



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

AUDIT YEAR 2016-17

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

CCB	Citizen Community Board
DAC	Departmental Accounts Committee
MB	Measurement Book
PAO	Principal Accounting Officer
PDG & TMA	Punjab District Governments & Tehsil Municipal Administration
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 Okara 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:

(Javid 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 Okara for the financial year 2013-14 & 2014-2015.

Each Union Administration in District Okara 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 Okara was carried out with the view to ascertaining that the expenditure was incurred with proper authorization, also conforming 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 Okara for the financial year 2013-16 under the jurisdiction of DG District Audit (North) Punjab was Rs 53.101 million covering ten PAOs and ten entities. Out of this, the Directorate General Audit, District Government Punjab (North), Lahore audited an expenditure of Rs 53.101 million which, in terms of percentage, was 100% of total expenditure.

Total receipts of ten UAs of District Okara for the Financial Year 2013-16 was Rs 19.663 million. Directorate General Audit, District

Government Punjab (North), Lahore audited receipts of Rs 19.663 million which was 100% of total receipts.

b) Recoveries at the instance of Audit

Recovery of Rs 11.077 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 Okara 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. Non-production of record Rs 14.256 million was noted in one case.¹
- ii. Irregularity and non-compliance of rules worth Rs 121.232 million was noted in eight cases.²
- iii. Recovery of Rs 11.077 million was noted in two cases
- iv. Poor performance was highlighted in two cases.³

¹Para 1.2.1.1

²Para 1.2.2.1, 1.2.2.2, 1.2.2.4 to 1.2.2.8, 1.2.2.10

³Para 1.2.2.3, 1.2.2.9

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.
- vi. Production of record to audit for verification.

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

Rs in million

Sr. No.	Description	No.	Budget		
			Expenditure	Receipt	Total
1	Total Entities (PAOs) under Audit Jurisdiction	114	645.895	225.158	870.053
2	Total formations under Audit jurisdiction	114	645.895	225.158	870.053
3	Total Entities (PAO) Audited	10	54.011	25.556	79.567
4	Total formations Audited	10	53.10	19.663	72.763
5	Audit & Inspection Reports	10	53.10	19.663	72.763
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	11.077
3	Weak Internal controls	0
4	Others	135.488
Total		146.565

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	-	9.355	19.663	43.745	72.763	35.650*
2	Amount placed under audit observation / irregularities	-	10.138	11.077	125.35	146.565	6.632
3	Recoveries pointed out at the instance of Audit	-	--	11.077	--	11.077	0.371
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 53.10 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	121.232
2	Reported cases of fraud, embezzlement, theft and misuse of public funds.	-
3	Quantification of weaknesses of internal control systems.	-
4	Recoveries, overpayments, or misappropriations of public money.	11.077
5	Non-production of record to Audit	14.256
6	Others, including cases of accidents, negligence etc.	-
Total		146.565

Table 5: Cost-Benefit Ratio

		Rs in million
Sr. No.	Description	Amount
1	Outlays Audited (Items1 of Table 3)	72.763
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 Okara

1.1.1 Introduction

Each Union Administration, Okara consists of Union Nazim, Union Naib Nazim, Secretary and Administration. Each UA Okara 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.

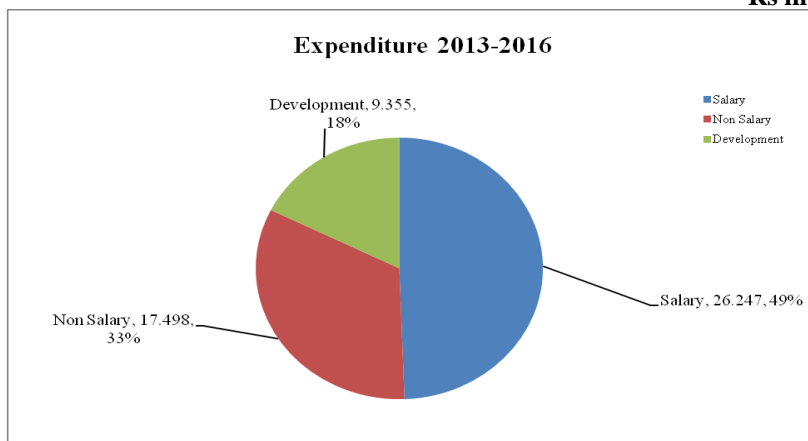
1.1.2 Comments on Budget and Accounts (Variance Analysis)

Total budget of ten UAs of District Okara was Rs 54.011 million including salary component of Rs 27.886 million, non-salary component of Rs 18.591 million and development component of Rs 7.534 million. Expenditure against salary component was Rs 26.247 million, non-salary component was Rs 17.498 million and development component was Rs 9.355 million. Overall savings were Rs 0.911 million which was 2% of total budget.

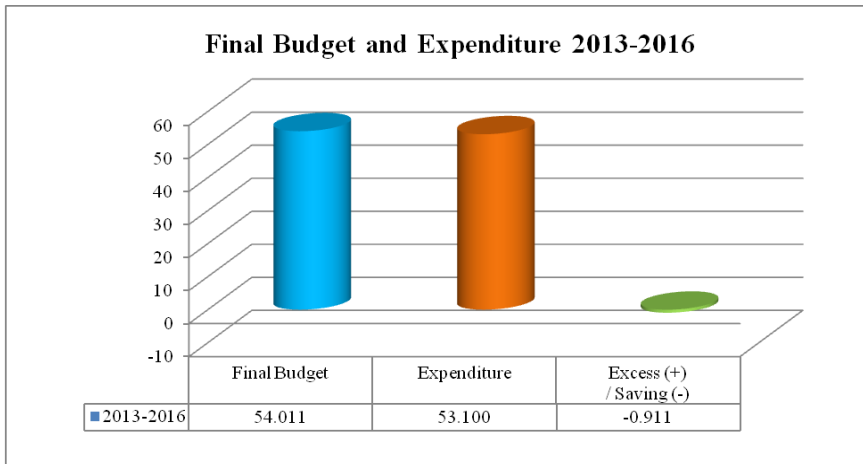
Rs in million

F.Y. 2013-16	Budget	Expenditure	Excess (+) / Saving (-)	%age Saving
Salary	27.886	26.247	-1.639	6%
Non Salary	18.591	17.498	-1.093	6%
Development	7.534	9.355	1.821	-24%
TOTAL	54.011	53.100	-0.911	2%

Rs in million



Rs in million



Savings to the tune of Rs 0.911 million was shown which in terms of percentage was 2% of the final budget. The same was required to be justified by the management.

1.1.3 Brief Comments on the Status of Compliance with Adhoc Accounts Committee 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 Okara.

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

1.2 AUDIT PARAS

1.2.1 Non-production of record

1.2.1.1 Non-production of Record – Rs 14.256 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, according to Section-115(5) & (6) of PLGO 2001, at the time of audit, the official concerned shall provide all record for audit inspection and comply with any request for information in as complete a form as possible and with all expedition.

Following formations incurred expenditure of Rs 13.262 million and collected government receipts Rs 0.994 million during the financial year 2013-16 but vouched accounts of the expenditure and receipts were not produced for audit scrutiny. In the absence of vouched account, authenticity, validity, accuracy and geniuses of expenditure and receipts worth Rs 14.256 million could not be verified.

Rs in million

Name of the UA	Financial Year	Description	Amount
UA # 1	2013-16	Government receipts	0.246
UA 18	2013-16	Government receipts	0.293
UA 27-4/L	2013-16	Government receipts	0.455
U.A 18 GD	2013-16	Salary and Non-salary	4.101
U. A 12 GD	2013-16	Salary and non salary	4.246
U.A 24 GD	2013-16	Salary and non salary	3.005
U. A 15-IR	2013-16	Salary and non Salary	1.910
			14.256

Audit holds that relevant record was not produced which due to defective financial discipline and weak internal controls.

In the absence of vouched account, authenticity, validity, and accuracy of expenditure worth Rs 13.992 million and receipts Rs 0.994 million could not be verified.

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 production of record besides fixing responsibility against the person (s) at fault under intimation to Audit.

(AIR Para No.6, 5, 7, 8, 10, 9, 2)

1.2.2 Irregularity and Non-compliance

1.2.2.1 Preparation of Budget without Chart of Classification – Rs 45.960 million

According to Section 110 of PLGO 2001, the budget shall be prepared in accordance with Chart of Classification of accounts issued by the Auditor General of Pakistan. Further, Rule 109(3) states that no local government shall transfer monies to a higher level of Government except by way of repayment of debts contracted before the coming into force of this Ordinance or for carrying out deposit works.

Management of the following UAs did not prepare the annual budget for the period 2015-16 by following chart of classification issued by Auditor General of Pakistan in violation of rule ibid. Moreover, neither object code of classification was mentioned on the contingent form/bill nor detailed object wise expenditure statement was provided due to which the appropriateness and accuracy of spending of budgetary allocation in conformity with the Schedule of Authorized Expenditure could not be verified.

Name of UAs	Year	Budget income	Budget Expenditure	Total
27-4/L	2013-14	1.548	1.500	2.048
	2015-16	1.315	1.470	2.785
6	2013-14	1.589	1.723	3.313
	2014-15	1.705	1.620	3.325
	2015-16	1.770	1.690	3.460
32-2/R	2013-14	1.776	1.710	3.486
	2014-15	1.711	1.622	3.333
	2015-16	1.756	1.690	3.446
32-2/L	2013-14	1.816	1.726	3.542
	2014-15	1.800	1.725	3.525
	2015-16	2.002	1.992	3.994
15-IR	2013-14	1.740	1.415	3.155
	2014-15	1.682	1.598	3.281
	2015-16	1.678	1.595	3.267
				45.96

Audit holds that preparation of budget without observing chart of classification was due to poor financial discipline.

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 besides fixing the responsibility against the persons at fault under intimation to Audit.

1.2.2.2 Non-preparation of Monthly Expenditure - Rs 53.101 million

According to Rule 69 (1& 2) of the Punjab Union Administration (Budget) Rules, 2003, each local government shall submit a monthly report to the respective Council relating to the expenditure incurred during the month by the local government.

The monthly financial reports shall include the following BM forms:

- BM-1 monthly statement of Current Expenditure
- BM-2 monthly reconciliation of Current Expenditure
- BM-3 monthly statement of receipts
- BM-4 monthly reconciliation of receipts
- BM-5 Establishment status by Designation.
- BM-6 monthly statement of Re-appropriations of fund.
- BM-7 statement of Supplementary Grants.
- BM-8 statement of excesses and surrenders.
- BM-9 Detail of Issued Cheque Books
- BM-10 Budget Control Register
- BM-11 Annual Physical Inspection Report

Scrutiny of record of Union Administrations Tehsil & District Okara for the year 2013-16, revealed was observed that union council incurred expenditure of Rs 53.101 million but above mentioned record was not prepared in violation of the rule *ibid*.

Audit holds that non preparation of monthly reports was due to weak internal controls.

This resulted in non-compliance of rules.

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 preparation of above mentioned reports and production of record for verification besides fixing responsibility against officers / officials at fault under intimation to Audit.

1.2.2.3 Less realization of receipts –Rs 9.841 million

According to Rule 76 of the 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.

Union Administrations of Okara failed to achieve in the target fixed by the department during the year 2013-16. This resulted less recovery of government receipts amounting to Rs 9.841 million.

Name of UA	Year	Target (Rs)	Achievement (Rs)	Loss (Rs)
Akber 1	2013-16	5,814,750	4,046,789	1,767,961
24	2013-16	5,908,944	4,767,185	1,141,759
19	2013-16	7,743,706	3,937,000	3,806,706
6	2013-16	3,475,013	2,889,938	585,075
32-2R	2013-16	5,243,976	4,566,522	677,454
32-2/L	2013-16	5,618,250	4,740,345	877,905
15-1R	2013-16	5,100,073	4,115,510	984,563
	Total	38,904,712	29,063,289	9,841,423

Audit holds that non achievement of target was due to defective financial discipline and weak internal controls.

This resulted in loss of Rs 9.841 million to the Local Government due to non-achievement of targets.

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 recovery of outstanding government dues besides fixing responsibility against the officers / officials at fault under intimation to Audit.

(AIR Para No.9, 2, 10, 2, 9)

1.2.2.4 Expenditure in Excess of budget allocation – Rs 7.053 million.

According to Rule 66(5) of Punjab Union Administration (Budget) Rules 2003, a Drawing and Disbursing Officer shall not authorize any payment in excess of the funds placed at his disposal.

Management of UAs incurred expenditure of Rs 7.053 million on development work without budget allocation during 2013-16, in violation

of rule ibid. This resulted in excess expenditure without budget allocation of Rs 7.053.

Audit holds that excess expenditure was incurred due to weak internal controls and poor financial discipline which resulted in unauthorized disbursement of irregular payment.

UA No.	Year	Budget	Expenditure	Excess
Akber-1	2015-16		70,500	70,500
18	2013-14	-Nil-	1288,390	1,288,390
	2014-15		1470,810	1,470,810
	2015-16		1342,446	1,342,446
24	2013-14	300,000	352,000	52,500
	2014-15	200,000	231,010	31,010
27-4/L	2013-14	150,000	612,500	462,500
	2014-15	-	540,500	540,500
15-iR	2013-14	200,000	681,000	481,000
	2014-15	350,000	893,000	543,000
32-2/R	2013-14	200,000	479,294	279,294
	2014-15	175,000	370,750	195,750
	2015-16	150,000	205,800	55,800
6	2013-14	150,000	352,000	202,000
	2014-15	150,000	188,000	38,000
				7,053,500

Audit holds that the irregular expenditure was incurred due to defective internal control. Due to non-availability of budget irregular expenditure was incurred worth Rs 7.053 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 besides fixing responsibility against the officers / officials at fault under intimation to Audit.

(AIR Para No3, 2, 3, 4, 1, 2)

1.2.2.5 Irregular Payments made in Cash and without Acknowledgement – Rs 4.980 million

According to Rule 2.22 of P.F.R Vol-I, every voucher should bear or have attached to it an acknowledgement of payment signed by the

person by whom or in whose behalf the claim is put forward. This acknowledgement would always be taken at the time of payment.

Management of following UAs incurred an expenditure of Rs 6.971 million to the officials in cash without obtaining acknowledgement receipts of payment.

Sr. No.	Name of UAs	Amount (Rs in million)
1	Union Administration No. 12	2.065
2	Union Administration No. 19	2.933
3	Union Administration No. 15-IR	1.973
	Total	6.971

Audit holds that due to weak internal controls and defective financial discipline irregular payment was drawn from local fund.

This resulted in irregular expenditure of Rs 4.998 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 besides fixing responsibility against the persons at fault under intimation to Audit.

1.2.2.6 Irregular expenditure on account of Development Projects - Rs 4.911 million

As per Punjab Union Administration (Works) Rules 2002, the Union Administration may prepare its Annual Development Plan and get it approved by the Union Council as per procedure laid down in the Punjab Local Government Budget Rules 2003. As per Rules 30 and 31 of Punjab Union Administration (Budget) Rules 2003, Development Projects, are those which are undertaken through development budget and required to be prepared on the Form BDD-4. The development projects are to be processed through identification of development project, preparation of project outline by concerned office, preparation of detailed development project proposal, preparation of technical sanction for development projects involving works, issuance of Administrative Approval and Technical Sanction, inclusion in Annual Development Program and approval by the Council. Para 127 (6) and 129 (i) of PWD code provide that payment for all work done should be made on the basis of measurement recorded in M.B in accordance with the work actually done at site, measured in person by the S.D.O and he will be responsible for the general correctness of the bill as a whole.

As per TMA Works Rules, TO (I&S) is competent to accord technically sanction of development schemes up to Rs 1.000 million.

During audit of Union Administration of Okara for the year 2013-16, it was revealed that expenditure of Rs 4.911 million was incurred on account of development schemes but the projects were neither prepared on the nor approved after fulfilling codal formalities as detailed in the manner prescribed below.

- i. Detailed estimates were not duly approved by the Union Nazim;
- ii. The administrative and technical approval was not available in the records
- iii. Stock Register and Measurement Book were not provided to audit.
- iv. Inspection Register for each scheme were not maintained.
- v. The Project Committee did not prepare and submit the completion certificate in respect of each project separately in the Performa prescribed by Communication and Works Department; and
- vi. The Secretary of the Project Committee did not render the accounts of the project within one month of the date of completion of the project to the Union Council.

UA No.	Year	Allocation (Rs)	Expenditure (Rs)
UA-1 Akber	2013-14	515,840	585,000
	2014-15	515,840	332,500
	2015-16	-Nil	70,500
	Total		988,000
18	2013-14		188,000
	2014-15		210,250
	2015-16	-Nil	153,940
	Total		552,190
24	2013-14	300,000	352,000
	2013-14	200,000	231,010
	2015-16	703,000	414,000
	Total		997,010
27-4/L	2013-14	15,000	612,500
	2014-15		540,500
	2015-16	-Nil	141,000
	Total		1294,000
6	2013-14		352,000
	2014-15		188,000

	Total		540,000
32-2R	2013-16		540,000
	Grand Total		4,911,200

Audit holds that irregular payment was made due to defective planning and weak internal controls.

This resulted in overpayment of Rs 4.911 million to the contractors.

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

(AIR Para No 4, 3, 3, 4, 5)

1.2.2.7 Expenditure Incurred Beyond Delegated Powers –Rs 2.755 million

As per Rules 4(3) of the Punjab Union Administration Works Rules 2002, the Union Administration shall be competent to get the works executed through Project Committee without approval of the Union Council where the Project costs up to Rs 5,000 and with approval of the Union Council where the project costs up to Rs 100,000. Further, Rule 4(1) of the said Rules states that Project Committee comprises Union Nazim as Convener, Union Naib Nazim and three councilors (including one female elected councilor) as members and Union Secretary as Secretary.

Audit of UA No. 12 and 15, it was noticed that Nazim of Union Administration drew Rs 2.755 million on account of development work through Project Committee during the Financial Year 2013-2016. The approval of the Council was neither available on record nor shown on the cash book or noting. Moreover, notification of constitution of Project Committee was also neither available on record nor shown to audit. This resulted in incurring of expenditure beyond delegated powers worth Rs 2.755 million. Moreover, the estimates and vouchers were also not produced to audit.

Audit holds that irregular payment was made due to defective planning and weak internal controls. This resulted in overpayment of Rs2.755 million to the contractors.

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.

(AIR Para No. 2, 3)

1.2.2.8 Non-accountal of Purchase of Material – Rs 1.298 million

As per Rule 4(4) of the Punjab Union Administration (Works) Rules 2002, the Secretary of the Project Committee shall ensure the maintenance of Stock Register, Measurement Book, Inspection Report & Register and Completion Reports. As per Rule 3 of the said Rules, before the start of work on a project included in the Annual Development Plan the detailed estimates of the work shall be prepared and approved by the Union Nazim, provided that the payment shall be made only after the assessment of work and recording of its measurement in the Measurement Book by the Sub-Engineer of Tehsil/Town Municipal Administration concerned.

During audit of ten UAs of Okara for the year 2013-16, it was noticed that expenditure of Rs 1.298 million was incurred on the purchase of material for the development works but the stock register, measurement book, inspection report /register and completion reports were neither available on record nor shown to audit. Moreover, the estimates and vouchers were also not produced to audit. This caused irregular expenditure of Rs 1.298 million.

UA No	Nature of Work	Expenditure (Rs)
12	Repair work	352,036
24	Construction work	406,000
6	Construction work	540,000
	Total	1,298,036

Audit holds that irregular payment was made due to defective planning and weak internal controls. This resulted in overpayment of Rs1.298 million to the contractors.

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 stock taking of the material purchased besides fixing responsibility against the person (s) at fault under intimation to Audit.

(AIR Para No. 5, 5, 6)

1.2.2.9 Less Deposit of Government Receipts - Rs 1.236 million

According to Rule 76 of the Punjab Union Administrations (Budget) Rules 2003, the primary obligation of the Collecting Officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the local government fund under the proper receipt head

During audit of Union Administrations of Okara , it was noticed that during the Financial Years 2013-16, government receipts on accounts of Birth, Death and Nikah Certificates fee amounting to Rs 0.747 million and income tax Rs 0.489 million was less deposited into the government treasury. This resulted in less realization of receipts worth Rs 1.236 million

UA No.	Year	No. of copies issued	Rate (Rs)	Deposit (Rs)	Due (Rs)	Balance (Rs)
12	2015-16	1,674	100	100,472	167,453	66,981
24	2014-15	2,080		190,770	208,000	17,230
	2015-16	1,368		131,070	136,800	5,730
19	2013-14	1,586		10,500	158,600	148,100
	2014-15	1,968		39,304	194,816	155,512
	2015-16	1,929		95,650	192,916	97,266
32-2/L`	2014-15	2,023		161,050	202,300	41,250
6	2014-15	1,611		144,510	161,100	16,590
	2015-16	1,519		139,650	151,900	12,250
15-IR	2013-14	1,554		89,350	155,480	66,130
	2014-15	1,489		77,740	148,900	71,160
	2015-16	1,107		61,620	110,733	49,113
						747,312

(ii)

U.A NO.	Income tax due (Rs)	Sales tax due (Rs)	Total recovery (Rs)
1	79,762		79,762
12	144,636	35,813	180,449
18	23,250		23,250
24	74,062		74,062
27-4/L	97,049		97,049
6	34,500		34,500
		35,813	489,072

Audit holds that non-deposit of income was due to defective financial discipline and weak internal controls. This resulted in loss of Rs 1.233 million to the Local Government. The matter was brought to the notice of management in March 2017 but no reply was given till the finalization of report.

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 and recovery of government money under intimation to Audit.

(AIR Para No.1, 6, 1, 1, 1, 1)

1.2.2.10 Irregular expenditure on Civil Works - Rs 1.174 million

According to Rule 12(1) read with Rule 9 of Punjab Procurement Rules 2014, procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the PPRA's website in the manner and format specified by PPRA regulation from time to time. A procuring agency shall announce in an appropriate manner all proposed procurements for each Financial Year and shall proceed accordingly without any splitting of the procurements so planned. The annual requirements thus determined would be advertised in advance on the PPRA's website.

During audit of UAs-Okara for the year 2013-16, it was noticed that an amount of Rs 1.174 million was drawn and paid to the contractor for development work. The expenditure was held unauthorized because the work was splitted into small orders to avoid tendering process. This caused irregular payment of Rs 1.174 million.

Sr. No.	UA No.	Nature of work	Amount (Rs)
1	Akber-1	Construction work	258,000
2	24-GD	Construction work	117,500
3	27-4/L	Construction work	376,000
4	6-BJK	Construction work	423,000
		Total	1,174,500

Audit holds that irregular payment was made due to defective financial discipline and weak internal controls. This resulted in irregular expenditure of Rs1.174 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 seeking regularization of the matter in a manner prescribed besides fixing responsibility against the person (s) at fault under intimation to Audit.

(AIR Para No.7, 8)

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 has 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 Okara 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 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 fixing responsibility against the officers / officials for negligence and lapse 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 Union Administrations Tehsil & District Okara for the year 2013-16, 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. It reflects that the Secretaries of the UCs were not performing duties in the violation of the Rules of Business.

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

Non-performance of basic functions resulted in depriving the public of basic access to 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 detailed inquiry into the matter for non-discharging of primary functions besides fixing responsibility under intimation to Audit.

ANNEXURE

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

Rs in million

Name of formation	Description	Nature of Observation	Amount
UA-1	Non Allocation of CCB Funds	Irregularity	0.257
	Irregular expenditure of Sahat Safai	Irregularity	0.208
	Less allocation of Development budget	Irregularity	1.525
	Irregular Payment of Daily wages staff	Irregularity	0.126
12	Irregular purchases of due to purchased goods from firm not registered with sales tax department	Irregularity	0.210
	Irregular Payment of Daily wages staff	Irregularity	0.127
24	Non allocation of CCB funds	Irregularity	0.300
	Irregular expenditure due to non deduction income tax and sales tax	Irregularity	0.111
	Unauthorized expenditure of Honoraria	Irregularity	0.630
27-4/L	Non allocation of CCB funds	Irregularity	0.0537
	Masseuse of CCB funds	Irregularity	0.070
	Less allocation of Development funds	Irregularity	0.937
	Doubtful expenditure	Irregularity	0.139
19	Unauthorized expenditure of Qarz Hasna loan	Irregularity	0.0980
	Irregular expenditure	Irregularity	0.0910
	Non deposit of government revenue	Irregularity	0.0415
	Non utilization of CCB and Development funds	Irregularity	0.508
	Less allocation of development funds	Irregularity	2.868
	Irregular expenditure due to purchase goods from person not registered with the sales tax department	Irregularity	0.136
	Irregular expenditure of rent of building	Irregularity	0.127
UA-6	Non allocation of CCB Funds	Irregularity	0.0750
	Irregular expenditure due to non deduction income tax and sales tax	Irregularity	0.275
	Loss of government assets	Irregularity	0.050
	Irregular Payment of Daily wages staff	Irregularity	0.114
32-2/R	Irregular expenditure	Irregularity	2.078
	Irregular expenditure due to purchased goods from the firm not registered with the sales tax department	Irregularity	0.831
	Unauthorized expenditure on cleanness	Irregularity	0.129
	Less allocation of development budget	Irregularity	1.723
32-2/L	Irregular expenditure due to made cash payment	Irregularity	2.078

	Irregular expenditure on development budget	Irregularity	0.353
	Irregular expenditure due to purchased goods from the person not registered with sales tax department	Irregularity	0.655
	Unauthorized expenditure on clearness	Irregularity	0.0642
	Less allocation of CCB funds	Irregularity	0.996
15-IR	Non allocation of CCB funds	Irregularity	0.237
	Non deduction income tax and sales tax	Irregularity	0.159
	Irregular purchased due to purchased goods from the firm not registered with the sales tax department	Irregularity	0.183
	Less allocation of Development projects	Irregularity	0.879
UA-18	Irregular expenditure due to purchased goods from non registered sales tax firms	Irregular	0.499
	Irregular Payment of Daily wages staff	Irregularity	0.083
	Doubtful expenditure	Irregularity	0.0638
	Unauthorized expenditure of development and non deduction income tax	Irregularity	0.552
	Total		68.007

Annex-B**Detail of Budget and Expenditure**

Rs in million

F.Y. 2013-16	Budget	Expenditure	Excess (+) / Saving (-)	%age Saving
Salary	27.886	26.247	-1.639	6%
Non Salary	18.591	17.498	-1.093	6%
Development	7.534	9.355	1.821	-24%
TOTAL	54.011	53.100	-0.911	2%