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ABBREVIATIONS AND ACRONYMS

AA	Administrative Approval
AD LGE&RDD	Assistant Director Local Government Election & Rural Development Department
ADP	Annual Development Programme
AP	Advance Para
BOQ	Bill of Quantity
BTR	Black Top Road
CD	Call Deposit
CFT	Cubic Feet
CPWA Code	Central Public Works Account Code
CPWD Code	Central Public Works Department Code
CSR	Composite Schedule of Rates
C&W	Communication and Works
DAC	Departmental Accounts Committee
DC	Deputy Commissioner
DDC	District Development Committee
DPO	District Police Officer
FIR	First Information Report
GFR	General Financial Rules
GGMS	Government Girls Middle School
GI Pipe	Galvanized Iron Pipe
GST	General Sales Tax
HDPE Pipe	High density polyethylene Pipe
KM	Kilo Meter
KP	Khyber Pakhtunkhwa
KPPPRA	Khyber Pakhtunkhwa Public Procurement Regulatory Authority
MB	Measurement Book
MFDAC	Memorandum for Departmental Accounts Committee
MRS	Market Rate System
NIT	Notice Inviting Tender

PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC-1	Planning Commission-1
PCC	Plain Cement Concrete
PDWP	Provincial Development Working Party
PESCO	Peshawar Electric Supply Company
PHE	Public Health Engineering
PLA	Personal Ledger Account
RDA	Regional Directorate of Audit
SAP	System Application Product
TMO	Tehsil Municipal Officer
TS	Technical Sanction
TST	Triple Surface Treatment
XEN	Executive Engineer

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 require the Auditor General of Pakistan to conduct audit of the receipts and expenditure of District Fund and Public Account of District Governments.

The report is based on audit of the accounts of various offices of District Government, Hangu for the financial year 2015-16. The Director General Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2016-17 on test check basis with a view to report significant findings to the relevant stakeholders. The main body of the audit report includes the systemic issues and significant audit findings. Relatively less significant issues are listed in the Annex-I of the Audit Report. The audit observations listed in the Annex-I 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 District Accounts Committee 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 written replies of the departments, however in some observations department did not submit written replies. DAC meetings were not convened despite repeated requests.

The Audit Report is submitted to the Governor, 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, for laying before the appropriate legislative forum.

Islamabad
Dated:

(Rana Assad Amin)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General Audit District Governments, Khyber Pakhtunkhwa carries out the audit of 25 District Governments. Regional Directorate of Audit (RDA) Kohat, on behalf of the DG Audit District Governments, Khyber Pakhtunkhwa carries out the audit of three District Governments namely Kohat, Karak and Hangu.

This Regional Directorate has a human resource of 7 officers and staff with a total of 1960 man-days. The annual budget amounting to Rs 10.650 million was allocated to this office during financial year 2016-17. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of programs and projects.

District Government, Hangu conducts its operations under Khyber Pakhtunkhwa Local Government Act 2013. It comprises one Principal Accounting Officer (PAO) covering eighteen groups of offices as mentioned in Chapter-1 of this report. Financial provisions of the Act describe the Government fund as District Local Fund and District Public Account for which Annual Budget Statement is authorized by the District Council in the form of budgetary grants.

a. Scope of audit

There are 51 formations in District Hangu out of which the accounts of four formations were examined in detail. These formations were selected for detailed audit by excluding the last audited entities keeping in view the available man days.

The total expenditure of District Government Hangu for the Financial Year 2015-16 was Rs 1,451.615 million. Out of this, RDA Kohat audited an expenditure of Rs 663.294 million which, in terms of percentage, was 45.69% of auditable expenditure.

The receipts of District Government Hangu, for the Financial Year 2015-16, were Nil as receipts of District Government A/C-1V were credited to the A/C-1 on the directives of Provincial Government.

b. Recoveries at the instance of audit

Recovery of Rs 109.913 million was pointed out during the audit. Out of the total recoveries, Rs 72.957 million was not in the notice of the executives before audit.

c. Audit Methodology

Audit was conducted after understanding the business processes of District Government Hangu with respect to their functions, control structure 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 Kohat.

d. Audit Impact

Audit pointed out various irregularities of serious nature to the management. 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.

e. 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 District Government.

f. Key audit findings of the report;

- i. Misappropriation was noted in one case amounting to Rs 5.00 million.¹
- ii. Irregularities/ non-compliance were noted in twelve cases amounting to Rs 436.350 million.²
- iii. Internal control weaknesses were noted in twelve cases amounting to Rs160.899 million.³

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

g. Recommendations

- i. Disciplinary actions need to be taken to stop the practice of misappropriation and violation of rules and regulations in spending the public money.
- ii. All sectors of District Government need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc to ensure that reported lapses are preempted and fair value for money is obtained from public spending.
- iii. Inquiries need to be held to fix responsibility for losses, irregular payments and wasteful expenditure.

¹Para 1.2.1.1

²Para 1.2.2.1, 1.2.2.2, 1.2.2.3, 1.2.2.4,1.2.2.5, 1.2.2.6,1.2.2.7, 1.2.2.8,1.2.2.9, 1.2.2.10, 1.2.2.11 & 1.2.2.12

³Para 1.2.3.1, 1.2.3.2, 1.2.3.3, 1.2.3.4, 1.2.3.5,1.2.3.6,1.2.3.7,1.2.3.8,1.2.3.9,1.2.3.10, 1.2.3.11 &1.2.3.12

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rs in million)

S#	Description	No.	Budget		
			Expenditure	Receipts	Total
1	Total Entities (PAO) in Audit Jurisdiction	01	1,451.615	-	1,451.615
2	Total formations in audit jurisdiction	108	1,451.615	-	1,451.615
3	Total Entities (PAO) Audited	01	663.294	-	663.294
4	Total formations Audited	04	663.294	-	663.294
5	Audit & Inspection Reports	04	663.294	-	663.294
6	Special Audit Reports	-	-	-	-
7	Performance Audit Reports	-	-	-	-
8	Other Reports	-	-	-	-

Table 2: Audit observation Classified by Categories

(Rs in million)

S#	Description	Amount Placed under Audit Observation
1	Unsound asset management	5.57
2	Weak financial management	441.350
3	Weak Internal controls relating to financial management	155.329
4	Others	0
Total		602.249

Table 3: Outcome Statistics**(Rs in million)**

S#	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year 2015-16	Total last year 2014-15
1	Outlays Audited	--	477.784	--	185.510	663.294	0
2	Amount Placed under Audit Observation /Irregularities of Audit	--	460.570	--	141.679	602.249	0
3	Recoveries Pointed Out at the instance of Audit	--	71.937	--	37.976	109.913	0
4	Recoveries Accepted /Established at the instance of Audit	--	--	--	--	--	--
5	Recoveries Realized at the instance of Audit	--	--	--	--	--	--

Table 4: Table of Irregularities pointed out (Rs in million)

S#	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations, principle of propriety and probity in public operation	427.428
2	Report cases of fraud, embezzlement, thefts and misuse of public resources.	5.00
3	Accounting Errors (accounting policy departure from NAM ⁴ , 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.	--
4	Quantification of weaknesses of internal control systems.	60.987
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	108.834
6	Non-production of record	--
7	Others, including cases of accidents, negligence etc.	--
Total		602.249

Table 5: Cost Benefit Ratio**(Rs in million)**

S #	Description	Amount
1	Outlays Audited (item 1 of Table 3)	663.294
2	Expenditure on audit	9.975
3	Recoveries realized at the instance of audit	0
	Cost-Benefit Ratio	1:0

⁴ The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are IPSAS(Cash).

CHAPTER 1

1.1 District Government Hangu

1.1.1 Introduction

Activities of District Government are managed through offices of Deputy Commissioner and District Officers under Khyber Pakhtunkhwa Local Government Act 2013 (LGA 2013). Each group of District Offices consists of District Officer (DO)The DO by means of a standing order distributes the work among the officers, branches, and/or sections of each district office. The offices which manage the activities of District Government are Deputy Commissioner (DC), XEN C&W, XEN Public Health Engineering, District Officers Agriculture, Education, Health, Water Management, Fisheries, Population Welfare, LG & RDD, Sports, Enterprises & Investment Promotion, Live Stock & DD, Soil Conservation, Cooperation, Social Welfare, Public Transport and Municipal Services.

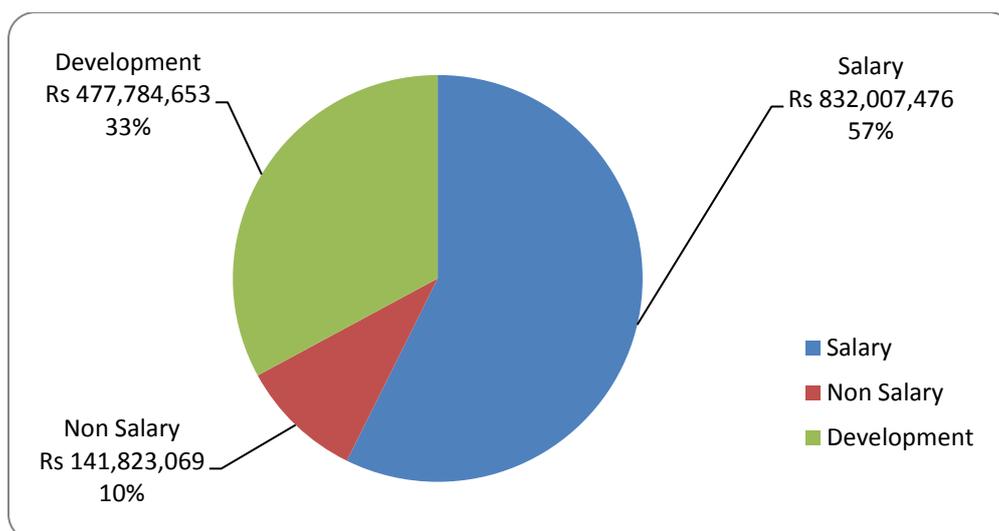
1.1.2 Comments on Budget and Expenditure (Variance Analysis)

(Amount in Rs)

2015-16	Budget	Expenditure	Saving/Excess	%age
Salary	1,111,729,655	832,007,476	(279,722,179)	25.16
Non-salary	168,488,345	141,823,069	(26,665,276)	15.82
Developmental Account-I	497,135,640	472,594,903	(24,540,737)	4.93
Developmental- Account-IV	173,049,263	5,189,750	(167,859,513)	97.00
Total	1,950,402,903	1,451,615,198	(498,787,705)	25.57
Receipts	0	0	0	0

The savings of Rs 498.787 million indicate weakness in the capacity of District Government Departments to utilize the amount allocated.

EXPENDITURE 2015-16
(Amount in Rs)



1.1.3 Comments on the status of compliance with ZAC / PAC Directives

The audit reports pertaining to following years have been submitted to the Governor of Khyber Pakhtunkhwa. Details of PAC/ZAC meetings are given below:

S#	Audit Year	PAC/ZAC meeting convened/Not convened
1	2002-03	Not convened
2	2003-04	Not convened
3	2004-05	Not convened
4	2005-06	Not convened
5	2006-07	Not convened
6	2007-08	Not convened
7	2008-09	Not convened
8	2009-10	Not convened
9	2010-11	Not convened
10	2011-12	Not Convened
11	2012-13	Not convened
12	2013-14	Not convened

1.2 AUDIT PARAS

1.2.1 Misappropriation

1.2.1.1 Suspected misappropriation on account of construction of Police check post-Rs 5.00 million

According to Para 221 of CPWA Code, before signing the bill, the officer incharge should compare the quantities in the bill with those recorded in the MB.

According to Para 228 of CPWA Code advance to contractors are as a rule prohibited, and every endeavor should be made to maintain a system under which no payments are made except for work actually done.

According to procurement planning chapter V (Miscellaneous Provisions) of Khyber Pakhtunkhwa Public Procurement Regulatory Authority 2014, each procuring entity shall plan its procurements with due consideration to transparency, economy, efficiency and timeliness, and shall ensure equal opportunities to all prospective bidders in accordance with section 22 of the Act.

DC, Hangu made advance payment of Rs 5,000,000 for “construction of police check post at Sarki Pyala, Anaar Chena area (Maryam Zai-3, Mardan Khel-1)” to AD LGE&RDD Hangu out of production bonus fund vide cheque No. 0007730 dated 24-6-2015. The following audit observations were noticed;

- i. The applications from all the three contractors for issuance of tender forms were written with same pen and same hand writing
- ii. Neither the photo copy of the call deposit of the successful bidder was available nor the call deposit number was recorded on tender forms
- iii. Different signatures of the successful contractors were recorded on the application form, tender form and work order
- iv. Completion date was not recorded in work order

- v. The request for identification of feasible sites was made by AD LGE&RDD to the DPO Hangu after tendering and awarding of the scheme to contractor.
- vi. The DPO Hangu made request for transfer of funds to his account vide letter No. 3125/PO dated 29-8-2015
- vii. No approval for transfer of fund to DPO Hangu was granted by the DC Hangu despite request made on 3-9-2014 from AD LGE&RDD Hangu.
- viii. First running bill was prepared on fake entries made in MB No. 4 page 1-9 for Rs 1,070,677 on 21-1-2016 but no payment was made to contractor.
- ix. Despite all the above procedure made in the office of AD LG&RDD, it was noticed that the fund was transferred to the DPO Hangu account from AD LGE&RDD Hangu designated bank account vide cheque No 0011219 dated 3-7-2015 without execution of work.
- x. Audit held that construction of police check post was a provincial matter, payment from district fund was unauthorized.

Suspected misappropriation occurred due to weak internal and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that the fund was transferred to DPO Hangu on his own request. Reply was not tenable as the transfer of fund to DPO Hangu was not approved by the competent authority. The fund was required to be utilized on execution of the work.

Request for the convening of DAC meeting was made on 06-09-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry into the matter and action against the person(s) at fault.

AP# 29(2015-16)

1.2.2 Irregularity/ Non-compliance

1.2.2.1 Irregular expenditure without technical sanction-Rs 187.596 million

According to Para 178 of GFR Vol-I read with Para 56 of CPWD Code and Para 2.4 of B&R Department Code, no work should be commenced or liability incurred in connection with it until technical sanction has been obtained from competent authority.

The XEN C&W, Hangu spent Rs 118.660 millions on various developmental schemes during 2015-16. Similarly, XEN PHE, Hangu spent Rs 68.936 million on various developmental schemes during 2015-16. Both offices incurred the above developmental expenditure without obtaining technical sanctions from competent authority. Detail at annex-2.

Irregular expenditure occurred due to weak administrative and financial control, which resulted in violation of Government rules.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 31-08-2016 and 7-11-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry into the matter and action against the person(s) at fault.

AP# 3&41 (A/C-I) (2015-16)

1.2.2.2 Non-utilization of developmental funds –Rs 86.524 million

According to release of Finance Department KP Peshawar vide No. BO (PFC-II) FD/3-3/ADP/ 15-16 dated 3-11-2015 District ADP was transferred to Account-IV.

According to LGE & RDD KP letter No. Dir Dev (LG) Budget/2015-16 dated 18-3-2016 the DCs shall release the approved budget/developmental funds

to the executing agencies within three working days as and when received from the Provincial Government.

DC, Hangu received District ADP fund of Rs 98.796 million on 3-11-2015. The developmental schemes were approved in DDC meeting held on 17-2-2016 and administrative approval was accorded on 3-3-2016. The release of funds amounting to Rs 86,524,631 to executing agencies was delayed as it was made on 10-6-2016 vide No. 1428/BA/F&P/DC/H. As a result, the funds were not utilized and public was deprived from the benefits.

Non-utilization of District ADP occurred due to weak administrative and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that the release of fund was delayed due to punching in SAP system. Reply was not tenable as the fund was not utilized.

Request for the convening of DAC meeting was made on 06-09-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry and action against the person(s) at fault.

AP# 25(2015-16)

1.2.2.3 Unauthorized payment due to non-transparent award of contract-Rs 30.00 million

According to the Khyber Pakhtunkhwa procurement of goods, works and services rules, 2003 part II, rule 13, the tender inviting authority shall invite application to pre-or post qualify or, where applicable invitation to tender, through a notice to be published in at least two newspapers (one in Urdu and other in English language), having wide circulation.

According to the Khyber Pakhtunkhwa procurement of goods, works and services rules, 2003 part II, rule 11 (3c), the pre-or post-qualification documents shall include the manner and place for the submission of application to pre or post-qualify and the deadline for the submission, expressed as a specific date and

time allowing at least fourteen days from the date of publishing of the advertisement.

According to Para 2.61 of B&RD Code states that in giving out works on contracts, tenders, which should always be sealed, should invariably be invited in the most open and public manner possible.

XEN C&W, Hangu awarded a work in 2009- 2010 and paid Rs 30,000,000 to a contractor for execution of “Hangu Lachi alternate road package-1” during 2015-16. The following irregularities were noticed:

- i. The notice for pre-qualification was floated on 11-12-2009 in only one Urdu newspaper “daily Aaj” prior to approval of the scheme by PDWP on 26-3-2010 and issuance of AA on 22-4-2010
- ii. The scheme was splatted into package-1 and package-II without prior approval of the competent authority. Package-1 for 20 KM was executed by C&W Hangu and the remaining portion of work was handed over to C&W Kohat.
- iii. Only 2 days response time was provided for the opening of financial bids.
- iv. As per condition No. 18 of the notice for the invitation of bid issued on 31-5-2010, the firms were requested to send their queries at least three days prior to the pre-bid meeting, whereas the pre-bid meeting was scheduled to be held on 31-5-2010 which was impossible to be held.

Non-transparent award of work occurred due to weak administrative and financial control, which resulted in violation of Government rules.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 31-08-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry into the matter and action against the person(s) at fault.

1.2.2.4 Fraudulent award of work-Rs 27.675 million

According to Para 144 of the General Financial Rules Volume I provides that Open Tender System should be adopted in order to obtain economical and lowest rates. In case of acceptance of higher rates, justification must be recorded on the comparative statement.

According to procurement planning chapter V (Miscellaneous Provisions) of Khyber Pakhtunkhwa Public Procurement Regulatory Authority 2014, each procuring entity shall plan its procurements with due consideration to transparency, economy, efficiency and timeliness, and shall ensure equal opportunities to all prospective bidders in accordance with section 22 of the Act.

According to Para 2.61 of B&RD Code, in giving out works on contracts, tenders, which should always be sealed, should invariably be invited in the most open and public manner possible.

XEN C&W, Hangu awarded work “Construction of BTR from Krapa to Shahuwam” to contractor “Khwaja Muhammad” for the estimated cost of Rs 27.675 million during 2014-15. The following irregularities were noticed.

- i. The work was awarded to a contractor on his bid cost of Rs 22,871,201 whereas the lowest bidder having bid of Rs 20,756,848 as evident from tender register and chief Engineer letter No. CEC/GSP/8-6/5227 dated 20-5-2015 was tampered in the tender register and BOQ was replaced and photo copy of the BOQ showing bid Rs 23,524,408 was placed in tender document.
- ii. The 10% additional security was required to be deposited prior to open the financial bids but the successful bidder deposited the same on 17-8-2015 after opening date.

- iii. The tender forms and BOQs of both the contractors were not signed by the XEN C&W Hangu. Whereas, the tender forms and BOQs of other qualified contractors were signed by the XEN C&W Hangu.

Fraudulent award of work occurred due to weak administrative and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 31-08-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry and action against the person(s) at fault.

AP# 17 (A/C-I) (2015-16)

1.2.2.5 Fraudulent tendering process-Rs 25.00 million and non-imposition of penalty- Rs 2.5 million

According to Rule-2 “method of advertisement” chapter III (Procurement of works) of Khyber Pakhtunkhwa Public Procurement Regulatory Authority 2014, all procurement shall be advertised in print media, appearing in at least one national English and one Urdu daily newspaper with nationwide circulation along with advertising the same either on the procuring entity or Authority website or both.

According to procurement planning chapter V (Miscellaneous Provisions) of Khyber Pakhtunkhwa Public Procurement Regulatory Authority 2014, each procuring entity shall plan its procurements with due consideration to transparency, economy, efficiency and timeliness, and shall ensure equal opportunities to all prospective bidders in accordance with section 22 of the Act.

According to Para 2.61 of B&RD Code, in giving out works on contracts, tenders, which should always be sealed, should invariably be invited in the most open and public manner possible.

According to Clause 6 of the work order and Clause 2 of the Contract Agreement requires that penalty of 1% per day and upto maximum of 10% of the tender cost may be imposed for delay in completion of work.

DC, Hangu paid Rs 22,312,604 to Government contractor for the execution of developmental scheme “construction of Kahi Zargiri road” executed through TMA Thall out of production bonus fund for estimated cost of Rs 25.00 million during 2014-15. The following observations were noticed:

- i. The scheme was advertised only in one Urdu newspaper “Daily Mashriq” on 23-3-2014
- ii. The tender forms of all the bidders were filled with same hand writing.
- iii. Neither the rates were quoted by all the bidders on tender forms nor was signed by the TMO Thall.
- iv. Neither the photo copy of call deposit of the successful bidder was available nor the CD number and amount of the call deposit was recorded on tender form
- v. The serial number of call deposits of the other three unsuccessful bidders were serial numbered and deposited in the same bank on the same date and filled with same hand writing.
- vi. The registration certificate from PEC for road work was not available on record
- vii. The work was subletted to another contractor as evident from the note sheet that the cheque of Rs 4,069,758 and Rs 1,483,596 of 4th and 5th running bills were received by him. The 4th and 5th running bill were neither signed by the contractor nor pre-audit was carried out.
- viii. Penalty @ 10% Rs 2.5 million was not imposed by the department for delay in completion as per work order number 1130/M/Thall dated 4-4-2014
- ix. The signature and stamp of chief engineer C&W department KP in the technical sanction of the said work was doubtful as it was not matching with the original signature and stamp of the chief engineer recorded in the files of C&W Hangu during the same period.

Audit observed that non-transparent tendering process occurred due to weak administrative and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that the scheme is in running condition and all the formalities would be completed. Reply was not tenable.

Request for the convening of DAC meeting was made on 06-09-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry into the matter and action against the person(s) at fault.

AP# 39 (2015-16)

1.2.2.6 Unauthorized execution of external electrification work through contractor-Rs 22.917 million

According to the second schedule of Khyber Pakhtunkhwa District Government Rules of Business 2013, external electrification work is not the operational component of the district office of the works and services department.

XEN C&W, Hangu paid Rs 22,917,711 to contractor for external electrification work “DHQ Hospital Hangu” during 2014-15. The following irregularities were noticed;

- i. The work was required to be executed through PESCO instead of a non-technical contractor.
- ii. Neither any rate analysis was made nor were rates obtained from PESCO.
- iii. During physical verification, it was noticed that the work was not completed till the date of audit i.e. August, 2016.

Unauthorized award of contract occurred due to weak administrative and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 31-08-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry and action against the person(s) at fault.

AP# 20 (2015-16)

1.2.2.7 Fraudulent tendering process-Rs 19.00 million

According to Rule-2 “method of advertisement” chapter III (Procurement of works) of Khyber Pakhtunkhwa Public Procurement Regulatory Authority 2014, all procurement shall be advertised in print media, appearing in at least one national English and one Urdu daily newspaper with nationwide circulation along with advertising the same either on the procuring entity or Authority website or both.

According to procurement planning chapter V (Miscellaneous Provisions) of Khyber Pakhtunkhwa Public Procurement Regulatory Authority 2014, each procuring entity shall plan its procurements with due consideration to transparency, economy, efficiency and timeliness, and shall ensure equal opportunities to all prospective bidders in accordance with section 22 of the Act.

According to Para 2.61 of B&RD Code, in giving out works on contracts, tenders, which should always be sealed, should invariably be invited in the most open and public manner possible.

According to NIT condition No. 5 work cannot be subletted on Power of attorney.

DC, Hangu paid Rs 19,000,000 to Government contractor for the execution of developmental scheme “Improvement and black topping of road from KachaPakha to Kahi” executed through AD LGE&RDD out of production bonus fund during 2015-16. The following audit observations were noticed:

- i. The scheme was advertised only in one Urdu newspaper “Daily Aaj” on 3-5-2014.
- ii. The tender forms submitted by all the bidders were on photo copy having no serial number and were filled on with same hand writing and without

signature of AD LGE&RDD Hangu. Further, neither the photo copy of call deposit of the successful bidder was available nor the CD number and amount of the call deposit was recorded on tender form. The CD of other two unsuccessful bidders were deposited in the same bank on the same date and filled on with same hand writing.

- iii. The registration certificate from PEC for road work was not available on record.
- iv. The work was subletted to another contractor on power of attorney.
- v. The signature and stamp of chief engineer C&W department KP in the technical sanction of the said work was fake as it was not matching with the original signature and stamp of the chief engineer recorded in the files of C&W Hangu during the same period.
- vi. The acceptance of the tender was not obtained from the competent authority.

Unauthorized award of work occurred due to weak administrative and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that due to shortage of printing forms, photo copies were used. Certificate from PEC of the contractor concerned will be provided when received from contractor. Due to lack of interest of the successful bidder, the work was subletted to another contractor. Reply was not tenable.

Request for the convening of DAC meeting was made on 06-09-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry into the matter and action against the person(s) at fault.

AP# 33 (2015-16)

1.2.2.8 Non-transparent tendering process-Rs 10.00 million and advance payment of-Rs 2.4 million

According to Rule-2 “method of advertisement” chapter III (Procurement of works) of Khyber Pakhtunkhwa Public Procurement Regulatory Authority 2014, all procurement shall be advertised in print media, appearing in at least one national English and one Urdu daily newspaper with nationwide circulation along with advertising the same either on the procuring entity or Authority website or both.

According to procurement planning chapter V (Miscellaneous Provisions) of Khyber Pakhtunkhwa Public Procurement Regulatory Authority 2014, each procuring entity shall plan its procurements with due consideration to transparency, economy, efficiency and timeliness, and shall ensure equal opportunities to all prospective bidders in accordance with section 22 of the Act.

According to Para 2.61 of B&RD Code, in giving out works on contracts, tenders, which should always be sealed, should invariably be invited in the most open and public manner possible.

According to Para 228 of CPWA Code, advance to contractors are as a rule prohibited, and every endeavour should be made to maintain a system under which no payments are made except for work actually done.

DC, Hangu paid Rs 2,414,160 to Government contractor for the execution of developmental scheme “construction of Karbogha Darshi road” executed through AD LGE&RDD Hangu out of production bonus fund for estimated cost of Rs 10.00 million during 2014-15. The following audit observations were noticed:

- i. The tender forms of all the bidders were submitted on photo copy having no serial numbers
- ii. The tender forms of all the bidders were not signed by AD LGE&RDD Hangu
- iii. The rate on the tender form of all the bidders were recorded with same hand writing

- iv. The contract agreement was not signed by the successful bidder as evident from the signature on tender form
- v. The work was subletted to another contractor as evident from the application submitted by him on 4-11-2015 and all cheques were received by him.
- vi. The work order and running bill were not signed by the contractor
- vii. The registration certificate from PEC was not available on record
- viii. The payment of Rs 2,414,160 was made to the contractor in advance on 29-8-2014 without actual work done, as work order was issued on 21-8-2014
- ix. Neither the work was executed nor further payment was made to contractor till date of audit in august, 2016 as a result advance payment made to contractor.
- x. No action was taken against the contractor by the department.

Non-transparent tendering process and advance payment occurred due to weak administrative and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that the original contractor had stopped the work at site, recovery had been made from him by Anti-Corruption and later on the work was subletted to another contractor. Certificate from PEC of the contractor concerned will be provided when received from contractor. The work order was signed by the sub-contractor. Reply was not tenable as the work was not initiated nor the record of recovery was provided.

Request for the convening of DAC meeting was made on 06-09-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry and action against the person(s) at fault.

AP# 31 (2015-16)

**1.2.2.9 Non-completion of work due to irregular award of work-
Rs 5.00 million**

According to Rule-2 “method of advertisement” chapter III (Procurement of works) of Khyber Pakhtunkhwa Public Procurement Regulatory Authority 2014, all procurement shall be advertised in print media, appearing in at least one national English and one Urdu daily newspaper with nationwide circulation along with advertising the same either on the procuring entity or Authority website or both.

According to procurement planning chapter V (Miscellaneous Provisions) of Khyber Pakhtunkhwa Public Procurement Regulatory Authority 2014, each procuring entity shall plan its procurements with due consideration to transparency, economy, efficiency and timeliness, and shall ensure equal opportunities to all prospective bidders in accordance with section 22 of the Act.

According to Para 2.61 of B&RD Code, in giving out works on contracts, tenders, which should always be sealed, should invariably be invited in the most open and public manner possible.

DC, Hangu paid Rs 4,168,857 to Government contractor for the execution of developmental scheme “WSS Matho Kala” executed through AD LGE&RDD out of production bonus fund during 2015-16. The following audit observations were noticed:

- i. The scheme was advertised only in one Urdu newspaper “Daily Express” on 6-5-2014
- ii. Applications of all the bidders for issuance of tender form were written in the same hand writing using the same pen. The tender forms submitted by all the bidders were without serial number and were filled on the same hand writing. The tender forms of all the bidders were not signed by AD LGE&RDD Hangu. The CDs of all bidders were serial numbered and deposited in the same bank on the same date and filled with the same hand writing.
- iii. The certificate from PEC for WSS work was not available on record

- iv. The signature of the contractor on work order was different as compared to tender form and application.
- v. As per complaint of the residents and local council members of Matho Kala, the work was left incomplete by the contractor and distribution line was not yet provided as per TS. The final bill was prepared along with fake measurements of final work recorded in MB, but payment was not yet made due to complaint from locals.
- vi. Neither the work was completed nor any action was taken against the contractor by the department.

Non-completion and irregular award of work occurred due to weak administrative and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that due to shortage of printing forms photo copies were used. Certificate from PEC of the contractor concerned will be provided when received from contractor. After receiving the complaint the technical staff re-visited the site and found the work satisfactory. Reply was not tenable as not evidence in support of reply was provided.

Request for the convening of DAC meeting was made on 06-09-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry into the matter and action against the person(s) at fault.

AP# 36 (2015-16)

1.2.2.10 Unauthorized advance payment out of ADP - Rs 4.939 million

According to CTR 290, no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants.

DC, Hangu made advance payment of Rs 4,939,750 to DO Social Welfare on simple receipt out of District ADP fund without actual work done on 30-6-2016 vide cheque No. 0470804. The amount was transferred to designated bank account of DO Social Welfare Hangu.

Advance payment occurred due to weak administrative and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that the amount had been transferred out of district ADP on simple receipt to the designated account of DO social welfare Hangu on 30-6-2016 because the executing agency had no PLA and supply order was issued to the contractor and payment had not been made to supplier till date. Reply was not tenable as amount was drawn in advance from treasury.

Request for the convening of DAC meeting was made on 06-09-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry and action against the person(s) at fault.

AP# 27 (2015-16)

1.2.2.11 Unauthorized transfer of funds to PW-Deposit-II-Rs 2.00 million

According to Para 96 of the GFR Vol.-I, money should not be spent hastily or in ill-considered manner just because it is available or that the lapse of a grant could be avoided.

XEN C&W, Hangu paid Rs 1,000,000 on account of release of additional security from PW-deposit-II to contractor in the work “Upgradation of GGMS Doaba” vide voucher No. 23 BH dated 28-9-2015. It was observed that the payment of Rs 1,000,000 was made out of the additional security of Rs 2,000,000 previously deducted from the final bill No. 38 BH dated 24-6-2014 by recording fake entries in MB and transferred the same to PW-deposit-II just to avoid lapse of funds.

Unauthorized transfer of funds occurred due to weak administrative and financial control, which resulted in loss to Government.

When pointed out in September 2016, Management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 31-08-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry and action against the person(s) at fault.

AP# 18 (2015-16)

1.2.2.12 Unauthorized payment due structural alteration in the work – Rs 1.877 million

According to Para 56 of CPWD Code, if subsequent to the grant of technical sanction, material structural alterations are contemplated, orders of the original sanctioning authority should be obtained, even though no additional expenditure may be involved by the alterations.

XEN C&W, Hangu paid Rs 7,853,245 to contractor during financial year 2015-16 in the work “BTR Sifat Banda” vide voucher 30-B 27.6.2016 out of Gas Royalty fund. As per BOQ/PC-1 the work was designed for TST black top road, whereas, the structural changes were made during execution of work as major portion of the road was executed with PCC. Audit observed that material structural alterations were contemplated without orders of the original sanctioning authority as per criteria above. As a result, unauthorized payment of Rs 1,877,988 was made to contractor as per detail below.

Item	BOQ/PC-1 Qty M ³	Paid Qty M ³	Excess Qty M ³	Rate/unit Rs	Unauthorized payment Rs
PCC 1:2:4	17.32	178.07	160.75	6,140	987,005
PCC 1:3:6	103.87	271.98	168.11	5,300	890,983
Total					1,877,988

Unauthorized payment occurred due to weak administrative and financial control, which resulted in violation of Government rules.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 31-08-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry into the matter and action against the person(s) at fault.

AP# 14 (A/C-I) (2015-16)

1.2.3 Internal Control Weaknesses

1.2.3.1 Non-imposition of penalty due to non-completion of works- Rs 53.510 million

According to Clause 6 of the work order and Clause 2 of the contract agreement, penalty of 1% per day and upto maximum of 10% of the tender cost may be imposed for delay in completion of work.

XEN C&W, Hangu failed to impose penalty of Rs 52,510,300 on delay in the work “Construction of alternate road Lachi to Hangu Pakage-1” in which the period for completion of the work was extended for 60 months i.e from 2009-10 to 2013-14. The contractor failed to complete the work in stipulated period of time and requested for further extension but was not granted till the date of audit in August, 2016.

Similarly, the XEN Engineer C&W, Hangu failed to impose penalty of Rs 1,000,000 on delay in work “Const: of BTR Sarki ChambaGul”. The time period for completion of scheme was 12 months vide work order No. 446/8-HG dated 7-5-2013. The contractor failed to complete the work in stipulated period of time and the work was still in progress till the date of audit in August, 2016

Non-imposition of penalty occurred due to weak internal and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 31-08-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends recovery and action against the person(s) at fault.

AP#7 &21 (A/C-I) (2015-16)

1.2.3.2 Loss to Government due to payment of undue escalation- Rs 44.571 million

According to Para 10 (i) of General Financial Rules Volume I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

According to Para 23 of GFR Vol.-I states that every Government officer is personally responsible for any loss sustained by Government through fraud or negligence either on his part or on the part of his subordinate staff.

XEN C&W, Hangu allowed payment of Rs 4,808,422 for escalation in the work “Construction of alternate road Lachi to Hangu Pakage-1” during 2015-16. The work was initially awarded to the said contractor for the period of 36 months in 2009. The revised AA vide No. SOR/V-39/W&S/53/Vol-II dated 13-12-2011, in which escalation was approved and the period for completion of the work was extended for 60 months i.e from 2009-10 to 2013-14 without any application/request/justification from the contractor for escalation of the estimates. Further, after revision of the said AA, the contractor agreed to execute the work on his original rates i.e 4.75 % above CSR 2009 vide his application No. MKC043 dated 28-5-2013, wherein, he stated that he has no objection on above rates. As a result the total payment for escalation amounting to Rs 44,571,227 was overpaid to the contractor and needs to be recovered.

Overpayment occurred due to weak internal and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 31-08-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends recovery and action against the person(s) at fault.

AP# 09 (A/C-I) (2015-16)

1.2.3.3 Non-recovery of outstanding Government dues on account of water charges-Rs 23.731 million

According to Chief Engineer (North) Public Health Engineering Department Khyber Pakhtunkhwa letter No.10/B-8/PHE (N) Dated 12.02.2011, water charges @ Rs 120 per month per house connection shall be collected.

Record of the XEN PHE, Hangu revealed that recovery of an amount of Rs 23,731,160 was outstanding on 30.6.2016 on account of water charges from 2501 water users. During 2015-16 only Rs 748,580 was recovered resulting not only the failure of department to recover previous outstanding dues but also shows the fruitless efforts to recover current charges.

Non-recovery of water charges occurred due to weak internal and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 07-11-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends recovery and action against the person(s) at fault.

AP# 52 (A/C-I) (2015-16)

1.2.3.4 Non-Credit of lapse deposits into Government treasury-Rs 11.609 million

According to Para 399 of CPWA, balances unclaimed for more than three (3) complete financial years should be credited to government.

During audit of XEN PHE, Hangu, it was observed that on 30/06/2016 an amount of Rs 11,609,944 was lying in PW Deposit II and was unclaimed for more than three complete financial years but was not credited to government. Non-credit of the lapsed deposits was against the above orders and the irregularity was committed due to non-observance of the government rules.

Credit of lapsed deposits occurred due to weak internal and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 07-11-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends deposit of lapsed amount into government treasury and action against the person(s) at fault.

AP# 48 (A/C-I) (2015-16)

1.2.3.5 Wasteful expenditure due non-completion of developmental schemes-Rs 8.922 million

According to Para 23 of GFR Vol.-I, every Government officer is personally responsible for any loss sustained by Government through fraud or negligence either on his part or on the part of his subordinate staff.

DC, Hangu paid Rs 8,922,151 to various Government contractors for the developmental schemes executed through TMA Hangu out of CMD fund during 2014-15. The contractors failed to complete the work as per agreement and left the schemes incomplete as no further payments were made to them during 2015-16. The schemes were incomplete till the date of audit i.e August, 2016 as a result the amount of Rs 8,922,151 was wasted. Detail at annex-3.

Wasteful expenditure occurred due to weak internal and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that final notices had been issued to the contractors for completion of the schemes and also DPO Hangu had been requested to lodge FIR against the contractor. Reply was not tenable as the schemes were left incomplete.

Request for the convening of DAC meeting was made on 06-09-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry into the matter and action against the person(s) at fault.

AP# 28 (A/C-I) (2015-16)

**1.2.3.6 Loss to government due to deterioration of costly machinery-
Rs 5.570 million**

According to Para 23 of GFR Vol.-I, 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.

DHO, Hangu during 2015-16 failed to utilize costly equipments of Rs 5,570,400 for Operation Theater of civil hospital Thall. The said equipments were purchase during 2010-11. The hospital has the facility of a surgeon and OT building but the machinery was neither installed nor utilized till date of audit in November, 2016. As a result, costly machinery was deteriorating without serving the purpose for which the government money was spent. Detail at annex-4.

Non-installation of costly machinery occurred due to weak administrative and internal control, which resulted in loss to Government.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 20-11-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends installation of costly machinery and action against the person(s) at fault.

AP# 57 (2015-16)

1.2.3.7 Overpayment due to execution of excess work-Rs 1.924 million

According to Para 2.58 read with Para-2.100 of B&R Code, a work is given out on contract, BOQ be prepared and approved for all items of works and due to site requirements only 5% excess over technically sanctioned estimate was allowed.

XEN C&W, Hangu paid an excess amount of Rs 1,924,280 to contractor during financial year 2015-16 in the work “BTR Karpa to Shahuwam” due to quantities of item of work “RR Masonry” executed over and above the quantities technically sanctioned at the cost of reducing quantities of “Triple surface treatment” from 16461 M² to 6646.84 M². As a result, an over payment of Rs 1,924,280 was made.

Description of work	Item	Vr. No. & Date	T.S Qty	Paid Qty	Excess Qty	Rate/unit	Overpayment (Rs)
BTR Karpa to Shahuwam	RR Masonry	15-R 24.6.16	807.19 m ³	1288.26 m ³	481.07 m ³	4000/ m ³	1,924,280

Overpayment occurred due to weak internal and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 31-08-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends recovery and action against the person(s) at fault.

AP# 13 (A/C-I) (2015-16)

1.2.3.8 Overpayment due to allowing excessive rate-Rs 1.649 million

According to Para 220 and 221 of CPWA Code the Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the quantities and rates are correctly entered and that all the calculations have been checked arithmetically.

XEN C&W, Hangu paid an item of work “Formation of embankment in barrow area excavated material” at excessive rates in the works during 2015-16 as per detail at annex-5. The local office failed to utilize the available excavated material and allowed higher rates which resulted into overpayment of Rs 1,649,260. The department also failed to show the disposal of excavated material, nor laboratory tests were available for the non-suitability of the excavated materials, thereby means the XEN C&W has reused the materials and payment shown was fake.

Overpayment occurred due to weak internal and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 31-08-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends recovery and action against the person(s) at fault.

AP# 06 (A/C-I) (2015-16)

1.2.3.9 Overpayment on account of escalation-Rs 1.590 million

According to Para 10 (i) of General Financial Rules Volume I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

According to Para 23 of GFR Vol.-I states that every Government officer is personally responsible for any loss sustained by Government through fraud or negligence either on his part or on the part of his subordinate staff.

XEN C&W, Hangu awarded work “Establishment of civil Hospital Doaba” sub head “Construction of Administration Block and Type IV quarters” to contractor at par on CSR 2009 during 2009-10. Work order vide No. 16/1-W dated 7-8-2009 was issued to the contractor, where in the contractor was allowed 18 months’ time for the completion of work which was required to be completed

on 6-2-2011. The department paid escalation of Rs 1,590,222 for the work done/payment made with in the period of work order, which was unauthorized to be paid to contractor and needs recovery. Detail at annex-6.

Overpayment occurred due to weak internal and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 31-08-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends recovery and action against the person(s) at fault.

AP#11 (A/C-I) (2015-16)

1.2.3.10 Overpayment due to non-deduction of voids -Rs 1.328 million

As per clause 20(d) of the contract agreement, 11% voids were required to be deducted from the contractor's bill.

XEN C&W, Hangu executed sub item of work" Formation of embankment in common material" in various developmental works during 2015-16. The local office failed to deduct voids @ 11% amounting to Rs 1,328,583 which needs to be recovered from the contractor concerned. Detail at annex-7

Overpayment occurred due to weak internal and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 31-08-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends recovery and action against the person(s) at fault.

AP#05 (A/C-I) (2015-16)

1.2.3.11 Overpayment due to allowing exorbitant rate-Rs 1.172 million

According to Para 220 and 221 of CPWA Code the Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the quantities and rates are correctly entered and that all the calculations have been checked arithmetically.

DC, Hangu paid an item of work “Formation of embankment in barrow area excavated material” at exorbitant rates in the following work executed through AD LGE&RDD Hangu during 2015-16. The local office failed to utilize the available excavated material and allowed higher rates resulting into overpayment of Rs 1,172,039. The department also failed to show the disposal of excavated material, nor their laboratory tests available for the non-suitability of the excavated materials, thereby means the AD LGE&RDD Hangu has reused the materials and payment shown was fake. Further, pre-audit of the expenditure was not carried out.

Name of Work	Qty excavated material	Qty of borrow material used	Rate of borrow material	Rate of excavated material	Difference rate(Rs)	Overpayment (Rs)
Improvement of BTR from KachaPakha to Kahi	3805.2 m ³	3805.2 m ³	618.4	310.39	308	1,172,039

Overpayment occurred due to weak internal and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 06-09-2016 DAC meeting could not be convened till finalization of this report.

Audit recommends recovery and action against the person(s) at fault.

AP# 35(2015-16)

1.2.3.12 Non-deduction of conveyance allowance-Rs 1.027 million

According to Para 4 of the Honorable Supreme Court of Pakistan Islamabad orders issued in respect of constitutional petition No 128/2012, the employees who are residing in the residential colonies situated within work premises are not entitled to the facility of the conveyance allowance.

DHO, Hangu failed to deduct conveyance allowance amounting to Rs 1,026,904 from the hospital staff residing in designated Government bungalows/quarters in the hospital premises during 2015-16 as per detail at annex-8.

Non-recovery occurred due to weak administrative and financial control, which resulted in loss to Government.

When pointed out in September 2016, management stated that reply would be furnished after consulting the record. Reply was not submitted.

Request for the convening of DAC meeting was made on 20-11-2016. DAC meeting could not be convened till finalization of this report.

Audit recommends recovery and action against the person(s) at fault.

AP# 65 (2015-16)

ANNEXURES

Annex - 1

Detail of MFDAC Paras

(Rs in million)

S#	AP No	Department	Gist of Para	Nature of Audit Observation	Amount
1	15	XEN, C&W Hangu	Loss to Government due non-utilization of available earth	recovery	0.434
2	2	-do-	Irregular payment without agreement	Violation of rule	36.290
3	26	DC, Hangu	Unauthorized payment on account of repair of roads	Recovery	0.800
4	32	-do-	Over payment on account of area factor cost.	Recovery	0.322
5	34	-do-	Over payment due to non-deduction of voids on account of formation of embankment	Recovery	0.258
6	42	-do-	Irregular payment without agreement	Violation of rule	11.20
7	43	-do-	Non-deduction of 17% sales tax	Recovery	1.079
8	44	-do-	Un-authorized excess execution of work	Violation of rule	1.536
9	47	-do-	Overpayment due to allowing area factor cost	Recovery	0.308
10	49	-do-	Non-recovery of professional tax	Recovery	0.436
11	54	DHO, Hangu	Non-crediting of sales tax	Recovery	0.253
12	55	-do-	Miss-classification of Expenditure worth	Violation of rule	1.489
13	59	-do-	Non-deposits of OPD charges	Recovery	0.202
14	61	-do-	Unauthorized payment on account of X-rays films	Violation of rule	0.329
15	63	-do-	Non-recovery of overpayment on account of salary	Recovery	0.324
16	64	-do-	Unauthorized purchase of bedding and clothing without tender	Violation of rule	0.330

Annex-2

DP No. 1.2.2.1

Detail of Schemes by C&W, Hangu and PHE, Hangu without Technical Sanction

(Rs in million)		
S#	Name of Work	Expenditure upto 30-6-2016
C&W, Hangu		
1	GPS Rehmatabad	4.544
2	GGPS Kach Banda	1.842
3	GGMS Doaba	10.449
4	GPS Serizua	0.074
5	GMS Samana (AA. No. CPO/SPO-1/E&SE/1-1/A-A/2014-15/Hangu dt. 24.12.2014)	1.612
6	Const: of Press club	7.973
7	Imp:/Reh: of BTR Doaba Torawari 1 KM	0.546
8	Const: GHS Bilyameena	9.250
9	Upgradation of 2 GMS to GHS ADP No. 254	8.529
10	Upgradation of 4 primary schools to middle status ADP No. 240	25.505
11	Upgradation of 2 GGPS to middle status ADP No. 241	10.306
12	Upgradation of GGMS Shnawarai ADP No. 247	13.030
13	Const: of Hangu Samana road	25.000
Total		118.660
PHE, Hangu		
14	WSS & Distribution work in PK-42	20.00
15	WSS Qazi Pump PK-42	13.183
16	WSS ManjiKhel	6.287
17	WSS Wach Bazar	6.878
18	Solarization of Existing WSS in KPK (5 Schemes)	22.588
Total		68.936
Grand Total		187.596

Annex-3
DP No. 1.2.3.5

Detail of payment on incomplete developmental schemes

Work	Date of AA	Contractor	E/cost (Rs)	Payment (Rs)
Pavement of street at GulBagh Kali	30-6-2014	Habib Ullah	300,000	75,000
Pavement of street at Sanghair	30-6-2014	Habib Ullah	500,000	224,884
Pavement of street at Samad Koroona	30-6-2014	Habib Ullah	150,000	57,545
Pavement of street at Shaheedano Graveyard	30-10-2014	Feroz Khan	1,500,000	733,381
Construction of road at GulBagh	30-10-2014	M. Siraj	10,000,000	7,580,931
Protection Wall at Arshad Koroona Char Bala	3-4-2014	Faiz Ullah	100,000	44,590
Construction of Drain at Warasta road	3-4-2014	Faiz Ullah	200,000	106,271
Pavement of street at Ibrahim Zai	3-4-2014	Faiz Ullah	150,00	99,549
Total			12,750,150	8,922,151

Annex-4
DP No. 1.2.3.6

Detail of loss to Government due to deterioration of costly machinery

S#	Machinery	Quantity	Value (Rs)
1	Baby incubator	1	138,000
2	Emergency light with 4 reflectors	1	155,400
3	Spectrophotometer	1	145,000
4	Defibrillator	3	1,110,000
5	Ultrasound machine	1	1,030,000
6	Dry sterilizetrotar oven	1	250,000
7	Operation light	1	96,000
8	Hydraulic OT table orthopedic	1	560,000
9	Hydraulic OT table	2	306,000
10	Suction Machine	2	85,000
11	Anesthesia Machine	1	1,695,000
Total			5,570,400

Annex-5
DP No. 1.2.3.8

Detail of overpayment due allowing excessive rate

(Amount in Rs)

Name of Work	V No. & Date	Qty excavated material	Qty of borrow material used	Rate of borrow material	Rate of excavated material	Difference rate	Overpayment
BTR Samana	13-R 24.6.16	980	11779	586.8	310.39	276.41	270,881
BTR Doaba to Torawari	6-R 5.5.16	1790.44	5751.22	649.32	310.39	338.93	606,833
BTR Karapa	15-R 6.15	5961.27	2138	550	310.39	239.61	512,286
Const: of EidGah at Bagato	3-R 3.2.16	460	844	874	310.39	563.61	259,260
Total							1,649,260

Annex-6
DP No. 1.2.3.9

Detail of overpayment on account of escalation

Vr. No & Date	Work done and payment date	Name of item	Escalation paid (Rs)
9-BH 24-2-2015	5.11.2010	Labor	150,792
-do-	15.11.2010	Labor	226,735
-do-	5.10.2010	POL	129,033
-do-	15.11.2010	POL	520,651
-do-	15.11.2010	Bricks	338,730
-do-	15.11.2010	Steel	224,281
Total			1,590,222

Annex-7
DP No. 1.2.3.10

Detail of overpayment due to non-deduction of voids

Work	V No. & Date	Qty paid	11% void required to be deducted	Rate per m³ (Rs)	Overpayment (Rs)
BTR Samana	13-R 24.6.16	11,779 m ³	1,295.69 m ³	586.8	707,310
BTR Doaba to Torawari	6-R 5.5.16	5,751.22 m ³	632.63 m ³	649.32	410,782
BTR Karapa	15-R 6.15	2,138 m ³	235.18 m ³	550	129,349
Const: of EidGah at Bagato	3-R 3.2.16	844 m ³	92.84 m ³	874	81,142
Total					1,328,583

Annex-8

DP No. 1.2.3.13

Detail of employees drawing unauthorized conveyance allowance

S#	Personal No.	Job Title	Cost Centre	BPS	Total (Rs)
1	213077	DEPUTY DISTRICT HEALTH OFFICER	HG6034	19	10,000
2	652524	MEDICAL OFFICER	HG6034	17	50,000
3	211024	PRINCIPAL MEDICAL OFFICER	HG6035	19	60,000
4	211168	JUNIOR CLINICAL TECHNICIAN	HG6035	12	28,728
5	338446	SENIOR PHC TECHNICIAN	HG6035	12	22,008
6	361487	JUNIOR CLINICAL TECHNICIAN	HG6035	12	29,652
7	741947	MEDICAL OFFICER	HG6035	17	50,000
8	210140	MEDICAL OFFICER	HG6037	17	60,000
9	209858	LADY HEALTH VISITOR	HG6038	14	34,272
10	210269	LADY HEALTH VISITOR	HG6038	12	26,796
11	210390	DISPENSER	HG6038	12	29,652
12	210512	LADY HEALTH VISITOR	HG6038	12	30,576
13	211380	LADY HEALTH VISITOR	HG6038	12	29,652
14	212220	MEDICAL TECHNICIAN	HG6038	12	25,032
15	212670	MEDICAL OFFICER	HG6038	17	60,000
16	212987	MEDICAL TECHNICIAN	HG6038	12	29,652
17	213180	MEDICAL OFFICER	HG6038	17	50,000
18	213294	LADY HEALTH VISITOR	HG6038	12	25,788
19	213322	LADY HEALTH VISITOR	HG6038	9	23,184
20	213324	LADY HEALTH VISITOR	HG6038	12	28,728
21	342882	HEALTH TECHNICIAN	HG6038	12	23,184
22	680385	MEDICAL OFFICER	HG6038	17	30,000
23	755909	MEDICAL OFFICER	HG6038	17	30,000
24	422458	MEDICAL OFFICER	HG6038	17	60,000
25	166581	MEDICAL OFFICER	HG6038	17	60,000
26	166686	WMO	HG6038	17	60,000
27	211255	MEDICAL OFFICER	HG6038	17	60,000
Total					1,026,904