



OFFICE OF THE
REGISTRAR, COOPERATIVE SOCIETIES,
PUNJAB, LAHORE

No.RCS/Audit/OBS-25/G-05/ 685

Dated: 24. 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 01.07.2024 TO 30.06.2025.

Reference to the Audit Report of The Government Employees Cooperative Housing Society Ltd; Bahawalpur for the period 01.07.2024 to 30.06.2025 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. The society has suffered a current year loss/deficit of Rs. (6,335,878/-). The loss/deficit may increase in the future. The management of the society may be asked for an explanation in this regard.
2. These expenses are on much higher side as compared to last year Rs.16,597,826/-against "Salaries and Wages", Rs.800,495/-against "Vehicle Running and Maintenance", Rs.4,210,058/-against "Repair and Maintenance", Rs.307,190/-against "Travelling and Conveyance", Rs.456,261/-against "Printing and Stationary", Rs.477,220/-against "Miscellaneous Expenditure" and Rs.1,275,387/- against "Depreciations of the year". The society should provide an explanation for huge increase in these expenses.
3. 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, auditor cannot verify the number of members as at June 30, 2025
4. 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.
 5. No list of employees as at June 30, 2025 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.
 6. It was observed that increment on salaries of some employees were applied randomly throughout but auditor were not provided with any evidence of approval of increments.
 7. 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.
 8. 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.
 9. 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 provided evidence relating to 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.
 10. No individual case files were provided to auditor for verification hence, auditor could not ascertain financial impact(s) of the 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.
 11. A complete fixed asset register is not maintained. This weakens control over fixed assets and increases the risk of misstatement.
 12. 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.
 13. 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.
 14. 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.
16. Invoices or supporting documents of Rs. 7,250,000 relating to purchase of transformers were not provided to us.
 17. Invoices or supporting documents of Rs. 6,543,078 relating to development of parks and Masjids were not provided to us.
 18. It was observed that development register was not maintained by the Society which is violation of the Bye-Laws.
 19. 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.
 20. 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.
 21. 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.
 22. 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, 2024 could not be verified. 'Shares register is not maintained by the Society which is a violation of the Bye-Laws of the Society.
 23. 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.
 24. 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.
 25. No supporting documents were provided to auditor relating to movement of security deposits during the year.
 26. No supporting documentation for Rs. 2,813,100 included in security deposits was provided so, auditor were unable to verify the existence or accuracy of the reported security deposits.
 27. 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.
 28. 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.
 29. 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.

30. 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.
31. 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, 2023.
32. 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.
33. No copy of minutes of meetings relating to approval of surcharge was provided to us.
34. 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.
35. It was observed that numerous entries in the cash book were recorded without mentioning voucher numbers. The absence of proper voucher referencing weakens the audit trail and traceability of transactions, and increases the risk of duplicate entries, errors, or unauthorized transactions, indicating a deficiency in internal controls over recording and documentation of financial transactions.
36. It was observed that advances were paid to employees during the year but there is no policy of advances to employees.
37. It was observed that many payments were made to same vendor(s) on the same date(s), possibly to avoid quotations threshold.
38. It was observed that Rs. 102,000 vide cheque no. 00002900 dated February 15, 2025 was paid for purchase of iron but auditor were not provided with quotations.
39. It was observed that monthly legal retainership fee of Rs. 40,000 paid to Legal Advisor of the Society was recorded under "Salaries and wages" instead of "Legal fee." This results in misclassification of expenses and may distort the nature-wise presentation of expenditures in the financial statements, indicating deficiencies in accounting classification controls.
40. It was observed that a number of cash payments exceeding Rs. 5,000 were made. This indicates weak internal controls over cash disbursements.
41. It was observed that the Society has a practice of purchasing from unregistered suppliers and no GST was charged on such purchases which is non-compliance of laws and regulations.
42. It was observed that the Society carries out repair and maintenance works through various parties without entering into formal agreements or contracts. In the absence of such documentation, auditor were unable to verify the scope of work, agreed rates, terms and conditions, and accountability of the parties involved. This practice increases the risk of overcharging, unauthorized work, disputes, and lack of enforceability, and indicates a weakness in procurement and expenditure control mechanisms.
43. It was observed that salaries were paid to employees without the signature/approval of the Finance Secretary, as required under the Society's internal control procedures. In the

- absence of proper authorization, auditor were unable to verify whether the payments were duly approved. This practice increases the risk of unauthorized payments, errors, and potential misappropriation, and reflects a weakness in internal controls over payroll processing.
44. No list of joiners or leavers was provided to auditor which made us unable to verify the appropriateness of salaries and wages - staff.
 45. It was observed that a number of employees were paid salaries below the applicable minimum wage rate during the year ended June 30, 2025.
 46. 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.
 47. 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.
 48. 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.
 49. 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'.
 50. 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.
 51. The AGM for the year 2025 was not conducted. This is a procedural non-compliance under the Society's Bye-Laws.
 52. 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.
 53. 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.
 54. 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.

55. 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.
56. It was observed that annual budget is not prepared by the Management which increases risk of uncontrolled expenditures.
57. 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.
58. 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,
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-25/G-05/ 686

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
01.07.2024 TO 30.06.2025.

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 01.07.2024 to 30.06.2025 duly checked and passed for Rs.301,847/- (Rupees Three Lac One Thousands Eight Hundred Forty Seven 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.





S.M. SUHAIL & CO.
Chartered Accountants (Since 1983)
A Member Firm of SGA World



THE GOVERNMENT EMPLOYEES CO-OPERATIVE
HOUSING SOCIETY LTD. BAHAWALPUR
FOR THE YEAR ENDED 30 JUNE 2025

COMPUTATION OF AUDIT FEE FOR THE YEAR ENDED 30 JUNE 2025

Revenue	RUPEES
	131,889,583
Total Revenue	<u>131,889,583</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	126,889,583	279,157
		<u>301,847</u>

NOTE: 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 301,847

Rupees: Three Lakh One Thousand Eight Hundred and Fourty Seven Rupees Only.


S. M. Suhail & Co.
Chartered Accountants



Passed for Rs. 301,847/-
In words Rupees Three Lakh One Thousand Eight Hundred Forty Seven


CIRCLE REGISTRAR (AUDIT)
Cooperative Societies Punjab



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

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