



**AUDIT REPORT  
ON THE ACCOUNTS OF  
ASSISTANT DIRECTOR LOCAL  
GOVERNMENT, ELECTION & RURAL  
DEVELOPMENT DEPARTMENT AND  
SELECTED VILLAGE COUNCILS/  
NEIGHBORHOOD COUNCILS  
DISTRICT MANSEHRA**

**KHYBER PAKHTUNKHWA**

**AUDIT YEAR 2016-17**

**AUDITOR GENERAL OF PAKISTAN**

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## **ABBREVIATIONS AND ACRONYMS**

AD	Assistant Director
LGE& RDD	Local Government, Election & Rural Development Department
LGA	Local Government Act
VCs	Village Councils
NCs	Neighborhood Councils
AC	Assistant Commissioner
ADP	Annual Development Plan
AP	Advance Para
DAC	Departmental Accounts Committee
DC	Deputy Commissioner
DDO	Drawing and Disbursing Officer
GFR	General Financial Rules
HRA	House Rent Allowance
KPK	Khyber Pakhtunkhwa
MFDAC	Memorandum for Departmental Accounts Committee
PAO	Principal Accounting Officer
PAC	Public Accounts Committee
RDA	Regional Directorate of Audit
ZAC	Zilla Accounts Committee

## Preface

Articles 169 &170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections-8 and 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 and Section-37 of Khyber Pakhtunkhwa Local Government Act 2013 requires the Auditor-General of Pakistan to conduct audit of the receipts and expenditure of Local Fund of Assistant Director Local Government Election & Rural Development Department and Village/ Neighborhood Councils of District Mansehra.

The report is based on audit of the accounts of AD LGE&RDD and 19 Village/ Neighborhood Councils of District Mansehra selected for the Financial Year 2015-16. The Directorate General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit on test check basis during 2016-17 with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings. Relatively less significant issues are listed in the **Annex-1** of the Audit Report. The Audit Observations listed in the **Annex-1** shall be pursued with the Principal Accounting Officer at the DAC level. In all cases where the PAO does not initiate appropriate action, the Audit observations will be brought to the notice of respective Accounts Committees through the next year's Audit Report.

Audit findings indicate the need for adherence to the regularity framework besides instituting and strengthening internal controls to avoid recurrence of similar violations and irregularities.

The observations included in this Report have been finalized in the light of discussion with the management, however department did not submit written replies. DAC meetings were not convened despite repeated requests.

The Audit Report is submitted to the Governor of Khyber Pakhtunkhwa in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 **read with Section 37 of Khyber** Pakhtunkhwa Local Government Act, 2013 to be laid before appropriate legislative forum.

Islamabad  
Dated:

**(Javaid Jehangir)**  
**Auditor General of Pakistan**

## EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Khyber Pakhtunkhwa, Peshawar, carries out the audit of all District Governments in Khyber Pakhtunkhwa, Assistant Director Local Government, Election & Rural Development Department and Village / Neighborhood councils. Its Regional Directorate of Audit Abbottabad has audit jurisdiction of District Governments, Tehsil Municipal Administrations, AD LGE&RDD and VCs/NCs of six Districts i.e. Abbottabad, Haripur, Mansehra, Battagram, Kohistan and Tor Ghar respectively.

The Regional Directorate of Audit Abbottabad has a human resource of 10 officers and staff with a total of 2250 mandays. The annual budget amounting to Rs 16.237 million was allocated to RDA during financial year 2016-17. It has the mandate to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of entities, projects programmes. Accordingly Regional Director Audit Abbottabad carried out audit of the accounts of AD LGE&RDD and selected 19 out of total 194 VCs/NCs for the Financial Year 2015-16.

Assistant Director Local Government Election & Rural Development Department and VCs/NCs of District Mansehra perform their functions under Khyber Pakhtunkhwa Local Government Act, 2013. Deputy Commissioner in a district is the Principal Accounting Officer (PAO) for the salary and non-salary budget of office of the AD LGE&RDD and VCs / NCs while AD LGE&RDD is the Principal Accounting Officer for the developmental budget of VCs and NCs according to the Rules of Business of the AD LGE&RDD and VCs/NCs. According to Section 35 of Khyber Pakhtunkhwa Local Government Act, 2013 the annual budget statement for these local bodies is approved by simple majority of the total membership of the respective councils and the schedule of authorized expenditure is authenticated by respective Nazim.

### **a. Scope of Audit**

The total expenditure of the 194 Village/ Neighborhood Councils in District Mansehra for the financial year 2015-16 was Rs.156.99 million. Out of

this, the RDA Abbottabad audited an expenditure of Rs. 9.704 million. Which, in terms of percentage was 6% of auditable expenditure. Detail is given below:

**Detail of VCs/NCs audited**

S.No	Tehsil	Total No. of VCs/NCs	Audited Last year	Audited This year	Name of VCs/NCs Audited
1.	Mansehra	111	0	19	Mongan, Sandasar, Attar-Sheesha, Baffa Maira, Ichrian, Shinkhari, Phulra, Sawan Maira, Geerwal, Pano Dheri, Ghazikot, Chitti-Dheri, Nogazi, Dub-II, SainAbad, Sufaida, Jallo, Chinar Kot, Dhodial, Argoshali
2.	Balakot	48	0	0	
3.	Oghi	35	0	0	

Out of the total expenditure of the Assistant Director Local Government and 19 Village/ Neighborhood Councils, Mansehra for the financial year 2015-16 the auditable expenditure under the jurisdiction of RDA was Rs 66.229 million. Out of this, RDA Abbottabad audited an expenditure of Rs 36.426 million which, in terms of percentage, is 55% of auditable expenditure.

The receipts of 19 Village/ Neighborhood Councils Mansehra, for the Financial Year 2015-16, were Rs 0.702 million. Out of this, RDA Abbottabad audited receipts of Rs 0.702 million which, in terms of percentage, was 100 % of auditable receipts.

The total expenditure and receipts of Assistant Director Local Government & Rural Development Department and 19 Village/ Neighborhood Councils, District Mansehra, for the Financial Year 2015-16 were Rs 66.229 million. Out of this, RDA Abbottabad audited the expenditure and receipts of Rs 36.426 million.

**b. Recoveries at the instance of audit**

Recovery of Rs 3.63 million were pointed out during the audit, which were not in the notice of the executive prior to audit. None of the recovery pointed out has been made.

### **c. Audit Methodology**

Audit was conducted after understanding the business processes of Assistant Director Local Government Office and Village/ Neighborhood Councils with respect to its functions, control structure prioritization of risk areas by determining their significance and key controls. This helped auditors in understanding the systems, procedures, environment, and the audited entity before starting the audit. Audit used desk audit techniques for analysis of compiled data and review of actual vouchers called for scrutiny and substantive testing in the Regional Directorate of Audit Abbottabad.

### **d. Audit Impact**

Audit pointed out various irregularities of serious nature. Cases related to weak internal were also pointed out to which management has been sensitized. In certain cases management has taken action which may further be verified. In cases of recovery management has issued orders for recovery. However, no impact was visible as the management failed to reply and the irregularities could not come to the light in the proper forum i.e. DAC.

### **Comments on Internal Control and Internal Audit department**

The purpose of internal control system is to ensure effective operation of an organization. It consists of measures employed by the management to achieve objectives, safeguard assets, ensure accuracy, timeliness and reliability of financial and accounting information for decision making.

Another basic component of internal control, as envisaged under section 37 (4) of LGA 2013, is internal audit which was not found in place in the domain of AD LGE&RDD and VCs/NCs.

### **e. Key audit findings of the report;**

- i. Irregularities representing non-compliance with authority were noticed in three cases<sup>1</sup> - Rs 53.555 million.
- ii. Weak internal controls were noticed in three cases<sup>2</sup> - Rs 367.653 million.

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<sup>1</sup> Para 1.2.1.1, 1.2.1.2, 1.2.1.3

<sup>2</sup> Para 1.2.2.1, 1.3.1.1, 1.3.1.2

Minor irregularities/weaknesses pointed out during the audit are being pursued separately with the authorities concerned, as detailed at Annex-1.

**f. Recommendations**

- i. Compliance with authority should in variably be ensured and practice of violation of rules and regulations in spending public money should be stopped.
- ii. Deduction of taxes on suppliers and contracts should be ensured. Inquires/ investigation be held forthwith.
- iii. Losses/ wasteful expenditure be recovered from those found guilty.
- iv. Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money.
- v. All sectors of Assistant Director Local Government Election & Rural Development Department and VCs/NCs need to strengthen internal controls i.e. financial, managerial, operational, and administrative and accounting controls etc to ensure that reported lapses are preempted and fair value for money is obtained from public spending.



## SUMMARY TABLES & CHARTS

### I: Audit Work Statistics

(Rs in million)

S. No	Description	No.	Budget
1.	Total Entities (PAO) in Audit Jurisdiction	195	516.323
2.	Total formations in audit jurisdiction	195	516.323
3.	Total Entities(PAO) Audited	01	66.229
4.	Total formations Audited	20	66.229
5.	Audit & Inspection Reports	01	66.229
6.	Special Audit Reports	-	-
7.	Performance Audit Reports	-	-
8.	Other Reports	-	-

### II: Audit observation Classified by Categories

(Rs in million)

S. No.	Description	Amount Placed under Audit Observation
1.	Unsound asset management	0
2.	Weak financial management	2.977
3.	Weak Internal controls relating to financial management	418.231
4.	Others	0
	<b>Total</b>	<b>421.208</b>

### III: Outcome Statistics

(Rs in million)

S. No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year	Total last year
1.	Outlays Audited	-	-	0.702	65.527	66.229	51.868
2.	Amount Placed under Audit Observation /Irregularities of Audit	-	-	-	421.208	421.208	8.881
3.	Recoveries Pointed Out at the instance of Audit	-	-	-	3.63	3.63	1.853
4.	Recoveries Accepted /Established at the instance of Audit	-	-	-	2.825	2.825	0.120
5.	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

Note: The outcome figures reported for the year 2014-15 pertain to the fifteen (15) Union Councils audited last year. Since the PAO is the same therefore, these amounts have been included here to show cumulative effect against the PAO.

**IV: Table of Irregularities pointed out****(Rs in million)**

<b>S. No</b>	<b>Description</b>	<b>Amount Placed under Audit Observation</b>
1.	Violation of Rules and regulations, principle of propriety and probity in public operation	3.782
2.	Report cases of fraud, embezzlement, thefts and misuse of public resources.	0
3.	Accounting Errors (accounting policy departure from NAM <sup>3</sup> , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	0
4.	Quantification of weakness of internal control systems.	414.601
5.	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	2.825
6.	Non production of record	0
7.	Others, including cases of accidents, negligence etc.	0
	<b>Total</b>	<b>421.208</b>

**V: Cost Benefit Ratio****(Rs in million)**

<b>S.No</b>	<b>Description</b>	<b>Amount</b>
1.	Outlays Audited (item 1 of Table 3)	66.23
2.	Expenditure on audit	0.120
3.	Recoveries realized at the instance of audit	0
	Cost-Benefit Ratio	1:0

<sup>3</sup>The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are IPSAS (Cash).

## **1. CHAPTER – 1**

### **1.1 Assistant Director Local Government, Election and Rural Development Department, District Mansehra**

#### **1.1.1 Introduction**

District Mansehra has three Tehsils i.e. Mansehra, Balakot and Oghi. There is an Assistant Director Local Government Election & Rural Development Department and 194 VCs/NCs. Each VC/NC has an Administrator and a Secretary. Assistant Director Local Government Election & Rural Development Department is Drawing and Disbursing Officer (DDO) for his office and Administrator for VCs/NCs of the District Mansehra.

#### **Functions and powers of Assistant Director, Local Government Election and Rural Development Department.**

- i. Providing secretarial support to the Council
- ii. Matters relating to Local Government Commission
- iii. Matters relating to local taxes and local rate
- iv. Coordination and supervision of village and neighborhood councils
- v. Grants, establishment and budget of village and neighborhood councils
- vi. Coordination of activities relating to local council elections, population census and surveys in the district
- vii. Rural Development Works including water supply, rural access roads, embankment and drainage works
- viii. Overseeing registration of births, deaths and marriages in village and neighborhood councils
- ix. Working as interface for knowledge management and communication on local governance issues in the district
- x. Review, evaluation and assessment of local government system, processes and procedures in the district particularly at the village and neighborhood level

- xi. Collection, compilation and dissemination of primary data Training and research in the areas of local governance

**Functions and Powers of the Village Council or Neighborhood Council:**

- i. Functions of the village council and neighborhood council, as the case may be, shall be to:
- ii. Monitor and supervise the performance of functionaries of all government offices located in the area of the respective village council or neighborhood council, including education, health, public health engineering, agriculture, livestock, police and revenue, and hold them accountable by making inquiries and reports to the Tehsil municipal administration, district government or, as the case may be, the Government for consideration and action;
- iii. Provide effective forum for out of court amicable settlement of disputes and, for this purpose, constitute panels of members as conciliators;
- iv. Register births, deaths and marriages;
- v. Implement and monitor village level development works;
- vi. Improve water supply sources, maintain water supply distribution system and take measures to prevent contamination of water;
- vii. Maintain village level infrastructure, footpaths, tracks, streets, prevent and abate nuisances and encroachments in public ways, public streets and public places.

**1.1.2. Comments on budget and accounts (Variance analysis)**

An amount of Rs 516.323 million was allocated as budget by the Provincial Government to Assistant Director Local Government Election & Rural Development Department and 19 NCs/VCs of District Mansehra. An amount of Rs. 0.702 million was realized during the financial year 2015-16. Thus making a total of Rs. 516.323 million at the disposal of Local Councils, against which an expenditure of Rs 66.229 million was incurred by the Assistant Director Local Government Election & Rural Development and 19 NCs/VCs District Mansehra

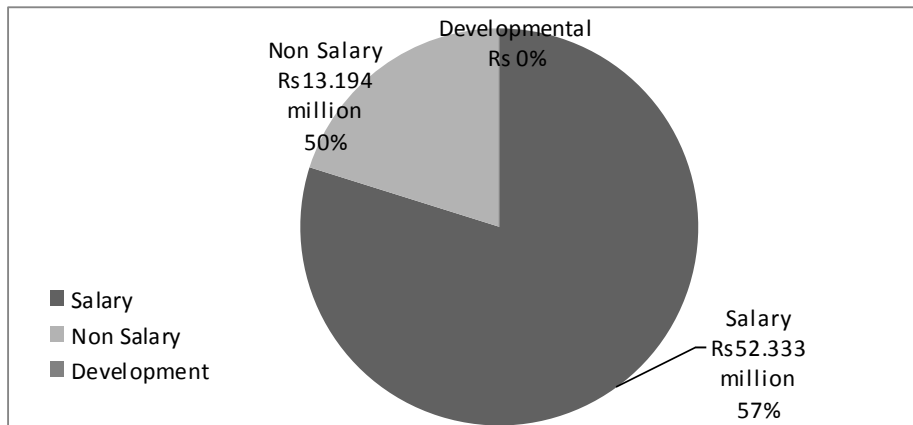
with a saving of Rs 450 million during Financial Year 2015-16. Detail is given below:

**Rs. in million**

Period	Particulars	Budget	Expenditure	Excess / (Saving)	%age
2015-16	Salary	122.292	52.333	(69.959)	(57%)
	Non-Salary	26.329	13.194	(13.135)	(50%)
	Developmental	367.000	0	(367)	(100%)
	<b>Total:</b>	<b>515.621</b>	<b>65.527</b>	<b>(450)</b>	<b>(87%)</b>
	Receipts	0.702	0.702		
	<b>Grand Total:</b>	<b>516.323</b>	<b>66.229</b>		

The huge savings of Rs 450 million and less realization of receipt indicate weakness in utilization of the amount allocated and realization of receipt.

#### Expenditure 2015-16



#### 1.1.3 Brief comments on the status of compliance with PAC Directives

The Audit Reports pertaining to Financial Years 2014-15 on accounts of Assistant Director Local Government & Rural Development Department, District Manshera and 15 Union Councils were prepared under the Khyber Pakhtunkhwa Local Government Act, 2013 and have not yet been discussed in PAC. Provincial Assembly of Khyber Pakhtunkhwa has returned the Audit Reports during February, 2017 with the remarks that the same may be examined by respective Accounts Committees as provided under Khyber Pakhtunkhwa Local Government Act, 2013.

**ASSISTANT DIRECTOR LG&RDD,  
MANSEHRA**

## **1.2 AUDIT PARAS**

### **1.2.1 Irregularities / Non-Compliance**

#### **1.2.1.1 Non-maintenance of cash book -Rs. 50.578 million.**

Procedure regarding handing of cash as laid down in Rule 77 of FTR which requires that:-

- i. All monetary transactions should be entered in the cash book as soon as they occur and attested by the Head of the office in token of check.
- ii. The cash book should be closed regularly and completely checked.
- iii. At the end of each month, the head of the office should verify the cash balance in the cash book, singed with dated and a certificate should record to that effect.

Assistant Director LGE&RRD, Department, Mansehra incurred expenditure of Rs. 50.578 million during the year 2015-16.

Cash Book pertaining to the year 2015-16 was not maintained. Cash book for the previous years in continuation of current year was also not available in the local office. The concerned officials including Assistant Director now AD Torghar was ignorant about the previous year's cash book. Moreover, cash book pertaining to assignment account was also not maintained.

Expenditure statements were not properly reconciled with the District Accounts office because some of the expenditure of AD office was wrongly booked in the expenditure statement of Chairman DDAC.

Audit is of the view that non maintenance of cash book was gross negligence on the part of management. This state of affairs shows the level of financial discipline of the department. Suspected misappropriation of government money cannot be ruled out.

The irregularity was pointed out to the management in April 2017, management stated that after consulting with the concerned DDO and scrutiny of



old record proper reply will be submitted. Reply was not cogent as Cash book is the basic document for any financial transaction and it should be ready and completed all the time. Request for DAC meeting was made in April 2017, which could not be convened till finalization of this report.

Audit recommends inquiry at higher level for taking strict disciplinary action as per law against responsible officials.

**AIR Para No. 80 (2015-16)**

**1.2.1.2 Non-recovery of government revenue -Rs 2.172 million.**

According to Section 177 & 179 of Local Government Act 2012, imposition, notification, enforcement collection and recovery of fees and taxes will be the responsibility of concerned council.

According to Rule 1 of Annexure A to Para 38 of GFR Vol.-I, the departmental authorities are primarily responsible to see that all revenues are correctly and promptly assessed, realized and credited to government treasury.

Assistant Director LGE&RRD, Department, Mansehra failed to collect revenue pertaining to the rents of shops, offices and cabins etc amounting Rs. 2,172,209 during the year 2015-16 as per detail given below:

S.No	Particulars	Arrears Amount in Rs.
1.	Shops and Cabins Rent	364,935
2.	Offices at katchery with lawyers	1,567,542
3.	PTDC Motel Balakot	239,732
	<b>Total:</b>	<b>2,172,209</b>

No serious efforts regarding recovery of outstanding income found on record.

Non-recovery of rent of shops was occurred due to weak financial management, which resulted in loss to Government.

The irregularity was pointed out to the management in April 2017, management stated that efforts will be made to recover the arrears and latest

progress will be shown to audit. Request for DAC meeting was made in April 2017, which could not be convened till finalization of this report.

Audit recommends immediate recovery of outstanding rent of shops/cabins and strict disciplinary action against the persons at fault under intimation to audit

**AIR Para No.82 (2015-16)**

**1.2.1.3 Overpayment of pay and allowances -Rs 0.805 million.**

a. According to Section 14(1-b) & (3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 the Auditor General has the authority to require any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to transactions to which his duties in respect of audit extend hence any person or authority hindering the auditoria functions of the Auditor General of Pakistan regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

b. According S.No.3 of various appointment orders dated 08-02-2016, he shall produce Medical Fitness Certificate from the Medical Superintendent, King Abdullah Teaching Hospital Mansehra

Assistant Director LGE&RRD, Mansehra recruited various employees as Secretaries and Naib Qasids in different VCs and NCs during the year 2015-16.

Appointment orders of 24 employees were cancelled due to objections raised in various inquiry committees' reports. Besides cancellation of orders payment of pay and allowances amounting Rs. 804,918 was made to 13 employees as follows:

S. No.	P. No	Name of employee	Designation	paid from March to June, 2016
1.	00763255	Sadaqat Shah	N/Q	26,956
2.	00763263	Jamal Din	N/Q	26,956
3.	00763268	Mohammad Hafeez	N/Q	26,956

4.	00765954	Mohammad Fiaz	N/Q	201,600
5.	00765955	Waseem Ahmed	N/Q	12,397
6.	00765956	Mushtaq Khan	N/Q	182,473
7.	00765961	Mohammad Nazir	N/Q	12,397
8.	00765962	Abdul Waheed	N/Q	12,397
9.	00765970	Aqil Hussain Shahzad	N/Q	12,397
10.	00765976	Mian Abdul Razzaq	N/Q	12,397
11.	00766853	Mohammad Riaz	N/Q	12,397
12.	00766856	Syed Mujahid Hussain Shah	N/Q	12,397
13.	00766866	Mohammad Aqib	N/Q	182,473
<b>Total:</b>				<b>804,918</b>

Among these, 3 employees at S.No.4,6, and 13 are still drawing pay. Besides many efforts, record of remaining employees regarding activation and payment of pay and allowances was not produced to audit. Moreover, verification of original documents from the concerned institutions and medical fitness certificate from DHQ Mansehra was also not obtained before activation of salaries from the SAP system.

Audit observed that unauthorized appointments and payment of pay and allowances occurred due to lack of managerial control / negligence on the part of management.

The irregularity was pointed out to the management in April 2017, management stated that the matter is subjudice to court and result will be shown to audit. Reply was not cogent as drawl of pay and allowances during court trial is not allowed. Request for DAC meeting was made in April 2017, which could not be convened till finalization of this report.

Audit recommends recovery of overpaid amount and detailed inquiry into the matter regarding payment after June, 2016 besides action against the persons at fault.

**AIR Para No. 81 (2015-16)**

## 1.2.2 Internal Control Weaknesses

### 1.2.2.1 Blockade of developmental funds -Rs 367.00 million.

According to Para 7.6 of P & D Guidelines 2015 for utilization of District/Tehsil ADP, the development projects may be completed within the stipulated timeframe.

According to rule 34(1) of Tehsil Municipal Administration budget rules 2016, the development projects shall be completed within the stipulated time period.

Assistant Director LGE&RDD, Mansehra released an amount of Rs 367,000,000 during May 2016 to 194 VCs/NCs of district Mansehra for execution of developmental schemes as per detail given below:

S.No.	Name of Tehsil	Number of VCs/NCs	Amount released	Expenditure	Balance in Rs.
1.	Mansehra	111	214,500,000	Nil	214,500,000
2.	Balakot	48	84,250,000	Nil	84,250,000
3.	Oghi	35	68,250,000	Nil	68,250,000
<b>Total:</b>		<b>194</b>	<b>367,000,000</b>	<b>Nil</b>	<b>367,000,000</b>

The amount was received from Government in November 2015. Record of 19 out of 194 VCs was scrutinized on test check basis which revealed that no developmental work was executed by any VC during 2015-16, resultantly the inhabitants of the areas were deprived of the basic facilities and government policies were violated. Thus non-utilization of available funds was blockade of Government money.

Blockade of Government money occurred due to weak financial and management control.

The irregularity was pointed out to the management in April, 2017, management stated that most of the VCs/NCs floated tender of developmental schemes in the month of June, however the matter will be refer to the concerned Nazimeens / Secretaries. Reply was not convincing as the funds were provided by

the government in the month of November 2015 and were required to be utilized during financial year 2015-16. Request for DAC meeting was made in April 2017, which could not be convened till finalization of this report.

Audit recommends investigation and fixing responsibility against the persons at fault.

**AIR Para No. 84 (2015-16)**

**19 SELECTED VILLAGE/ NEIGHBORHOOD COUNCILS OF  
DISTRICT MANSEHRA**

### **1.3 Audit Paras Assistant Director VCs/ NCs Mansehra**

#### **1.3.1 Weak Internal Control**

##### **1.3.1.1 Non-deposit of Government Taxes -Rs 0.653 million.**

According to rule 45.3 of local government act 2013 chapter–X (Local Government Taxation), all arrears of taxes, rents and other moneys claimable by a local government under this Act shall be recoverable as arrears of land revenue.

Nazim/Secretaries Village/Neighborhood Councils under the administrative control of Assistant Director LGE&RDD, District Mansehra deducted Rs 199,087 and Rs 454,232 on account of income tax and sales tax respectively from various bills of operational expenditure during 2015-16. Detail is given at annexure-3. The amounts were retained in the council fund instead of depositing it into Government treasury.

Non-deposit of government revenue occurred due to non-compliance of rules.

The irregularity was pointed out to the management in April 2017, management stated that report will be obtained from concerned VCs/NCs in light of audit observation and progress will be shown to audit. However no progress was intimated. Request for DAC meeting was made in April 2017, which could not be convened till finalization of this report.

Audit recommends investigation for fixing responsibility and immediate deposit of deducted amount into treasury.

**AIR Para No. 85 (2015-16)**

##### **1.3.1.2 Suspected misappropriation of assets of defunct union councils**

According to para No 23 of GFR vol-1, every Government officer 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 officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Fifty-nine (59) union councils were functioning under the administrative control of Assistant Director Local Government Mansehra before promulgation of Local Government At 2013. 194 village/neighbor councils were established after delimitation. New furniture & fixture and computers were purchased for the village councils. However the assets of defunct union councils including furniture, computers and generators were neither returned to AD office nor taken on stock of newly VCs/NCs. It is suspected that these items were taken away by some dealing hands.

Suspected misappropriation of assets occurred due to non-compliance of rules and negligence of management which resulted in loss to Government.

The irregularity was pointed out to the management in April 2017, management stated that audit observation is noted and concerned VCs/NCs will be directed to provide record of assets. However no progress was intimated till finalization of this report. Request for DAC meeting was made in April 2017, which could not be convened till finalization of this report.

Audit recommends investigation for fixing responsibility and action against persons at fault.

**AIR Para No. 90 (2015-16)**



ANNEXURES

Annex-1

MFDAC

(Rs in million)

AP No	Department	Caption	Amount (Rs)
83.	AD LG & RDD	Irregular purchase of various articles.	0.206
85.	Mansehra	Non-deposit of revenue into councils account.	--
87.		Excess expenditure than budget allocation.	0.527
89.		Doubtful expenditure.	0.200
<b>Total:</b>			<b>0.933</b>

**Budget and Expenditure Summary  
Financial Year 2015-16**

(Rs. in million)

	Particulars	Budget	Expenditure	Excess/ (Saving)	% age
AD LG&RDD	Salary	77.012	49.231	(27.780)	36%
	Non Salary	13.709	6.593	(7.116)	52%
	Developmental	367.000	0	(367.00)	0%
	<b>Total</b>	<b>457.721</b>	<b>55.824</b>	<b>(401.896)</b>	<b>88%</b>
Budget of 19 VCs/NCs	Salary	45.28	3.102	(42.178)	93%
	Non-Salary	12.62	6.601	(6.019)	48%
	Receipts	0.702	0.702	0	0%
	<b>Total</b>	<b>58.602</b>	<b>10.405</b>	<b>(48.196)</b>	<b>82%</b>
Budget of AD LG&RDD & 19 VCs/NCs	Salary	122.292	52.333	(69.959)	57%
	Non Salary	26.329	13.194	(13.135)	50%
	Developmental	367.000	0	(367)	0%
	Receipts	0.702	0.702	0	
	<b>Total</b>	<b>516.323</b>	<b>66.229</b>	<b>(450)</b>	<b>87%</b>

**Annex-3**  
**Para 1.3.1.1**

<b>Detail of non-deposit of government taxes</b>				
<b>S. No</b>	<b>Name of Union Council</b>	<b>Income Tax</b>	<b>Sales Tax</b>	<b>Total</b>
1.	Attar Shisha VC	0	33,456	33,456
2.	Sanda Sar VC	7,157	26,357	33,514
3.	Mongan Vc	0	22,682	22,682
5.	Sain abad NC	9,440	20,537	29,977
6.	Dub II NC	12,038	27,171	39,209
7.	Chitti Dheri Chakriali NC	10,644	22,080	32,724
8.	Ghazikot VC	30,468	58,283	88,751
9.	Jaloo Vc	21,166	29,616	50,782
10.	Pano Dheri VC	9,137	34,389	43,526
11.	Baffa Mera VC	15,577	32,453	48,030
12.	Dhodial Argoshal VC	15,284	25,832	41,116
13.	Geer wall VC	15,805	27,864	43,669
14.	Shinkhari NC	5498	20771	26,269
15.	Phulra VC	11416	35619	47,035
16.	Sawan mera VC	31,536	22,307	53,843
17.	Ichrian VC	3921	14,815	18,736
<b>Total:</b>		<b>199,087</b>	<b>454,232</b>	<b>653,319</b>