



**OFFICE OF THE
REGISTRAR, COOPERATIVE SOCIETIES,
PUNJAB, LAHORE**

No.RCS/Audit/OBS-23/G-05/ 681

Dated: 21-08, 2026

To

The President / Secretary,

Government Employees Cooperative Housing Society Ltd;

Bahawalpur.

(Service through DRCS Bahawalpur)

**Subject: AUDIT OF ACCOUNTS OF GOVERNMENT EMPLOYEES COOPERATIVE
HOUSING SOCIETY LTD; BAHAWALPUR FOR THE PERIOD 01.07.2022 TO
30.06.2023.**

Reference to the Audit Report of The Government Employees Cooperative Housing Society Ltd; Bahawalpur for the period 01.07.2022 to 30.06.2023 received from M/S S.M Suhail & Co. Chartered Accountant. The auditor has raised certain observations in the audit report regarding the affairs of the society. You are, therefore, directed to ensure compliance of the audit observations raised by the auditor including the following points observed / highlighted by the Audit Section.

1. These expenses are on much higher side as compared to last year Rs.13,450,138/-against "Salaries and Wages", Rs.5,467,898/-against "Salaries of Security Guard", Rs.1,776,224/-against "Vehicle Running and Maintenance", Rs.3,585,315/-against "Repair and Maintenance", Rs.211,705/-against "Printing and Stationary", Rs.762,855/-against "Miscellaneous Expenditure" and Rs.1,372,000/- against "Petty Cash". The society should provide an explanation for huge increase in these expenses.
2. Auditor have examined the list of members, but it is not in accordance with the format which is recommended by clause 16 of TORs of our allocation letter dated February 27, 2026 bearing reference number RCS/Allo/148. Following are the details that are not mentioned in the list:
 - a) Date of enrollment as member.
 - b) Date of approval by the Managing Committee.
 - c) Date of confirmation by the general body.
 - d) Number and value of shares purchased.
 - e) Deposits:-
 - Against cost of land;
 - Against development charges; and others.
 - f) Balance recoverable from each member:-
 - Against cost of land;
 - Against development charges; and others.
 - Remarks about present status.

The Society does not maintain a year-wise list of members; a 'perpetual' list is maintained instead. So, to auditor cannot verify the number of members as at June 30, 2023

3. During the year, it was observed that the Society does not have a formal Human Resource (HR) department. Employee-related matters, including maintenance of employee records, recruitment, and payroll administration, are handled without a structured HR framework.
4. No list of employees as at June 30, 2023 was provided so it limited our ability of substantive testing as auditor were unable to verify whether all employees were included in payroll expenses which increases risk of unauthorized payments.
5. Although an attendance register is maintained, it was observed that salaries are disbursed on a full-month basis without adjustment for actual attendance. Employees are allowed 24 annual leaves; however, there is no formal leave management policy, nor any system for leave encashment or carry-forward. As per Clause 4 of Service Rules of the Society, "All Employees of the Society except Elected Officials will be working on Contract basis for a period of 3 Years. The contract will be renewable after the period with the consent of both Employee and the Society."; however, it was observed that employees were employed on contract basis of as low as 60 days which is violation of the prescribed Service Rules.
6. An approved layout plan was not provided by Management; instead, an unapproved layout plan prepared by NESPAK was made available. So, auditor cannot rely on the provided layout plan. A discrepancy of 26 Kanals was noted between the total area reported by Management (3,165 Kanals) and the area reflected in the provided layout plan (3,139 Kanals). The Society has not obtained approval of the layout plan. Certain facilities, including a school and a medical complex, are shown in the layout plan; however, on physical inspection it was revealed that not any of these facilities have been provided.
7. No list of litigations as at June 30, 2023 was provided to auditor for verification hence, auditor were unable to verify the number of litigations and their financial effects. No individual case files were provided to auditor for verification hence, auditor could not ascertain financial impact(s) of the litigations. No addresses of lawyers were provided to auditor so, auditor were unable to circulate external confirmations to them regarding litigations. In the absence of legal confirmations and case documentation, auditor were unable to assess whether any provisions or contingent liabilities should have been recognized in the financial statements.
8. No supporting evidences relating to addition of Rs. 222,626 was provided to us.
9. A complete fixed asset register is not maintained. This weakens control over fixed assets and increases the risk of misstatement.
10. The Society does not have a formal written policy regarding depreciation on additions and disposals so auditor cannot ascertain if the depreciation charged in financial statements is consistent or not.
11. Cost of opening operating fixed assets was not available; instead, net book values were used in depreciation calculations. In the absence of historical cost information, the accuracy of depreciation and carrying values could not be verified.
12. It was observed that no annual stock taking is carried out by the Society. Furthermore, assets are not classified as serviceable, repairable, or unserviceable (dead). In the absence of such classification, items that are no longer usable cannot be properly identified for disposal or auction. This indicates weak assets management and internal controls.

As the audit pertains to prior periods, physical verification of operating fixed assets could not be performed. Therefore, the existence and condition of such assets could not be independently confirmed.

14. No supporting evidences relating to addition of Rs. 1,207,610 was provided to auditor so, auditor were unable to verify the occurrence of development works.
15. It was observed that the Society does not maintain proper records or verification of completed development works including completion certificates which increases the risk of payments for incomplete or unauthorized work, risk of misappropriation of funds and misstatement of project progress.
16. It was observed that boundary wall construction was procured from Mr. Mehmood Khan however, no contract or agreements were provided to auditor hence, auditor were unable to verify transparency of the construction process.
17. It was observed that the Society does not maintain proper records or verification of construction of boundary walls including completion certificates which increases the risk of payments for incomplete or unauthorized work, risk of misappropriation of funds and misstatement of project progress.
18. No supporting documentations relating to security deposits were provided to auditor so auditor were unable to verify the authenticity or recoverability of the security deposits.
19. 'As the Society has not maintained members register which is a violation of the Bye-Laws, the share capital balance with the number of members and shares issued as at June 30, 2022 could not be verified. Shares register is not maintained by the Society which is a violation of the Bye-Laws of the Society.
20. No copy of minutes of meeting relating to approval of charging members for boundary walls was provided to us. The Management verbally told us that such charges were applied on members in the year 2013.
21. No member-wise details of members' deposits were provided to us. Auditor could only verify the receipts by tracing through bank statements and examining copy of bank deposit slips.
22. Despite performing procedures including verification of receipts, vouchers, and ledger entries, auditor were unable to reconcile members' deposits with the number of members, as the list of members as at June 30, 2022 was not provided.
23. Rs. 1,850,000 in movement remained unverified as no supporting evidences were provided by the Society.
24. No supporting documentation for Rs. 963,100 included in opening balance of security deposits was provided so, auditor were unable to verify the existence or accuracy of the reported security deposits.
25. The balance of Rs. 1,125,633, representing share capital contributions received against transfer fees, was verified only with reference to the prior year audited financial statements.
26. No supporting evidence or member-wise detailed schedule of contributions was provided for the opening balance. As a result, the completeness, accuracy, and proper linkage of this balance to individual members could not be independently verified.

27. It was observed that members deposit their dues in cash at the Society's office, which are later deposited into the bank by the Society. The members are provided with a slip without signature of the Finance Secretary. The involvement of cash handling increases the risk of misappropriation, delays in deposit, and lack of proper audit trail, indicating weak internal controls over cash management.
28. It was observed that the Society does not have an effective recovery mechanism for collection of members' dues, and significant balances have remained outstanding for years. No evidence of structured follow-up, recovery actions, or enforcement measures was provided to us. Consequently, auditor were unable to assess the recoverability of these dues, which may result in accumulation of doubtful balances and potential loss to the Society, indicating a weakness in receivables management and internal controls.
29. List of defaulters (members who failed to timely pay their dues) was not provided to auditor so, auditor were unable to ascertain the amount of default as on June 30, 2022.
30. The management did not provide us with a reconciliation of transfers during the year and cash received against the transfers hence, the relating incomes (transfer fee, share transfer fee, and cost of form) to transfers could not be verified against actual transfers during the year.
31. No copy of minutes of meetings relating to approval of surcharge was provided to us.
32. No list of water connections utilized by members of Society were provided to auditor by the Society hence, water connection charges and water supply fee could not be verified.
33. No details relating to miscellaneous income was provided to auditor so, auditor were unable to verify the same.
34. During our audit, it was observed that petty cash expense of Rs. 1,372,000 and miscellaneous expenses of Rs. 762,855 were recorded without any supporting evidence. Moreover, the management has failed to provide any vouchers of these expenses. Furthermore, upon scrutiny of the petty cash expense ledger, 29 transactions of Rs. 49,000 each were recorded in this ledger without any supporting evidence in contravention of the Bye-Laws of the Society.
35. This matter was also highlighted by Internal Audit Committee vide their report dated March 31, 2023 and this matter was referred to the Managing Committee for further action but no further actions were initiated.
36. It was observed that expense heads as per the cash book do not correspond with those presented in the financial statements. This inconsistency indicates that proper mapping and classification of expenses have not been maintained. Consequently, auditor were unable to verify the accuracy and consistency of expense classification, which may result in misclassification and misstatement of financial information, reflecting a weakness in financial reporting controls.
37. It was observed that Rs. 822,160 with many payments barely not exceeding Rs. 100,000 threshold was paid to M/s. Faisal Electric Expert BWP on account of repair and maintenance of various transformers without any contract, agreement or quotations hence, auditor were unable to verify whether the payments made were genuine or not.

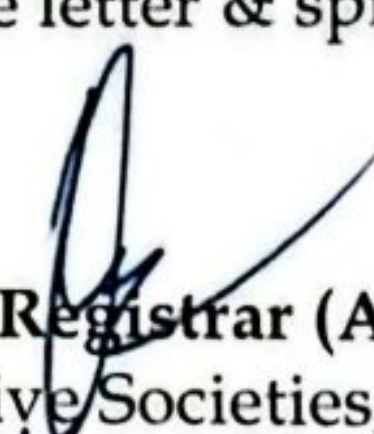
It was observed that Rs. 758,376 was paid to M/s. Khurram Petroleum however, no vouchers or travel log was provided to auditor hence, auditor were unable to verify the appropriateness of the expense.

39. It was observed that Rs. 440,000 for Elections of 2022 held on September 25, 2022 however, no supporting documents were provide to auditor for verification.
40. It was observed that Rs. 280,600 vide cheque no. 00002087 dated August 18, 2022, Rs. 145,000 vide cheque no. 00002089 on the same date, and Rs. 135,600 was paid to Al-Jannat Tent Service on account of rent of chairs, tents, and sound systems for Independence Day celebration without any approval.
41. During the course of our audit it was observed that Rs. 99,000 vide cheque no. 00002054 on July 07, 2022, Rs. 87,980 vide cheque no. 00002108 dated September 02, 2022, and Rs. 85,760 was paid to Mr. Muhammad Ishaque without any approval.
42. It was observed that Rs. 78,980 vide cheque no. 00002072 dated July 29, 2022, Rs. 79,800 vide cheque no. 00002153 dated September 24, 2022, and Rs. 18,000 vide cheque no. 00002155 dated September 24, 2022 was paid to staff without any authority.
43. It was observed that Rs. 111,466 was paid to Pak Watan Security Company vide cheque no. 00002048 dated July 06, 2022 without any approval.
44. It was observed that Rs. 70,140 vide cheque no. 00002110 dated September 07, 2022 was paid to Irfan Electric and Sons on account of purchase of cables etc however, no quotations were provided to auditor and the items were not taken on charge.
45. It was observed that Rs. 110,000 vide cheque no. 00002125 dated September 15, 2022 and Rs. 60,000 vide cheque no. 00002107 dated September 03, 2022 was paid to Assistant Accountant without any authority.
46. It was observed that Rs. 135,000 were paid via cheque no. 00002338 dated June 20, 2023 however, no quotations were provided to auditor for verification.
47. It was observed that Rs. 89,967 vide cheque no. 00002349 was paid to M/s. M. Faisal Electric Store however, no quotations were provided to auditor for verification.
48. It was observed that Rs. 59,750 was paid vide cheque no. 00002079 dated August 04, 2022 to Subhan Traders without any approval.
49. It was observed that Rs. 65,000 were paid to Zam Zam Furnitures for purchase of office chairs however, no quotations were provided to auditor for verification.
50. It was observed that Rs. 79,630 vide cheque no. 00002064 dated July 21, 2022 were paid to M/s. Altaf Sanitary Store Bahawalpur however no quotations or invoices were provided to auditor for verification.
51. No supporting documents relating to legal fee of Rs. 385,000 was provided to auditor hence, auditor were unable to verify whether the payments made were genuine or not.
52. Repair and maintenace of Rs. 3,585,315 remained unverified as no supporting evidences were provided to us.
53. Vehicle running and maintenance of Rs. 1,776,224 remained unverified as no supporting documents were provided to us.
54. No details relating to refund of security of Rs. 1,385,000 was provided to auditor hence, auditor were unable to verify whether the payment was genuine or not.

55. No list of joiners or leavers was provided to auditor which made us unable to verify the appropriateness of salaries and wages - staff.
56. It was observed that a number of employees were paid salaries below the applicable minimum wage rate during the year ended June 30, 2023.
57. It was observed that salaries to staff are paid in cash. Payment of salaries in cash increases the risk of errors, misappropriation, and lack of proper audit trail, and does not represent a strong internal control practice.
58. No salary sheets for the year were provided to auditor hence, auditor were unable to verify the salaries and wages - staff expense of Rs. 13,450,138.
59. No utility bills relating to the year ended June 30, 2023 were provided to auditor hence, auditor could only verify the same through cash book.
60. No formal policy or approved minutes specifying the imprest cash limit were provided. Accordingly, auditor were unable to verify whether imprest balances were maintained within approved limits, indicating weak internal control over cash.
61. No records or details regarding the number of constructed houses within the Society were provided to us. In the absence of such information, the completeness and accuracy of constructed houses could not be verified, which may result in discrepancies in members' records, utility charges, and related income streams.
62. The Society is not registered with Social Security Department and nothing has been paid so far in this regard. It is mandatory for every organization to register with Social Security Department under section 2(ix) and deposit the required contributions as per section 20 of the 'Provincial Employees Social Security Ordinance, 1965'.
63. Under the 'Employees Old Age Benefits' provisions, every Entity is required to get itself registered with the Employee Old Age Benefits Institute to fulfill its legal obligation who falls under the provision and contribute at the prescribed rates under the Act but the Society did not get itself registered with the Institute.
64. The AGM for the year 2023 was not conducted. This is a procedural non-compliance under the Society's Bye-Laws.
65. As per the Society's Bye-Laws, it is one of Secretary's duties to internally audit accounts twice a year and send a copy of audit report to the Registrar. Auditor observed that this requirement was not complied upon.
66. As per Clause 42(2), the Treasurer is required to make all payments through crossed cheques supported by vouchers, bills, or other relevant documentation. However, it was observed during our audit that payments were also being made in cash and via uncrossed cheques.
67. It was observed that the Society did not maintain members register showing the name, address and occupation of every member, the number of shares held by him, the dates of his admission to membership and the nominee appointed by him under his signature; daily sale, purchase, and balance register; a ledger account of each member, depositor, and creditor and of miscellaneous and other income contingent and other expenditures and sale, purchase etc. of all goods; bonds register; a register showing the development schedule and timely execution which is a non-compliance of Bye-Laws of the Society.

- It was observed that cash book as maintained by the Society does not show balance as at each day as required by the Bye-Laws.
69. It was observed that annual budget is not prepared by the Management which increases risk of uncontrolled expenditures.
 70. As per Clause 4(3) of Bye-Laws, the Society is required to construct, manage and maintain school and dispensary for the benefits and convenience of its members. The same is not being done.
 71. It was observed that the Society does not maintain a computerized system for its records, indicating a weakness in record-keeping and internal controls, which may affect the accuracy, efficiency, and reliability of financial and member-related information.

The Deputy Registrar Cooperative Societies, Bahawalpur is therefore, directed to get compliance of the audit observations raised through the Audit Report including the above-mentioned observations, from the "Government Employees Cooperative Housing Society Ltd; Bahawalpur" within 30 days of issuance of the audit observations. After getting compliance / replies from the concerned Society, the Joint Registrar (Field) Cooperative Societies, Bahawalpur will examine the same in detail and will submit the compliance report on the prescribed format, to the Chief Auditor Cooperative Societies, Punjab, Lahore, in accordance with the instructions contained in letter No.RCS/Audit/141 dated: 13.02.2026 issued by the Registrar, Cooperative Societies, Punjab, Lahore in true letter & spirit within 15 days.


Circle Registrar (Audit)
Cooperative Societies, Punjab,
a/c Lahore

C.C to: -

1. The Joint Registrar (Field) Cooperative Societies, Bahawalpur for information and necessary action in the light of letter No.RCS/Audit/141 dated: 13.02.2026 issued by the Registrar, Cooperative Societies, Punjab, Lahore.
2. The Deputy Registrar Cooperative Societies, Bahawalpur in accordance with the instructions contained in letter No.RCS/Audit/141 dated: 13.02.2026 issued by the Registrar, Cooperative Societies, Punjab, Lahore.
3. Auditors' File (M/S S.M Suhail & Co,) concerned





**OFFICE OF THE
REGISTRAR, COOPERATIVE SOCIETIES,
PUNJAB, LAHORE**

No.RCS/Audit/Bill-23/G-05/ 682

Dated: 21 / 08, 2026

To

The President / Secretary,

Government Employees Cooperative Housing Society Ltd;

Bahawalpur.

(Service through DRCS Bahawalpur)

Subject: **PAYMENT OF AUDIT FEE BILL FOR THE GOVERNMENT EMPLOYEES
COOPERATIVE HOUSING SOCIETY LTD, BAHAWALPUR FOR THE PERIOD
01.07.2022 TO 30.06.2023.**

The Professional Charges Bill of M/S S.M Suhail & Co. Chartered Accountants, Office 2nd Floor, 251 Block L Johar Town Lahore, Lahore on account of audit of the Government Employees Cooperative Housing Society Ltd, Bahawalpur for the Period 01.07.2022 to 30.06.2023 duly checked and passed for Rs.375,000/- (Rupees Three Lac Seventy Five Thousand Only) is enclosed herewith.

Please arrange payment of the said bill to the concerned Chartered Accountant directly, under intimation to this office.

Circle Registrar (Audit)
Cooperatives Societies Punjab,
Lahore.

C.C to:

1. The Deputy Registrar Cooperative Housing Societies, Bahawalpur with the request to ensure Payment to the auditor.
2. M/S S.M Suhail & Co. Chartered Accountants, Office 2nd Floor, 251 Block L Johar Town Lahore.
3. Auditor file concerned.

Jaiz

**THE GOVERNMENT EMPLOYEES CO-OPERATIVE
HOUSING SOCIETY LTD, BAHAWALPUR
FOR THE YEAR ENDED 30 JUNE 2023**

COMPUTATION OF AUDIT FEE FOR THE YEAR ENDED 30 JUNE 2023

Net Turnover	RUPEES
	273,717,223
Net Turnover	<u>273,717,223</u>

AUDIT FEE

For first Rs.100,000/-	100,000	1,450
For Next Rs.400,000/-	400,000	3,240
For Next Rs.4,500,000/-	4,500,000	18,000
Beyond Rs.50-lac @ 2.2/1,000	268,717,223	591,178
		<u>613,868</u>

NOTE: Maximum restriction Rs. 375,000 (Three Lac Seventy Five Thousand Rupees Only).
The Bill has been checked and found correct as per notified rate vide letter No. RCS/AUDIT-II/120
dated: 13-01-2023 and AUDIT-II/811 Dated 24.11.2023.

Audit fee for the Year 375,000
Rupees: Three Lakh Seventy Five Thousand Rupees Only.


S. M. Suhail & Co.
Chartered Accountants



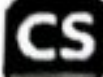
Passed for Rs. 375,000/-
In words Rupees. Three lac seventy five thousand only

CIRCLE REGISTRAR (AUDIT)
Cooperative Societies Punjab
Lahore

 Chartered Accountants Worldwide
Network Member

- Karachi
- Lahore
- Islamabad
- UAE
- Canada
- Australia

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