amount has been worked out below;

Considering twelve (12) Nikah registrars in each UA and registration of only one Nikah by one registrar in a week the total amount of non-deposited is marriage fee will amount to Rs 4.056 million (approx.);

| No of Nikah registered in a UA in 2 years = $12 \times 52 \times 3$ = 1,872 | |
|---|-------------------|
| Fee for registration of one Nikah = Rs200 | |
| Fee not deposited by each council during 2013-16 = 200×1872 = Rs 374,400 | |
| List of UAs is as Under | |
| Name of UA | Marriage fee (Rs) |
| UA 23 Chack 44 | 374,400 |
| UA 24 Bharath | 374,400 |
| UA 26 Shamkey | 374,400 |
| UA 30 Wandala Dyal Shah | 374,400 |
| UA 31 Wandala Dyal Shah | 686,400 |
| UA 32 Nizampura Dhaka | 374,400 |
| UA 33 Faizpur | 374,400 |
| UA 37 Momanpura | 374,400 |
| UA 39 Kot Pindi Das | 374,400 |
| UA 42 Burj Attari | 374,400 |
| Total | 4,056,000 |

Audit holds that the government fee was collected by the Nikah registrars and was not deposited in UA fund due to weak internal controls

and poor financial management. This resulted in loss to public exchequer amounting to Rs 4.056 million.

The matter was also reported to PAO concerned in April, 2017 but neither reply was furnished nor was DAC meeting convened till finalization of this report.

Audit recommends regularization of the matter in a manner prescribed and recovery of the marriage fee besides fixing responsibility against the person (s) at fault under intimation to Audit.

1.2.2.3 Less realization of government fees – Rs 1.723 million

According to Rule 76(1) of Punjab Union Administration (Budget) Rules, 2003, the primary obligation of the Collecting Officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the local government fund under the proper receipt head. Further, according to part-V of fifth schedule of PLGO 2001 it is the duty of union council to collect fees for registration of birth marriage, death and marriage.”

Management of the following UAs did not reconcile the payment made to NADRA against the issuance of certificate for registration of birth, marriage and death with the total fee collected against the issue of certificates. As per agreement with NADRA 50% of total fee receipt was payable to authority, so the amount of copying fee should be double than the payment made to NADRA. Scrutiny of record revealed that the copying fee was less deposited in to UAs fund. No record of number of registrations was extracted from the NADRA web site to check the actual deposit of receipt compared with receipt due for remission in the bank. No register and list of certificates issued was prepared in support of payment made to NADRA.

| Name of UA | Financial year | NADRA Share Paid (Rs) | Copying fee should be (Rs) | Copying fee deposited (Rs) | Less Deposit (Rs) |
|-------------------|-----------------------|------------------------------|-----------------------------------|-----------------------------------|--------------------------|
| UA 23 Chack 44 | 2013-14 | 107,170 | 214,340 | 137,900 | 76,440 |
| | 2014-15 | 144,210 | 288,420 | 193,800 | 94,620 |
| | 2015-16 | 140,580 | 281,160 | 169,200 | 111,960 |
| UA 24 Bharath | 2013-14 | 94,560 | 189,120 | 134,600 | 54,520 |
| | 2014-15 | 125,718 | 251,436 | 152,600 | 98,836 |
| | 2015-16 | 152,372 | 304,744 | 188,700 | 116,044 |
| UA 26 Shamkey | 2013-14 | 97,910 | 195,820 | 142,300 | 53,520 |
| | 2014-15 | 140,950 | 281,900 | 217,700 | 64,200 |
| | 2015-16 | 126,540 | 253,080 | 242,900 | 10,180 |
| UA 30 | 2014-15 | 130,080 | 260,160 | 214,400 | 45,760 |

| | | | | | |
|--------------------|--------------|------------------|------------------|------------------|------------------|
| Wandala Dyal Shah | 2015-16 | 146,580 | 293,160 | 243,800 | 49,360 |
| UA 31 | 2013-14 | 68,920 | 137,840 | 71,780 | 66,060 |
| Wandala Dyal Shah | 2014-15 | 87,140 | 174,280 | 161,541 | 12,739 |
| | 2015-16 | 87,190 | 174,280 | 133,900 | 40,480 |
| UA 32 | 2013-14 | 86,490 | 172,980 | 171,200 | 1,780 |
| Nizampura | 2014-15 | 105,230 | 210,460 | 102,400 | 108,060 |
| | 2015-16 | 84,580 | 169,160 | 93,600 | 75,560 |
| UA 33 | 2013-14 | 110,000 | 220,000 | 137,200 | 82,800 |
| Faizpur | 2014-15 | 126,760 | 253,520 | 174,450 | 79,070 |
| UA 37 | 2013-14 | 33,620 | 67,240 | 30,700 | 36,540 |
| Momanpura | 2014-15 | 60,440 | 120,880 | 59,000 | 61,880 |
| | 2015-16 | 55,160 | 110,320 | 85,000 | 25,320 |
| UA 39 Kot Pindidas | 2013-14 | 66,190 | 132,380 | 117,800 | 14,580 |
| | 2014-15 | 161,500 | 323,000 | 199,700 | 123,300 |
| | 2015-16 | 219,399 | 438,798 | 219,300 | 219,498 |
| | Total | 2,759,289 | 5,518,478 | 3,795,471 | 1,723,107 |

Audit holds that due to weak internal controls of the management, the receipt was not deposited into government treasury. This resulted in loss of Rs 1.723 million to the public exchequer.

The matter was also reported to PAO concerned in April, 2017 but neither reply was furnished nor was DAC meeting convened till finalization of this report.

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

1.2.2.4 Irregular expenditure on account of cleanliness - Rs 1.144 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 Government through 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. Further according to Rule 15.4 (a) and 15.5 of the PFR Vol-I “all materials received should be examined, counted, measured and weighted, as against may be, when delivery is taken and they should be kept in charge of responsible government servant.

According to Rule 64(1) of UA Budget Rules 2003, each local government shall ensure that it develops effective means to implement the

budget as passed by the council and ensure that authorized budget allocations are expended in conformity with the Schedule of Authorized Expenditure.

Management of the following UAs made a payment amounting to Rs 1.144 million for cleanliness during financial year 2013-16. Payment was held irregular because it was made without budget provision and there was no stock entry for issue and consumption of items, besides these irregularities the provisions of PPRA regarding limited tender inquiry were not observed during acquisition of goods & services.

| Name of UA | Amount (Rs) |
|-------------------------|--------------------|
| UA 23 Chack 44 | 95,500 |
| UA 24 Bharat | 210,700 |
| UA 26 Shamkey | 82,500 |
| UA 30 Wandala Dyal Shah | 72,726 |
| UA 32 Nizampura Dhaka | 178,882 |
| UA 33 Faizpur | 118,150 |
| UA 37 Momanpura | 224,820 |
| UA 39 Kot Pindi Das | 36,480 |
| UA 42 Burj Attari | 124,097 |
| Total | 1,143,855 |

Audit holds that due to weak internal controls of the management irregularity was committed. This resulted in irregular expenditure of Rs 1.144 million out of the public exchequer.

The matter was also reported to PAO concerned in April, 2017 but neither reply was furnished nor was DAC meeting convened till finalization of this report.

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

1.2.3 Performance

1.2.3.1 Non Generation / Collection of Own Source Revenue

As per section 76(e) of Punjab Local Government Ordinance 2001, the functions of Union Administration shall be to make proposals to the Union Council for levy of rates and fees specified in the Second Schedule and to collect such rates and fees within the Union. Following rates and fees had been given in Second Schedule (Part-V):

- i. Fees for licensing of professions and vocations as prescribed.
- ii. Charges for specific services rendered by the Union Council.
- iii. Rate for remuneration of Village and Neighborhood guards.
- iv. Rate for the execution or maintenance of any work of public utility like lighting of public places, drainage, conservancy and water supply operated by Union Administration.
- v. Rent for land, buildings, equipment, machinery and vehicles.
- vi. Collection charges for recovery of any tax on behalf of the Government, District Government, Tehsil Administration or any statutory authority as prescribed.

Management of ten Union Administrations of District Sheikhpura performed the function regarding registration of births, marriages and deaths certificate only. No efforts were made to increase its own source revenue by collecting other types of fees and rates as given above.

Audit holds that due to defective financial control own source revenue was not realized.

The matter was also reported to PAO concerned in April, 2017 but neither reply was furnished nor was DAC meeting convened till finalization of this report.

Audit recommends holding of inquiry into the matter for not discharging of requisite duties besides fixing responsibility against the officers / officials at fault under intimation to Audit.

1.2.3.2 Non-Execution of Primary Functions

As per Union Council Rules of Business 2002, a UA has to perform following functions;

- i. Preparation of ADP and Budget proposals for the Union Administration
- ii. Establishment of CCBs
- iii. Establishment of Rural and Mohallah Councils
- iv. Look after the public places, streets, culverts and government buildings, cleanness of Canals, and motivate the general public in the development activities, Promotion of plantation
- v. To held the Tehsil Administration in the establishment of graveyard.
- vi. To monitor the performance/duties of rural or street security guard.
- vii. Data entry of Birth / Death / Marriage and issuance of certificates.
- viii. To establish the libraries and its supervision.
- ix. To make arrangements of sports tournaments on rural and street level.
- x. To promote the cultural and traditional activities on rural and street level.
- xi. To bring awareness among the people about their welfare.
- xii. To monitor the maintenance & up gradation of playgrounds, public parks, Gardens etc.
- xiii. To prompt coordination with the TMA management for the installation of street lights.
- xiv. To facilitate the disables peoples.
- xv. To make arrangements against Stray animals.
- xvi. To help the concerned departments in case of un-certainty and natural disaster.
- xvii. To check UA established public libraries for the welfare of the students.

Scrutiny of record of ten audited Union Administrations Tehsil & District Sheikhpura for the year 2014-16, revealed that the primary function of UA as mentioned in the Rules of Business were totally ignored except the limited functions of birth, death, marriage, divorce certificate and working as a secondary part of the NADRA. It reflects that the secretaries had not performed their duties in violation of the Rules of Business.

Audit holds that due to weak internal controls and defective financial discipline primary functions were not discharged.

Non-performance of basic functions resulted in depriving the public of access basic facilities in their own areas.

The matter was also reported to PAO concerned in April, 2017 but neither reply was furnished nor was DAC meeting convened till finalization of this report.

Audit recommends holding of a detailed inquiry into the matter for non-discharging of primary functions besides fixing responsibility against the officers / officials at fault under intimation to Audit.

ANNEXURE

PART-I
Memorandum for Departmental Accounts Committee
Paras Pertaining to Current Audit Year 2016-17

| Sr. No. | Name of UCs | Description | Nature of Para | Amount Rs in million |
|----------------|-------------------------|--|-----------------------|-----------------------------|
| 1 | UC 23 Chack 44 | Irregular expenditure on development wok | Irregularity | 0.113 |
| 2 | UC 23 Chack 44 | Irregular Expenditure on Sports events | Irregularity | 0.11 |
| 3 | UC 24 Bharath | Irregular Expenditure on Sports events | Irregularity | 0.034 |
| 4 | UC 26 Shamkey | Irregular Expenditure on Sports events | Irregularity | 0.099 |
| 5 | UC 30 Wandala Dyal Shah | Irregular Expenditure on Sports events | Irregularity | 0.1 |
| 6 | UC 31 Wandala Dyal Shah | Irregular Expenditure on Sports events | Irregularity | 0.062 |
| 7 | UC 31 Wandala Dyal Shah | Fraudulent drawl of amount for mobile | Irregularity | 0.019 |
| 8 | UC 31 Wandala Dyal Shah | Non deposit of income tax | Irregularity | 0.018 |
| 9 | UC 32 Nizampura | Irregular Expenditure on Sports events | Irregularity | 0.078 |
| 10 | UC 33 Faizpur | Irregular Expenditure on Sports events | Irregularity | 0.129 |
| 11 | UC 37 Momanpura | Irregular Expenditure on Sports events | Irregularity | 0.037 |
| 12 | UC 42 Burj Attari | Irregular Expenditure on Sports events | Irregularity | 0.076 |

PART-II
Memorandum for Departmental Accounts Committee
Paras Pertaining to Audit Year 2015-16

| Sr. No. | Name of UCs | Description | Nature of Para | Amount Rs in million |
|---------------------------|-------------|---|----------------|----------------------|
| Audit Year 2015-16 | | | | |
| 1 | UC-61 SKP | Irregular Expenditure | Irregularity | 0.120 |
| 2 | UC-61 SKP | Irregular expenditure of salary | Irregularity | 0.256 |
| 3 | UC-61 SKP | Non deposit of income tax | Recovery | 0.018 |
| 4 | UC-61 SKP | Non deposit of Nikah registration renewal fee | Recovery | 0.004 |
| 5 | UC-62 SKP | Non deposit of income tax | Recovery | 0.002 |
| 6 | UC-62 | Non deposit of Nikah registration renewal fee | Recovery | 0.003 |
| 7 | | Non deposit of income tax | Recovery | 0.002 |
| 8 | UC-63 | Non deposit of Nikah registration renewal fee | Recovery | 0.004 |
| 9 | UC-63 SKP | Excess expenditure of due to defective maintenance of cash book | Irregularity | 0.862 |
| 10 | UC-63 SKP | Doubt-full execution of development work and recovery | Irregularity | 0.315 |
| 11 | UC-63 SKP | Doubt-full execution of development work and recovery | Recovery | 0.050 |
| 12 | UC-63 SKP | Non deposit of income tax | Recovery | 0.008 |
| 13 | UC-63 SKP | Non deposit of income tax | Recovery | 0.007 |
| 14 | UC-64 SKP | Non deposit of Nikah registration renewal fee | Recovery | 0.003 |
| 15 | UC-64 SKP | Non deposit of income tax | Recovery | 0.007 |
| 16 | UC-64 SKP | Non deposit of Nikah registration renewal fee | Recovery | 0.004 |
| 17 | UC-65 SKP | Non deposit of Nikah registration renewal fee | Recovery | 0.003 |
| 18 | UC-67 SKP | Non deposit of Nikah registration renewal fee | Recovery | 0.004 |
| 19 | UC-67 | Non deposit of income tax | Recovery | 0.007 |
| 20 | UC-67 | Non generation/collection of own source revenue | | 0.100 |
| 21 | UC-68 SKP | Non accounting of store | Irregularity | 0.025 |
| 22 | UC-68 SKP | Non deposit of Nikah registration renewal fee | Recovery | 0.003 |
| 23 | UC-68 SKP | Recovery due to non deduction/transfer of income tax | Recovery | 0.009 |
| 24 | UC-68 SKP | Non deposit of Nikah registration renewal fee | Recovery | 0.003 |
| 25 | UC-68 SKP | Recovery due to non deduction/transfer of income tax | Recovery | 0.005 |
| 26 | UC-68 SKP | Non-utilization of development funds worth | Irregularity | 0.201 |
| 27 | UC-70 SKP | Non deposit of Nikah registration renewal fee | Recovery | 0.003 |
| 28 | UC-70 SKP | Irregular expenditure of development work and non recovery income tax | Recovery | 0.006 |
| 29 | UC-70 SKP | Non deposit of income tax | Recovery | 0.020 |
| 30 | UC-70 SKP | Non generation/collection of own source revenue | Irregularity | 0.100 |
| 31 | 61 | Non preparation of budget on prescribed format | Irregularity | - |
| 32 | 64 | Non preparation of budget on prescribed format | Irregularity | - |
| 33 | 65 | Non preparation of budget on prescribed format | Irregularity | - |
| 34 | 66 | Non preparation of budget on prescribed format | Irregularity | 0.846 |
| 35 | 67 | Non preparation of budget on prescribed format | Irregularity | 0.846 |
| 36 | 68 | Non preparation of budget on prescribed format | Irregularity | - |
| 37 | 69 | Non preparation of budget on prescribed format | Irregularity | - |
| 38 | 70 | Non preparation of budget on prescribed format | Irregularity | - |

Annex-B**Detail of Budget and Expenditure****Rs in million**

| Name of UA | Salary | Non Salary | Development | Total | Salary | Non Salary | Development | Total |
|-------------------------|-------------|--------------|-------------|--------------|---------------|---------------|-------------|---------------|
| UA 23 Chack 44 | 3.75 | 1.05 | 1.5 | 6.3 | 3.282 | 0.718 | 0.113 | 4.113 |
| UA 24 Bharat | 3.85 | 1.5 | 1.5 | 6.85 | 3.373 | 1.353 | 0 | 4.726 |
| UA 26 Shamkey | 3.95 | 1.35 | 4.5 | 9.8 | 3.494 | 1.295 | 0 | 4.789 |
| UA 30 Wandala Dyal Shah | 4.25 | 1.11 | 1.5 | 6.86 | 3.801 | 0.875 | 0 | 4.676 |
| UA 31 Wandala Dyal Shah | 3.85 | 1.5 | 1.5 | 6.85 | 3.228 | 1.042 | 0 | 4.27 |
| UA 32 Nizampura Dhaka | 3.95 | 1.55 | 1.5 | 7 | 3.595 | 1.136 | 0 | 4.731 |
| UA 33 Faizpur | 4.15 | 1.45 | 1.5 | 7.1 | 3.607 | 1.077 | 0 | 4.684 |
| UA 37 Momanpura | 3.95 | 1.25 | 1.5 | 6.7 | 3.194 | 1.009 | 0 | 4.203 |
| UA 39 Kot Pindi Das | 3.75 | 1.5 | 1.5 | 6.75 | 3.52 | 1.302 | 0 | 4.822 |
| UA 42 Burj Attari | 3.15 | 1.65 | 1.5 | 6.3 | 3.433 | 1.428 | 0 | 4.861 |
| | 38.6 | 13.91 | 18 | 70.51 | 34.827 | 11.235 | | 45.875 |