



**AUDIT REPORT
ON THE ACCOUNTS OF
TOWN MUNICIPAL ADMINISTRATIONS
IN DISTRICT PESHAWAR**

KHYBER PAKHTUNKWHA

AUDIT YEAR 2017-18

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AA	Administrative Approval
ADP	Annual Development Programme
AOM&R	Annual Ordinary Maintenance and Repair
BOQ	Bill of Quantities
CCO	Chief Coordination Officer
CMD	Chief Minister Directives
CPWA Code	Central Public Works Account Code
CPWD Code	Central Public Works Department Code
CTR	Central Treasury Rule
DAC	Departmental Accounts Committee
DC	Deputy Commissioner
DCR	Deposit and Collection Register
DDC	District Development Committee
DDO	Drawing and Disbursing Officer
FBR	Federal Board of Revenue
GFRs	General Financial Rules
GST	General Sales Tax
KPPRA	Khyber Pakhtunkhwa Public Procurement Regulatory Authority
LCB	Local Council Board
LGA	Local Government Act
M&R	Maintenance & Repair
M ³	Cubic Meter
MB	Measurement Book
MC	Municipal Committee
MPA	Member Provincial Assembly
MRS	Market Rate System
MT&C	Model Terms and Conditions
NA	National Assembly
NC	Neighborhood Council
NIT	Notice Inviting Tender
P&D	Planning and Development

PAK MDGs	Pakistan Millinium Development Goals
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC-I	Planning Commission Proforma-I
PCC	Plain Cement Concrete
PEC	Pakistan Engineering Council
PFC	Provincial Finance Commission
PLA	Personal Ledger Account
RCC	Reinforced Concrete Cement
RDA	Regional Directorate of Audit
RS	Rupees
SDO	Sub-Divisional Officer
TS	Technical Sanction
TMA	Town Municipal Administrator
TMO	Tehsil Municipal Officer
TAC	Tehsil Accounts Committee
TO(F)	Tehsil Officer (Finance)
TO (I)	Tehsil Officer (Infrastructure)
TOR	Tehsil Officer Revenue
U/C	Union Council
V/C	Village Council
WAPDA	Water and Power Development Authority
WSSP	Water Supply and Sanitation Project

Preface

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections-8 and 12 of the Auditor-General (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 Local Fund of Tehsil / Town Municipal Administrations.

The report is based on audit of the accounts of TMAs in District Peshawar for the financial year 2016-17. The Directorate General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit on test check basis during 2017-18 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 appropriate legislative forum 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 TMAs. DAC meetings were not convened despite 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 carries out the audit of all Tehsil Municipal Administrations and Town Municipal Administrations. The Regional Directorate of Audit Peshawar, on behalf of the Directorate General District Governments Audit, Khyber Pakhtunkhwa carries out the audit of one City District Government, two District Governments, TMAs and VCs/NCs of three Districts i.e. Peshawar, Charsadda and Nowshera respectively.

The Regional Directorate of Audit Peshawar has a human resource of 10 officers and staff with a total of 2500 person days. Annual budget amounting to Rs 19.255 million was allocated to the RDA during financial year 2017-18. The directorate is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of programmes and projects.

Towns-I, II, III & IV in City District Peshawar perform their functions under Khyber Pakhtunkhwa Local Government Act 2013. Each TMA has one Principal Accounting Officer (PAO) as provided in Rule 8 (1)(p) of the Khyber Pakhtunkhwa Tehsil and Town Municipal Administration Rules of Business 2015. Financial provisions of the Act establish a local fund for each Tehsil and Town Administration for which Annual Budget Statement is authorized by the Tehsil/Town Council in the form of budgetary grants.

a. Scope of Audit

The total of expenditure of Towns-I, II, III & IV in City District Peshawar for the financial year 2016-17 was Rs 1,888.712 million. Out of this RDA Peshawar audited transactions of Rs 1,133.227 million which, in terms of percentage, was 60 of auditable amount.

The total of receipts of Towns-I, II, III & IV in City District Peshawar for the financial year 2016-17 was Rs 577.364 million. Out of this, RDA Peshawar audited receipts of Rs 577.364 million which in terms of percentage was 100%.

The total of expenditure and receipts of Towns-I, II, III & IV in City District Peshawar for the financial year 2016-17 was Rs 2,466.076million. Out of this RDA Peshawar audited transactions of Rs 1,710.591 million which, in terms of percentage, was 69% of auditable amount.

b. Recoveries at the instance of Audit

Recovery of Rs 40.595 million was pointed out during the audit. However, no recovery was made till finalization of this report.

c. Audit Methodology

Audit was conducted after understanding the business processes of TMAs, City District Peshawar with respect to their functions, control structure, prioritization of risk areas by determining their significance and key controls. This helped auditors in understanding the systems, procedures and environment of the audited entity before starting the audit. Audit used desk audit techniques for analysis of compiled data and review of actual vouchers called for during scrutiny and substantive testing in the field.

d. Audit Impact

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

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. Deficiencies were observed in the internal control system as depicted in audit findings.

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 TMAs.

f. Key audit findings of the report

- i. Irregularities and non compliance were noticed in twenty six cases amounting to Rs 298.681 million¹
- ii. Internal control weaknesses were noticed in thirty five cases amounting to Rs 190.711 million².

g. Recommendations

- i. Fraudulently drawn / misappropriated money may be recovered and deposited in the government treasury.
- ii. Responsibilities need to be fixed for unauthorized withdrawals and losses sustained by the Government or Council due to overpayments and non realization of receipts.
- iii. Disciplinary actions need to be taken to stop the practice of violation of rules and regulations in spending the public money.
- iv. All sectors of TMAs 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.

¹Paras No.1.2.1.1 to 1.2.1.8, 1.3.1.1 to 1.3.1.5, 1.4.1.1 to 1.4.1.4 & 1.5.1.1 to 1.5.1.9

²Paras No.1.2.2.1 to 1.2.2.8, 1.3.2.1 to 1.3.2.9, 1.4.2.1 to 1.4.2.7 & 1.5.2.1 to 1.5.2.11

SUMMARY TABLES AND CHARTS

I: Audit Work Statistics

(Rs in million)

S.No	Description	No.	Budget
1	Total Entities in (PAO) Audit Jurisdiction	04	2,742.099
2	Total formations in audit jurisdiction	04	2,742.099
3	Total Entities in (PAO) Audited	04	1,645.259
4	Total formations Audited	04	1,645.259
5	Audit and Inspection Reports	04	1,645.259
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

II: Audit observations classified by Categories

(Rs in million)

S.No.	Description	Amount Placed under Audit Observation
1.	Unsound asset management	0
2.	Weak financial management	298.681
3.	Weak Internal controls relating to financial management	190.711
4.	Others	0
Total		489.392

III: Outcome Statistics

(Rs in million)

S. No	Description	Expenditure on Acquiring Physical Assets Procurement	Civil Works	Receipts	Others	Total for the year 2016-17	Total for the year 2015-16
1.	Outlays Audited	6.494	909.188	346.419	383.158	1,645.259	2,218.587
2.	Amount Placed under Audit Observation /Irregularities of Audit	78.527	169.483	77.152	164.230	489.392	1,737.189
3.	Recoveries Pointed Out at the instance of Audit					40.595	124.166
4.	Recoveries Accepted /Established at the instance of Audit	-	-	-	-		-
5.	Recoveries Realized at the instance of Audit	-	-	-	-		-

Note: - The outcome figures reported for the year 2015-16 pertain to the Municipal Committees audited last year. Since PAOs are the same therefore, these amounts have been included here to show cumulative effect against the PAOs.

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

S.No.	Description	Amount Placed under Audit Observation
1.	Violation of Rules and regulations, principle of propriety and probity in public operation	298.681
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	0
3.	Accounting Errors (accounting policy departure from NAM, 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 weaknesses of internal control systems.	190.711
5.	Recoveries and overpayment, representing cases of established overpayment or misappropriations of public monies	0
6.	Non-production of record	0
7.	Others, including cases of accidents, negligence etc.	0
Total		489.392

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

S.No.	Description	Amount
1.	Outlays Audited (items 1 of Table-3)	1,645.259
2.	Expenditure on Audit	0.480
3.	Recoveries realized at the instance of Audit	0
4.	Cost-Benefit Ratio	1:0

CHAPTER-1

1.1 Town Municipal Administrations, City District Peshawar

1.1.1 Introduction

City District Peshawar has four Towns i.e. Town-I, II, III & IV. Each town office is managed by a Town Municipal Officer assisted by a Town Officer (Finance), Town Officer (Infrastructure) and Town Officer (Regulation).

According to section 22 of Local Government Act, 2013 the functions and powers of TMAs are as under:-

- (a) Monitor and supervise the performance of functionaries of Government offices located in the Tehsil and hold them accountable by making inquiries and reports to the district government or, as the case may be, Government for consideration and action;
- (b) Prepare spatial plans for the Tehsil including plans for land use and zoning and disseminate these plans for public enquiry;
- (c) Execute and manage development plans for improvement of municipal services and infrastructure;
- (d) Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including for agriculture, industry, commercial markets, shopping centers; residential, recreation, parks, entertainment, passenger and freight transport and transit stations;
- (e) Enforce municipal laws, rules and bye-laws;
- (f) Prevent and remove encroachments;
- (g) Regulate affixing of sign-boards and advertisements;
- (h) Provide, manage, operate, maintain and improve municipal services;
- (i) Prepare budget, long term and annual municipal development programmes;
- (j) Maintain a comprehensive data base and information system on services in the Tehsil municipal record and archives and provide public access to it on nominal charges;
- (k) Collect taxes, fines and penalties provided under this Act;

- (l) Organize sports, cultural, recreational events, fairs and shows;
- (m) Organize cattle fairs and cattle markets;
- (n) Co-ordinate and support municipal functions amongst village and neighborhood councils;
- (o) Regulate markets and services, issue licenses, permits, grant permissions and impose penalties for violation thereof;
- (p) Manage municipal properties, assets and funds;
- (q) Develop and manage schemes, including site development in collaboration with district government;

1.1.2 Comments on Budget and Accounts (Variance Analysis)

The budget and expenditure position of Town Municipal Administrations City District Peshawar for the year 2016-17 is as under:

(Rs in million)

2016-17	Budget	Expenditure	Excess/ (Saving)	%age
Town Municipal Administration Town-I				
Salary	170.294	149.410	(20.884)	12.263
Non-salary	482.273	470.728	(11.545)	2.393
Developmental	540.024	290.677	(249)	46.173
Town Municipal Administration Town-II				
Salary	120.525	98.785	(21.74)	18.037
Non-salary	198.600	65.015	(133.585)	67.263
Developmental	655.692	215.246	(440.446)	67.1726
Town Municipal Administration Town-III				
Salary	139.555	137.333	(2.222)	1.592
Non-salary	29.173	26.317	(2.856)	9.789
Developmental	149.643	203.510	53.867	35.997
Town Municipal Administration Town-IV				
Salary	80.00	75.73	(4.27)	5.337
Non Salary	84.13	40.134	(43.996)	52.295
Developmental (Local Fund+PFC)	274.029	115.827	(158.202)	57.731
Total	2,923.938	1,888.712	(1,035.226)	

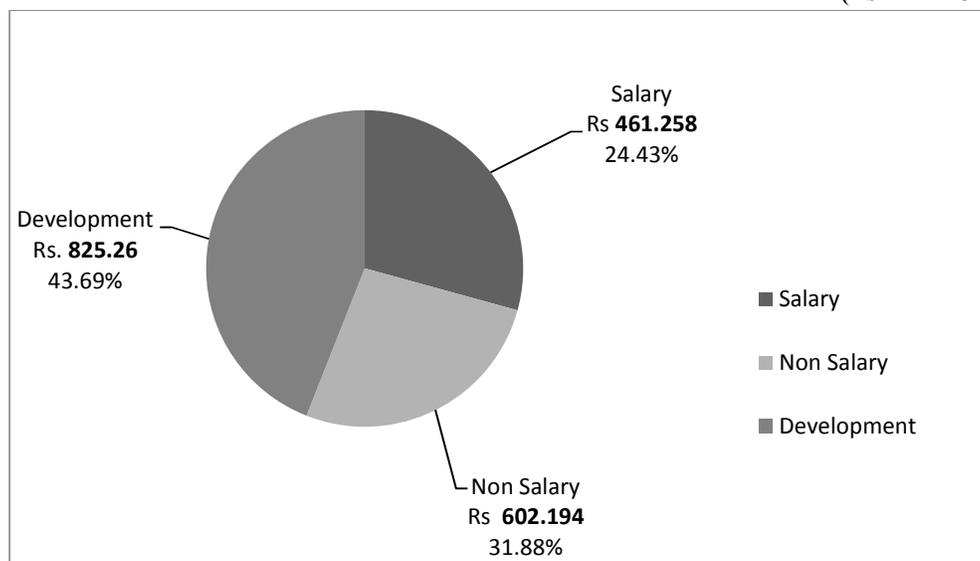
The savings of Rs 1,035.226 million indicates weakness in the capacity of these local institutions to utilize the allocated budget.

2016-17	Budgeted Receipts	Actual Receipts	Variation	%age
Town Municipal Administration Town-I				
Receipts (Own Source)	251.179	180.959	70.220	27.956
Town Municipal Administration Town-II				
Receipts (Own Source)	180.380	160.089	20.291	11.249
Town Municipal Administration Town-III				
Receipts (Own Source)	149.185	169.436	-20.251	-13.574
Town Municipal Administration Town-IV				
Receipts (Own Source)	65.582	66.880	-0.854	-1.302
Total	646.326	577.364	69.406	24.329

Less realization of Rs. 69.406 million against the budgeted targets indicates weakness in the capacity of these local institutions to realize the budgetary targets set forth.

Expenditure 2016-17

(Rs in million)



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

The Audit Reports pertaining to Financial Years 2009-10 to 2015-16 on accounts of Tehsil Municipal Administration/Municipal Committees were submitted to Governor Khyber Pakhtunkhwa but have not yet been discussed in respective Accounts Committees.

TMA TOWN-I PESHAWAR

1.2 Audit Paras of TMA Town-I

1.2.1 Irregularity & non-compliance

- 1.2.1.1**
- i. Irregular award of contract – Rs. 4.010 million**
 - ii. Loss due to non-recovery of outstanding dues from the contractors of receipt- Rs. 2.664 million**

According to Section 49 of the LGA, 2013, all taxes and other charges levied by a local government shall be imposed, assessed, leased, compounded, administered and regulated in such a manner as may be prescribed by rules which may, among other matters, provide for the obligation of the tax payer and the duties and powers of the officials responsible for the assessment and collection of taxes.

TMO Town -I awarded the contract of receipt namely “Suzuki/Chingchi stand Dalazak Road” to a contractor at a cost of Rs 4,010,000 for the financial year 2016-17. The following irregularities were noticed:

1. The contract was awarded to a Category-D contractor who was not eligible for contracts above the limit of Rs. 1,500,000. Local council Board vide letter No. AOII/LCB/9-1/2016 dated 16.12.2016 had rejected the vetting of contract on the basis that the contractor was not eligible.
2. As the contract of the contractor was rejected, therefore, the contractor paid an amount of Rs 1,746,880 to TMA and left the contract incomplete.
3. An amount of Rs. 2,664,120 was outstanding against the contractor but no strenuous efforts were made to recover the outstanding dues till January 2018.
4. Department did not take any action against the contractor for blacklisting him for future contracts.

The irregularity occurred due to non-compliance of Government Rules and orders.

Irregular award of contract and non-recovery of outstanding dues resulted in loss to government.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given till finalization of this report.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery of outstanding dues, inquiry and action against the person(s) at fault.

AIR No11/2016-17

1.2.1.2 i. Irregular award of contract of “Dangerous Offensive License fee”-Rs. 3.820 million

ii. Loss due to non-recovery of Rs. 1.793 million

According to para no. 7 (f) of the enlistment policy guidelines, the limit of Category D Contractor shall be Rs. 1,500,000.

As per Clause 49 of the LGA, 2013, Taxation rules, all taxes and other charges levied by a local government shall be imposed, assessed, leased, compounded, administered and regulated in such a manner as may be prescribed by rules which may, among other matters, provide for the obligation of the tax payer and the duties and powers of the officials responsible for the assessment and collection of taxes.

TMO Town-I Peshawar awarded the contract of receipt namely “Dangerous Offensive License Fee” to a contractor at a cost of Rs 3,820,000 for the financial year 2016-17. The following irregularities were noticed:

1. The contract was awarded to a Category-D contractor who was not eligible for contracts above the limit of Rs. 1,500,000. Local council Board vide letter No. AOII/LCB/9-1/2016 dated 16.12.2016 had rejected the vetting of contract on the basis that the contractor was not eligible.
2. The contractor failed to deposit the dues from very beginning as evident from para 8 to 10 of note sheet.

3. Correspondence of the local office (Para 20 of note sheet) revealed that contractor was collecting revenue on fake G-8 receipts and did not deposit monthly installment but no departmental action was taken.
4. TOR vide para 23 of note sheet directed to recover outstanding dues from the contractor otherwise lodge FIR against the contractor but no action was taken by the TMO concerned.
5. Department left the contractor free to collect the revenue and cancelled his contract at a belated stage vide letter No. 2453/TMO/T-I/2016 dated 19.12.2016.
6. Department failed to recover an amount of Rs. 1,792,500 outstanding against the contractor till the date of audit i.e. January 2018. Neither outstanding dues were recovered from the contractor nor was he blacklisted.

The irregularity occurred due to non-compliance of Government Rules and orders.

Irregular award of contract and non-recovery of outstanding dues resulted in loss to government.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery of outstanding dues, inquiry and action against the person(s) at fault.

AIR No.20/2016-17

1.2.1.3 Irregular payment on account of late sitting-Rs. 3.016 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 either on his part or on the part of his subordinate staff.

Tehsil Municipal Officer Town -I Peshawar paid an amount of Rs. 3,015,756 on account of late sitting to employees during 2016-17. However, the purpose of late sitting, schedule of duty hours and proper approval by the competent authority were not available on record.

Irregularity occurred due to non-compliance of rules.

The irregular payment on account of late sitting resulted in loss to government.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR No. 35/2016-17

1.2.1.4 Unverified expenditure -Rs. 5.879 million

According to Para 23 of General Financial Rules, 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 either on his part or on the part of his subordinate staff.

Tehsil Municipal Officer Town-I Peshawar incurred an expenditure of Rs. 5,879,196 on account of Exhibition Fair and celebration of National days during 2016-17. However, detailed vouched account was not available on record.

The irregularity occurred due to non-compliance of Government Rules and orders.

Due to unverified expenditure chances of embezzlement could not be ruled out.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR No.36/2016-17

1.2.2 Internal Control weakness

1.2.2.1 Fraudulent award of contract– Rs 2.299 million and loss of Rs.0.680 million

According to Rule 30 of KPPRA Rules-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. Further, according to Rule 42 of KPPRA Rules-2014, in case of failure of negotiations with the first bidder, the procuring agency may invite the second ranked bidder as per the evaluation report.

Town Municipal Officer Town –1 Peshawar invited tenders for purchase of CCTV Cameras with estimated cost of Rs 2,000,000 during financial year 2016-17. The lowest rate of 40.5% below of a contractor was accepted and accordingly work order issued. However, the contractor failed to start the work and his 10% security was forfeited. The work was again tendered and awarded to M/S Panasonic Office Products @ 2% below instead of awarding it to the 2nd lowest bidder @ 36% below which resulted in loss of Rs 680,000 ($36\% - 2\% = 34\% \times 2000000$).

Further in light of 2nd tender 38 bidders were shown participated out of which 37 were declared defective without any cogent reasons available on record. Moreover, contract of supply was awarded to M/S Panasonic Office Products but agreement was signed with an individual namely Rizwan Farooq S/o Muhammad Amanullah.

The supply order issued to first successful bidder was issued on 11.04.2017 bearing no. 147/TMA/T-I while supply order issued after retendering also consisted the same dispatch number and date i.e. no. 147/TMA/T-I dated 11.04.2017 which proved the tendering process fraudulent.

The irregularity occurred due to weak financial management.

Fraudulent award of contract resulted in loss to government.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR No. 01/2016-17

1.2.2.2 Irregular purchase of used laptops– Rs. 2.500 million

Rule 6 (03) (iv) of Chapter-II of Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014, the lowest offer from the qualified bidder shall be accepted for award of the contract and will be the best evaluated bid.

According to Rule 30 of KPPRA Rules-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.

Town Municipal Officer Town-1 Peshawar incurred an expenditure of Rs. 2,490,840 for purchase of 74 laptops. The following irregularities were noticed:

1. The lowest rate of 15% below was ignored without recording any reason and rate of 10% below was accepted.
2. Instead of new, 2nd hand laptops were purchased.
3. Instead of 67, 74 laptops were purchased.
4. Technical committee was not constituted to inspect the supply.
5. The stock received was not acknowledged by the end users.

Irregularity occurred due to weak internal controls.

Irregular purchase of used laptops resulted in loss to government.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR No. 02/2016-17

**1.2.2.3 Non-recovery of outstanding dues from the contractor-
Rs. 9.841 million**

According to Para 26 of GFR Vol-I, it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

Tehsil Municipal Officer Town-I, Peshawar failed to recover an amount of Rs 9,841,000 outstanding against the various contractors of receipt during 2016-17. Department neither took any action against the defaulter contractors nor blacklisted them. Detail of outstanding dues is given below:

S#	Contract	Name of contractor	Bid Amount (Rs)	Amount Recovered (Rs)	Outstanding amount (Rs)
1	License of dangerous offensive 2015-16	Anwar Ali	5,830,000	1,462,000	4,378,000
2	Trade fee license 2015-16	Anwar Ali	7,300,000	2,340,000	4,960,000
3	Shalimar Garden Gate Entry Fee 2015-16	Shahnawaz	3,950,000	3,437,000	503,000
	Total		17,080,000	7,239,000	9,841,000

Irregularity occurred due to weak internal controls.

Non-recovery of outstanding dues from the contractor resulted in loss to government.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR No. 10/2016-17

1.2.2.4 Less recovery of income tax - Rs 3.608 million

According to Section 153 (g) of Income Tax Ordinance, 2001, rate of income tax is 10% from non-filer contractor on the execution of contract.

Tehsil Municipal Officer Town-1, Peshawar incurred expenditure of Rs 97,548,024 on various developmental works during 2016-17. However, income tax amounting to Rs 6,146,421 was deducted @7.5% instead of Rs 9,754,802 @10%. Thus due to non-deduction of income tax from the non-filer, the government sustained loss of Rs 3,608,381. Details are in Annex-02.

Irregularity occurred due to weak internal controls.

Less-recovery of outstanding dues resulted in loss to government.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR No. 12/2016-17

1.2.2.5 Loss due to less recovery of income tax-Rs. 8.341 million

According to Section 236A of Income Tax Ordinance 2001, withholding tax @ 10 % will be paid by the contractors.

Tehsil Municipal Officer Town-I, Peshawar recovered income tax @6% instead of 10% on the contract of receipts. This resulted in less recovery of income tax amounting to Rs 8,349,155 which resulted in loss to government. Regional tax office also issued demand note to deposit the balance Income Tax in government treasury.

Irregularity occurred due to weak interna controls.

Less-recovery of outstanding dues resulted in loss to government.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommendsimmediate deposit of income tax into Government treasury and action against the person(s) at fault.

AIR No. 21/2016-17

1.2.2.6 Non-recovery of outstanding dues from the contractor of Trade License Fees- Rs. 1.267 million

Para 26 of GFR Vol-I requires that it is the duty of the Departmental Controlling Officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

Tehsil Municipal Officer Town-I, Peshawar awarded a contract of receipt "Trade License Fees" for the financial year 2016-17 to a contractor at a cost of Rs 5,310,000 for the financial year 2016-17. Scrutiny of accounts record revealed that an amount of Rs 1,266,984 was outstanding against the contractor but were not recovered till January 2018 (period of audit). Moreover, the stationery i.e. Receipt books issued to the contractor were also not received back from the contractor upon the completion of financial year. However, department failed to recover the outstanding dues and declare the contractor as defaulter/blacklisted and initiate any action against him.

Irregularity occurred due to weak internal controls.

Non-recovery of outstanding dues from the contractor resulted in loss to government.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends immediate recovery of outstanding dues and action against the person(s) at fault.

AIR No. 23/2016-17

TMA TOWN-II PESHAWAR

1.3 Audit Paras of TMA Town-II

1.3.1 Irregularity & non-compliance

1.3.1.1 Irregular award of contract-Rs 3.100 million and non recovery of loss from contractor-Rs 1.859 million

Para-13 of policy guidelines of contracts for 2016-17 states that the successful bidder shall within seven (07) days of his acceptance of bid execute an agreement on the stamped paper and shall also produce guarantee of two local notable residents having property equal to the contract amount duly attested by Ist class Magistrate to the satisfaction of the council. In case the contractor/firm does not deposit advances or does not enter in to agreement within the specified period the bid shall be considered as cancelled while the earnest money shall be forfeited in favor of the concerned local councils.

Para-31 of policy guidelines of contracts for 2016-17 states that before cancellation of contract, the local council shall provide an opportunity of being heard to the contractor by the concerned local council. On cancellation of contract, the local council may choose to re-auction the contract for the remaining period or may make departmental collection and in any case if the income so received is found less than the contractual amount, the loss occurred shall be recovered from the contractor as arrears of land revenue. Para-12 of Policy Guidelines of Contracts for 2016-17 states that if the contractor/Firm violates any term and condition of the auction, his contract will be cancelled for the breach of the law/rules and he will be black listed and his registration be cancelled by the competent forum.

Tehsil Municipal Officer Town –II, Peshawar awarded the contract of trade license fee amounting to Rs 3,100,000 to M/s Sultan Muhammad without entering into contract agreement. Resultantly the contractor did not run the contract for whole year and Rs 1,859,400 (including Rs 310,000 income tax and 692,000 late penalty) was outstanding against the contractor till date of audit i.e. 15.03.2018. The contract was cancelled due to non deposit of installment on 22.02.2017 and departmental recovery was started.

Further record revealed that local office sued the contractor in court of law instead of recovery from contractor under land revenue Act and Rs 25,000 was paid to legal advisor in first instance and till date of audit and the matter was still subjudice.

Irregularity occurred due to non-compliance of rules.

The irregular award of contract and loss resulted in loss to government.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery of loss from contractor besides blacklisting for future contracts.

AIR No.05 /2016-17

1.3.1.2 Irregular and unauthorized purchase of vehicle - Rs 2.809 million

Para-c of the Finance Department Government of Khyber Pakhtunkhwa, letter No. BO.1/FD/5-8/2016-17 dated 04.07.2016 state that there shall be complete ban on purchase of new vehicles.

Para-b of Director General LG&RDD office Notification No. Dir (DG) Transport Committee Report 2016-17 dated 14.10.2016 states that there shall be no duplication of purchases, and only those district Government & TMAs shall make procurement of new vehicles where the presently serviceable vehicle do not exist. Further Para-D of said letter states that the proposed purchase of vehicles shall be made out of own source of respective local Government.

Tehsil Municipal Officer Town-II, Peshawar purchased a Toyota Corolla (XLI) 1300 cc bearing No.AA-4545 and one Suzuki Cultus 1000 cc for Rs.

2,808,798 (1,679,798 +1,129,000) during 2016-17 for the use of Tehsil Nazim and TMO respectively. Audit observed that:

- i. There was complete ban on purchase of new vehicles from Finance Department Government of Khyber Pakhtunkhwa.
- ii. The vehicles were procured despite the fact that three vehicles i.e. Inter cooler Japan 2200 cc bearing No. A-1001, Suzuki Japan jeep 1000cc bearing No. A-1360 and Suzuki Van Japan 800cc bearing No. A-1788 were already available in office. Hence purchase of extra vehicles for the Tehsil Nazim and TMO was lavish and burden on the meager resources of TMA as Tehsil Nazim and TMO were not entitled to retain two (02) vehicles at a time.
- iii. The vehicles XLI 1300cc was purchased from fund provided by Provincial Government which was irregular and violation of Provincial Government instructions.
- iv. The ex-factory price of the vehicle XLI was Rs 1,663,000 as per invoice of Indus Motor Company Limited but the dealer Toyota frontier Motors Pvt. Ltd supplied the vehicles for Rs 1,679,798 resulted overpayment of Rs 16,798.

The irregularity occurred due to non observance of Government rules.

Irregular and unauthorized purchase of vehicle resulted in loss to government.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends disciplinary action against the person (s) at fault besides immediate surrender the new vehicles to the Department concerned for its proper utilization and recover of overpayment.

AIR No.09 /2016-17

1.3.1.3 Non transparent purchase of funeral vehicle due to non adopting open tender system-Rs 5.860 million

According to clause-6 of Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014, save as otherwise provided hereinafter and subject to the provisions of rule 10, the procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods over the value of Rs. 100,000 (rupees one hundred thousand).

According to clause-41 of Khyber Pakhtunkhwa Local Government Act, 2013, every official or servant of a local government, every member of a local council, and every person charged with administration and management of property of a local government shall be personally responsible for any loss or waste, financial or otherwise, of any property belonging to a local government which is a direct consequence of decisions made by him personally or under his directions in violation of this Act or any other law for the time being in force or which accrues as a result of his negligence or misconduct, and shall be liable to pay such surcharge as may be determined by the respective Accounts Committee and such amount shall be recoverable as arrears of land revenue.

Tehsil Municipal Officer Town-II, Peshawar purchased a mortuary/Funeral vehicle on single source basis from Hinopak Motors Limited for Rs 5,860,000 during 2016-17. Audit observed that:

- i. The procurement was required to be made on open tender system as the mortuary/Funeral vehicle was not in the product line of Hinopak Motors Limited. The Dutro vehicle of the Hino Company was fabricated and converted into Funeral bus. The vehicle would have been purchased on economical rate if competition was made through open tender.
- ii. The case of open tender was processed and accordingly approved in file on 04.08.2016 but tender was not made without assigning any cogent reason and later on the procurement was made on single source basis in June, 2017.
- iii. The proposal of purchase on single source was shown given by sub Engineer on note sheet of the file but the proposal was not signed by the sub Engineer.
- iv. The amount was paid to supplier in advance on 06.05.2017 to complete the delivery within 120 days (4 months) as per supply order but delivery

was made on 06.12.2017 (03 month late). Late penalty of Rs 586,000 @ 10% needs to be imposed. However, defective contract agreement was signed with supplier without the clause of late penalty and without mentioning the name and designation of officers/officials of the TMA.

- v. Post supply inspection was not carried out by inspection committee.
- vi. The supply order was issued on 06.05.2017 and agreement was signed on 31.05.2017 after issuance of supply order.
- vii. The sales agent of Hinopak Motors Limited at Peshawar wrote to the local office to inspect the vehicle at Lahore indicated that the vehicle was not the specialty and line product of the Hinopak as if it was in the product line of the company then it was required to be available with the authorized dealer/agent at Peshawar also.
- viii. The Funeral vehicle purchased was small in size and not feasible to carry large family and relatives along with dead body.

The irregularity occurred due to non observance of Government rules.

Non transparent purchase of funeral vehicle due to non adopting open tender system resulted in loss to government.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends detail inquiry into the matter under intimation to audit.

AIR No.10 /2016-17

1.3.1.4 Irregular expenditure of Rs 3.442 million

According to Rule 30 of the Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 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.

According to Rule 34 of the Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014, under no circumstances the response

time shall be less than 15 days for national competitive bidding and 30 days for international competitive bidding.

Tehsil Municipal Officer Town-II, Peshawar paid Rs 3,441,633 to contractor in the work 'Maintenance & Repair various schemes at ward Hassan Ghari-II & PK-08 Town-II Peshawar during 2016-17. Audit observed that:

1. An unsigned PC-I with the estimated cost of Rs 5,000,000 was placed in file prepared by TMA Town-II. However, three PCs-I for Rs 1.428, 1.714, and Rs 1.858 of TMA Town-III were also placed in file concerned indicated that the same works in PK-08 was carried out by the TMA Town-III Peshawar. Hence duplication of expenditure could not be ruled out.
2. The work was shown at ward Hassan Ghari-II which was an urban Union Council in the jurisdiction of WSSP Company and was bound to repair and maintenance of sewerage, drainage and street work. The Provincial Government paid Rs 13.881 million to WSSP out of PFC share of Town-II during 2016-17. Further Rs 2.061 million was paid to the company by the local office vide Cheque No. A-382346 dated 17.10.2016.
3. The exact locations of the work were not mentioned in PC-I.
4. Tender forms were not signed by the works and service/tender committee and all bids were signed by a single officer/official of the local office. No attendance sheet was available on record.
5. The response time was less than 15 days and violation of KPPRA rules.
6. The work was not technically sanctioned.
7. The signature of contractors in tender and bid forms did not tally each others.
8. The work order was issued on 27.01.2017 and shown completed on 20.02.2017 in 23 days was dubious.

The irregularity occurred due to non observance of Government rules.

Irregular expenditure showed negligence of management.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry into the matter under intimation to audit.

AIR No.12 /2016-17

1.3.2 Internal Control Weaknesses

1.3.2.1 Loss to Government due to mismanagement of contract-Rs. 2.768 million

Para-13 of **Policy Guidelines** of contracts for 2016-17 states that The successful bidder shall within seven (07) days of his acceptance of bid shall execute an agreement on the stamped paper shall also produce guarantee of two local notable residents having property equal to the contract amount duly attested by Ist class Magistrate to the satisfaction of the council in case the contractor/firm does not deposit advances or does not enter into agreement within the specified period the bid shall be considered as cancelled while the earnest money shall be forfeited in favor of the concerned local councils.

Para-31 of **Policy Guidelines** of contracts for 2016-17 states that before cancellation of contract, the local council shall provide an opportunity of being heard to the contractor by the concerned local council. On cancellation of contract, the local council may choose to re-auction the contract for the remaining period or may make departmental collection and in any case if the income so received is found less than the contractual amount, the loss occurred shall be recovered from the contractor as arrears of land revenue.

Para-12 of **Policy Guidelines** of contracts for 2016-17 states that if the contractor/Firm violates any term and condition of the auction, his contract will be cancelled for the breach of the law/rules and he will be black listed and his registration be cancelled by the competent forum.

Tehsil Municipal Officer Town-II, Peshawar auctioned the contract of slaughter house on 25.05.2016. The highest bidder was M/s Shah Nawaz for Rs 6,000,000. Notice for 20% advance was issued on 15.06.2016 after lapse of 20 days of auction. The contractor did not enter into agreement with office within seven days. However, the local office failed to cancel the contract till 25.07.2016. Resultantly, Government was put to loss of Rs 2,768,360 due to cancellation of contract at belated stage and non-auctioning the contract for remaining period. The defaulter contractor has not been blacklisted till date of audit i.e 14.03.2018.

Moreover, the signature of contractor in bid sheet and application for cancellation of contract did not tally each other and was dubious. Details are as under:

Bid	Income tax would have been	Staff salary would have been	Total Income would have been	Actual Income collected	Loss
6,000,000	600000	300000	6,900,000	4,131,640	2,768,360

Furthermore two contractors M/s Bakhtiar Ali and M/s Waqar Ahmad shown their interest in the contract in April, 2016 also submitted earnest money of Rs 250,000 each but auction was not made without assigning any reason.

It is worth mentioning that the bid 2nd highest bidder M/s Royid Ali was Rs 5,610,000 which was also higher than the target amount of Rs 5,013,408. Audit was of the view that if the contract was cancelled in time i.e. 02.06.2016 and awarded to 2nd lowest bidder then loss to Government of Rs 2,293,160 would have been avoided. Details are as under:

Bid of 2 nd highest bidder	Income tax would have been	Staff salary would have been	Total Income would have been	Actual Income collected	Loss
5,610,000	561000	300000	6,471,000	4,131,640	2,339,360

Irregularity occurred due to weak internal controls.

Mismanagement of contract resulted in loss to government.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends detail inquiry into the matter under intimation to audit.

AIR No.03 /2016-17

1.3.2.2 Irregular award of work-Rs 2.500 million

According to Rule 30 of the Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 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.

Tehsil Municipal Officer Town-II, Peshawar tendered a work Repair and Renovation of TMA office of Rs 2,500,000 during 2016-17. Audit observed that:

1. The bid and tender forms were written with different pens indicated that bids were changed in the local office.
2. The bids and tender forms were not signed by any single member and chairman of the bid opening committee. Neither the attendance sheet was available on record.
3. The advertisement was made on 20.02.2017 before issuance of administrative approval i.e. 03.03.2017.
4. The signature of successful bidder M/s Memar Construction in tender and bid forms did not tally each others.
5. The bids of three contractors were rejected with the reason that 2% CDR was not attached with bid. However, the CDR of successful bidder was also not available at the time of bid as tender was opened on 09.03.2017 and under reference CDR of successful bidder in deposit challan was dated 11.04.2017. The photocopy of CDR of successful bidder was not available on record.

Irregularity occurred due to weak internal control.

Irregular award of work resulted in mismanagement.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends detail inquiry into the matter under intimation to audit.

1.3.2.3 Unauthentic expenditure of Rs 1.500 million

According to Rule 3 Sub Rule-10 (b) of TMA budget Rules 2016, as the head of office the TMO shall be responsible for ensuring strict financial control. Further according to Rule-3 Sub Rule-10 (j) of TMA budget Rules 2016, TMO shall be responsible for guarding against waste and loss of public money.

Tehsil Municipal Officer Town-II, Peshawar Purchased 85 Tri Cycles for Rs 999,940 and entry was made in stock registers. However, the items were shown handed over to MPA PK-07. Moreover, no record regarding further disbursement of the Tri cycles was available. It was further observed that 64 wheel chairs of Rs 499,200 invoice were placed on file but no stock entry was made till date of audit for the wheel chairs. Hence chance of misappropriation could not be ruled out. Audit further observed that:

1. In the 2nd page of PC-I the work City District Government was written indicate duplication of expenditure.
2. Tender were not signed by tender opening committee/works committee.
3. M/s Zeeshan trading was declared as successful bidder for wheel chair but voucher bill of M/s Imtiaz Ahamd Khattak & Sons was placed in file. The actual payee could not be verified as payment was made through DC office Peshawar funded by CMD. The case for payment sent to DC office was not provided to audit despite repeated requests.
4. Rate of Tri cycle in the agreement was Rs 12,540 per unit but in the bid and invoice the rate was Rs 11,764 per unit.
5. The stipulated time was neither mentioned in contract agreement nor in supply order.
6. There was variation in the quantities of items in agreement, and supply order.

Irregularity occurred due to weak internal controls.

Irregular award of work resulted in loss to government.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person (s) at fault under intimation to audit.

AIR No .14/2016-17

TMA TOWN-III PESHAWAR

1.4 Audit Paras of TMA Town-III

1.4.1 Irregularity& non-compliance

1.4.1.1 Irregular and doubtful expenditure on account of repair of Transformers- Rs 21.000 million and non-recovered sales tax Rs3.570 million.

According to Chief Minister KPK letter No. SOV / CMS / KPK / E&P / 2016 /14586 dated 11.11.2016 addressed to all Chief Executives PESCO KPK, TMA will carry out repair of Transformers in cases in which TMA has already transferred the funds. The repair may be outsourced through PESCO pre-qualified/approval workshops and quality oil and accessories should be used to avoid recurrent repair.

According to SOPs for execution of repair of transformers Scheme, “On receipt of written report from zilla council member regarding a damage transformer the representative of PESCO will personally inspect the transformer and will write the detail of transformer i.e Made, Serial No, PO No, Date and Year of manufacturing location capacity and fault in separate register to be maintained for this purpose. And after repair the transformer will be checked by the committee including representative of PESCO, Zilla council member and representative of the owner of workshop and will sign the job/ inspection report. Approved PESCO Workshop will provide warranty for one year as PESCO SOP. The repaired transformers will be installed at the same location by the concerned SDO PESCO and in the presence of representative of Deptt/TMA concerned.

According to serial No. 20 (b), the contractor is bound to execute the repair of transformers from the approved workshop of PESCO. According to serial No. 20 (d), the contractor is bound to obtain and then produce completion and quality Certificate from the concerned Sub-Division of PESCO. According to serial No. 20 (e), the contractor is bound to handover the replaced/condemn parts of transformers otherwise, 1.5% will be recovered from his running bills.

Tehsil Municipal Officer Town-III, Peshawar awarded the contract of “Repair of Transformers in various capacities in the TMA Town-III area

Peshawar” to M/S Shakeel Traders Peshawar for Rs 21,000,000 during 2016-17. Audit observed that:

1. The contract was firstly awarded to M/S Ali Haider & Co at 67% below, then the local office authority cancelled and re-tendered the contract and awarded to M/S Shakeel Traders Peshawar at 39% below. TMO Twon-III again cancelled the contract due to non-providing additional Security by the contractor concerned and instead of blacklisting M/S Shakeel Traders Peshawar, re-tendered the contract and re-awarded to him at 0.51% below, which needs investigation at high level/NAB/Ihtisab Commission. Detail is in annex-04
2. Written report from Town members regarding a damage transformer was not available on record as required under SOP.
3. Report regarding inspection by PESCO and the detail of transformer i.e Made, Serial No, PO No date and year of manufacturing, location capacity and fault in separate register was not maintained as required.
4. The repaired transformers were not checked by the Committee including representative of PESCO, & Town member concerned and representative of the owner of workshop about all the tests and ensure the quality of repair of transformer.
5. Neither the local office ensured the repair work through M&T Lab of PESCO, nor the damage and repair work was carried out from the authorized/Approved work shops of PESCO.
6. The claim of repair was not verified by local SDO, PESCO and Town Nazim nor the repaired transformers were rechecked from M&T Lab before installation.
7. Rs 315,000 as 1.5% cost of the replaced/condemn parts of transformers, was not recovered from the contractor running bills.
8. Sales tax @ 17% amounting to Rs 3,570,000 was not recovered from the contractor as non-scheduled items were purchased and installed in the transformers. Moreover, no market price analyses were found on the record.

Audit is of the view that the fund has been miss-appropriated by the dealing hands.

The irregularity occurred due to non observance of Government rules.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry besides fixing responsibility on the person (s) at fault.

AIR No. 06/2016-17

1.4.1.2 Irregular and un-authorized expenditure from PFC fund Rs 56.926 million.

Para-23 of GFR Vol-I states that every government officer should realized fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence either on his part or on the part of his subordinate staff.

Town Municipal Officer Town-III, Peshawar withdrawn Rs79,437,038 from PLA/Assignment account on account of pay & allowances, family pension, pension contributions, death grants, 2% pool fund, Capacity Building and 25% share PFC to WSSP 1st quarter and leave encashment. TMO, Town-III received from Provincial Government KPK Rs 22,511,000 as Octroi Share and TMA Share during 2016-17 as per PLA register as per detail given below. Thus the TMO, Town-III has un-authorizedly and irregularly paid Rs 56,926,038 (79,437,038 - 22,511,000) from PFC fund.

S#	Nature of Receipts	No & Date	Dated	For the months	Amount
1	Octroi Share	PR-5(M)/Seat-6/PLA/2015.16/5973-83	06.04.2016	02/2016	8,069,000
2	TMA Share	Nil	Nil	7,8,9,10,11/2016	4,814,000

3	TMA Share	Nil	Nil	12/2016	9,628,000
Total					22,511,000

The irregularity occurred due to non observance of Government rules.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends strict disciplinary action besides fixing responsibility on the person (s) at fault.

AIR No. 10/2016-17

1.4.1.3 Irregular and un-authorized retention of money in PLA account Rs 27.783 million.

According to Finance Department Government of KPK letter No. BO-I/FD/5-8/2017-17, dated 04.07.2016, no department shall retain receipts in Bank Accounts. The Department must remit all receipts to Provincial Account forthwith except where Department facilities have been specifically permitted under some status/Act.

Finance Department Government of KPK letter No. BOU/FD/3-10/97-98/WMP Sum/Vol, dated 21st January 2002 provides that unspent balances in the respective designated bank accounts at the end of the financial year shall be treated as lapsed and shall have to be refunded to the Government.

Town Municipal Officer Town-III, Peshawar maintained PLA account for PFC Fund, Octroi Share, TMA Share and Remuneration of elected Town Nazim, Naib Nazim and Town Members since long. The local office authority failed to refund to the Government the un-spent and un-claimed balances in PLA as per detail given below;

Position as on 30 th June, 2016			
S#	Nature of Receipts	Period	Amount
1	Opening Balance (Unknown)	Since long	1,881,064
2	PFC	2014-15	3,933,205
3	PFC	2016-17	55,175,180
Position as on 28 th February, 2017			
1	Opening Balance (Unknown)	Since long	1,881,064
2	PFC	2014-15	3,933,205
3	PFC	2016-17	55,175,180
Position as on 30 th June, 2017			
1	Opening Balance (Unknown)	Since long	1,881,064
2	PFC	2014-15	3,846,923
3	PFC	2016-17	22,055,136
Total of 30th June, 2017			27,783,123

The irregularity occurred due to non observance of Government rules.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends strict disciplinary action besides fixing responsibility on the person (s) at fault.

AIR No.11/2016-17

1.4.1.4 Un-authorized payment to LCB on account of 2% share Rs 9.283 million

Para 23 of GFR Vol I provides that every public officer is personally responsible for any loss sustained by government through fraud or negligence on his own part or on the part of subordinate disbursing officers.

Tehsil Municipal Officer Town-III, Peshawar overpaid Rs 9,282,704 on account of 2% share to Local Council Board, as per detailed below.

Designation	Overpayment
Income from own sources (as per Income statement)	169,367,417
Payment made to LCB as per Income & Expenditure Statement	12,670,052
2% share (169,367,417 x 2%)	3,387,348
Overpayment (12,670,052 - 3,387,348)	9,282,704

The overpayment occurred due to weak financial management.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery and action against the person(s) at fault under intimation to audit.

AIR No.14/2016-17

1.4.2 Internal Control Weaknesses

1.4.2.1 Loss to TMA due to non-realization of receipts Rs 21.409 million

According to Clause 2 of the Model Terms and Conditions of contracts 2016-17, there should be a maximum or a minimum increase up to 20 % over the previous year bid.

Town Municipal Officer Town-III, Peshawar sustained loss of Rs21,408,754 in the contracts of Suzuki Stand Bana Mari, Suzuki Stand Scheme Chowk and 2% Property Tax as per detailed below. The local office authority failed to advertised the contracts and invite bids from the open market for healthy competition and departmentally collected the receipts resulting the heavy loss.

S#	Name of Contract	Receipts 2016-17	Add 20% (Rs)	Required to be auctioned during 2016-17	Receipts 2016-17	Difference /Loss
01	Suzuki Stand Bana Mari	75,000	15,000	90,000	0	90,000
02	Suzuki Stand Scheme Chowk	700,380	140,076	840,456	263,640	576,816
03	2% Property Tax	132,933,743	26,586,749	159,520,492	138,778,554	20,741,938
Total						21,408,754

The loss occurred due to weak financial management.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

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

AIR No.01/2016-17

1.4.2.2 Suspected misappropriation of Receipt Rs1.296 million.

According to rule 52 (1&2) of the TMAs budget rules 2016, the TOR shall furnish monthly statement to the TOF and in the event of any error in recording of receipt is discovered the return shall be corrected and intimation shall immediately be sorted by TOR.

According to Secretary Local Council Board, Peshawar Letter No.AO-II/LCB/9-1/2010 dated 05.07.2011, the new tax on wedding halls (Air-conditioned) is Rs 5,000 per month.

Town Municipal Officer Town-III, Peshawar recorded Rs 233,000 as NOC charges for 2016.17 from Awami Shopping Center University Road, Peshawar, but this recovery was not highlighted in the Income & Expenditure Statement. Moreover, there is a difference of Rs 134,994 between figure recorded in DCR and Income Statement as per detail given below. The Town-III Council notified in its month wise meeting that the Dewan-e-Khas Malba has been auctioned for Rs365,000 during 2016.17 but this receipts has not been shown in DCR Register nor in Income & Expenditure Statement of 2016.17.

S#	Description	Receipts as per DCR	Receipts as per Income Statement	Difference
1	Awami Shopping Center University Road, Peshawar	508,000	275,000	233,000
2	Cattle Fair Surband, Peshawar	1,361,340	1,226,346	134,994
3	Auction of Dewan-e-Khas Malba	0	0	365,000
4	Total wedding halls in the jurisdiction of Town-III =22 (22 x Rs 5,000 x 12 months = 1,140,000 (1,320,000 - 757,000)		757,000	563,000
Total				1,295,994

The loss occurred due to weak financial management.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however; meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery besides action against the person(s) at fault under intimation to audit.

AIR No.04/2016-17

1.4.2.3 Loss to TMA on account of repair of Transformers- Rs 12.702 million and not forfeiting of Earnest Money Rs420,000

According to clause-20 of Minutes of meeting of the Review Committee for MRS-215 KPK and other issues related to procurement of work circulated vide Chief Minister Secretariat KPK letter No.SOVI/CMS/KPK/1-13/2016/4264-70 dated 08-04-2016 and KPPRA Rules-2014, “The bidders who quote their bids of more than 10% Below should be asked to submit a call deposit equal to 8% of the bid cost and this additional security will be released to the contractor in four installments i.e. 25% on completion of 25% of the project, 50% to be released up to 50% completion, 75% to be released upon 75% completion and remaining amount to be released after completion of the project. In case the bidder quotes more than 10% below the Engineer Estimates and the bid is not accompanied by the additional Security, then the bid will be considered as non-responsive and the 2nd lowest bidders and so non will be considered accordingly”.

According to Clause (2) of LGA 2013.Functions and powers of the Nazim, Tehsil Council. The Nazim, Tehsil Council shall be personally responsible for any loss flowing from decisions made by him personally or under his directions in violation of any provisions of this Act or any other law for the time being in force and for any expenditure incurred without lawful authority.

Town Municipal Officer Town-III, Peshawar awarded the contract of “Repair of Transformers in various capacities in the TMA Town-III area Peshawar” to M/S Shakeel Traders Peshawar for Rs 21,000,000. The contract was firstly awarded to M/S Ali Haider & Co at 67% below, then the local office authority cancelled and re-tendered the contract and instead awarding the contract to 2nd lowest M/S Wajid Ali Khan or M/S Hamid Jan & Brothers, awarded the

contract to M/S Shakeel Traders Peshawar at 39% below. TMO Town-III again cancelled the contract due to non-providing additional Security by the contractor concerned and instead of blacklisting the contractor and forfeiting his 2% Earnest Money Rs420,000, again awarded the contract to M/S Shakeel Traders Peshawar at 0.51% below as per detail given below. Office Record of TMO Town-III is silent about forfeiting the 2% Earnest Money of the other contractors mentioned below who were failed to deposit 8% additional security.

The loss occurred due to weak financial management.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry besides fixing responsibility on the person (s) at fault.

AIR No.07/2016-17

- 1.4.2.4**
- i. Doubtful and Irregular execution of work under AOM&R–Rs 15.000 million**
 - ii. Excess expenditure of Rs 2.651 million.**

According to Clause (2) of LGA 2013. Functions and powers of the Nazim, Tehsil Council. The Nazim, Tehsil Council shall be personally responsible for any loss flowing from decisions made by him personally or under his directions in violation of any provisions of this Act or any other law for the time being in force and for any expenditure incurred without lawful authority.

According to Finance Department Government of KPK letter No. BO-I/FD/5-8/2017-17, dated 04.07.2016, no funds will be utilized on account of annual and special repair of such Roads & Buildings which have been repaired / rehabilitated during last three years except flood and earthquake affected Government infrastructure.

Town Municipal Officer Town-III, Peshawar incurred an expenditure of Rs 15,000,000 on Annual Ordinary Maintenance and Repair (AOM&R) of various areas under the jurisdiction of Town-III. Audit observed that:

1. Almost all the streets and drains were required minor repair and maintenance (M&R) as recently from last 03 years the streets/drains were regularly constructed by concerned Neighborhood Councils (NCs) through AD LG&RDD and other executing agencies and the Government has spent millions of rupees on these schemes. Therefore, there was no need for dismantling and reconstruction of the same work. Moreover, the work executed pertaining on items “Dismantling of PCC 1:3:6” and then re-construction of the same area with the same quantity. Audit also observed the following:
2. Layout & drawing X-Sections at least of single scheme was not available in the execution files to ascertain the previous condition of site that either it was constructed or otherwise. The dismantling and malba was shown fictitiously and this leads to suspected misappropriation.
3. History of the street/drain was not mentioned since last three (3) years when the previous work was executed.
4. Total expenditure of executing agencies worked in Town- III area should need compilation from their Progress Reports of last three years (3), e.g. PHE Department Peshawar, C&W Department Peshawar, AD Local Government Peshawar, PDA and Town-1 Peshawar to avoid overlapping and duplication.
4. Illogical execution of dismantling and re-construction of the same area with same quantity and items needs detail investigations.
5. TMO Town-III failed to note and identify the area on Running bills on which the repair work was carried out.
6. Rs. 761,503 has been incurred on boundary wall of RHC Regi, Peshawar, which was not technically sanctioned nor mentioned in the PC-1and BOQ.
7. Identification of location and name of the schemes were not mentioned in the PC-1/ Technical Sanction, BOQ, and measurement book for transparency.

8. Almost new work was shown executed in the name of AOM&R, which needs detail investigations.
9. PC-1 was approved for estimated / bid cost of Rs 15,000,000 whereas the expenditure was incurred/claimed for Rs 17,650,916 through 14 Running Bills. Thus expenditure of Rs 2,650,916 (15,000,000 -17,650,916) was held as unauthorized.
10. No physical verification report from Twon Nazim and Town Members, was found on the record.
Audit is of the view that the fund has been miss-appropriated by the dealing hands.

The irregularity occurred due to weak financial management.

The irregularity was pointed out in January 2018. Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry besides fixing responsibility on the person (s) at fault.

AIR No.08/2016-17

1.4.2.5 Loss to TMA on account of execution of work under AOM&R - Rs 4.350 million

According to clause-20 of Minutes of meeting of the Review Committee for MRS-215 KPK and other issues related to procurement of work circulated vide Chief Minister Secretariat KPK letter No. SOVI/CMS/KPK/1-13/2016/4264-70 dated 08-04-2016 and KPPRA Rules-2014, "The bidders who quote their bids of more than 10% Below should be asked to submit a call deposit equal to 8% of the bid cost and this additional security will be released to the contractor in four installments i.e. 25% on completion of 25% of the project, 50% to be released up to 50% completion, 75% to be released upon 75% completion and remaining amount to be released after completion of the project.

In case the bidder quotes more than 10% below the Engineer Estimates and the bid is not accompanied by the additional Security, then the bid will be considered as non-responsive and the 2nd lowest bidders and so non will be considered accordingly”.

According to Clause (2) of LGA 2013 Functions and Powers of the Nazim, Tehsil Council, The Nazim, Tehsil Council shall be personally responsible for any loss flowing from decisions made by him personally or under his directions in violation of any provisions of this Act or any other law for the time being in force and for any expenditure incurred without lawful authority.

Town Municipal Officer Town-III, Peshawar awarded the contract of “execution of work under AOM&R” to M/S Hamayun & Brothers Peshawar for Rs 15,000,000 at 12% below. The contract was not awarded to M/S Iftikhar Electrical Engineering offering 41% below rate and then M/S Javed & Brother J&B offering 35% below rate. TMO Town-III rejected the offers due to not depositing 8% Additional Security. Office Record of TMO Town-III is silent about forfeiting the 2% Earnest Money of the other contractors mentioned below who were failed to deposit 8% additional security.

S#	Bidder Name	Bid Amount Rs	Bidder rate of Above/Below	Amount of Above/Below	Net bid amount 2 - 4
	1	2	3	4	5
1	M/S Iftikhar Electrical Engineering	15,000,000	41%	6,150,000	8,850,000
2	M/S Javed & Brother J&B	15,000,000	35%	5,250,000	9,750,000
3	M/S Hamayun & Brothers Peshawar	15,000,000	12%	1,800,000	13,200,000
Total Loss to TMA/Government (6,150,000 -1,800,000) =				4,350,000	

The loss occurred due to weak financial management.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry and investigation besides fixing responsibility on the person (s) at fault.

AIR No.09/2016-17

1.4.2.6 Non-recovering of penalty amount from the contractors Rs 2.940 million

According to Clause 2 of the Contract Agreement, penalty @ 1% per day and up to maximum of 10% of the tender cost may be imposed for delay in completion of work.

Town Municipal Officer Town-III, Peshawar awarded developmental works to various contractors under PFC fund. The contractors failed to complete the schemes within stipulated period and TMO Town-III failed to recover penalty amount Rs 2,940,100 from the contractors as per detail in annex-05.

The loss occurred due to weak financial management.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends immediate recovery of Rs 2,940,100 and strict disciplinary action besides fixing responsibility on the person (s) at fault.

AIR No.12/2016-17

1.4.2.7 Non-recovery of penalty amount Rs5.505 million.

According to Clause (2) of LGA 2013. Functions and powers of the Nazim Tehsil Council, The Nazim of a Tehsil Council shall be personally responsible for any loss flowing from decisions made by him personally or under his directions in violation of any provisions of this Act or any other law for the time being in force and for any expenditure incurred without lawful authority.

According to Clause 2 of the Contract Agreement, penalty @ 1% per day and up to maximum of 10% of the tender cost may be imposed for delay in completion of work.

Town Municipal Officer Town-III, Peshawar awarded the scheme “Construction of Commercial Plaza at University Town Peshawar Phase-2” to M/S Wali Construction Company Peshawar with time period of 24 months i.e. from 10.05.2012 to 09.05.2014. The contractor failed to complete the scheme within stipulated period and completed the plaza and handed over on 24.05.2017. TMO Town-III thus failed to recover penalty amount Rs 5,505,290 from the contractor.

Name of Scheme/Work	Nature of cost	Physical Progress	
Construction of commercial plaza at University Road, Peshawar Phase-2	Civil Work (Schedule Items)	39,067,885	10% penalty Rs
	Add: 20 premium	7,813,577	
	Civil Work (Non-Schedule Items)	240,000	
	Electrical Works (Schedule Items)	909,067	
	Add: 20 premium	181,813	
	Electrical Works (Non-Schedule Items)	1,202,006	
	Public Health Works (Schedule Items)	1,026,303	
	Add: 20 premium	205,260	
	Public Health Works (Non-Schedule Items)	328,992	
	Total	50,974,903	
	Add: 8% Above	4,077,992	
	Grand Total	55,052,895	

The loss occurred due to weak financial management.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery and action against the person(s) at fault under intimation to audit.

AIR No.13/2016-17

TMA TOWN-IV PESHAWAR

1.5 Audit Paras of TMA Town-IV

1.5.1 Irregularity& non-compliance

1.5.1.1 Loss due to unauthorized payment of non-BOQ item–Rs 0.976 million

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

Town Municipal Officer Town-IV, Peshawar paid Rs 975,982 against two items of works, in the scheme namely, “Construction of Street /Drain /culvert etc at various location of U/C Hazar Khwani-II Peshawar” which were neither included in the BOQ nor in the PC-1. The payment of Non BOQ items resulted in loss to public exchequer for Rs 975,982 as detailed below:

Name of Item	Qty Paid	Qty Approved	Diff	Rate	Overpayment
Shingle filling	858.05	0	858.05	896.78	769,482
LEDS	59	0	59	3,500	206,500
Total					975,982

Loss occurred due to weak internal controls.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry and recovery under intimation to audit.

AIR No.08/2016-17

1.5.1.2 Loss due to fraudulent tendering process Rs 0.44 million

According to Rule 30 of KPPRA Rules-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. Further, according to Rule 42 of KPPRA Rules-2014, in case of failure of negotiations with the first bidder, the procuring agency may invite the second ranked bidder as per the evaluation report.

Town Municipal Officer, Town-IV, Peshawar awarded a work namely “Construction of road near urmar bala stop” at a bid cost of Rs 3,300,638 against the estimated cost of Rs 4,000,000. Audit noticed the following irregularities.

1. The lowest bid of Rs 3,010,409 (24.73% below) offered by Mr. Ali Badsha was rejected on the plea that the contractor failed to deposit the additional security and the work was awarded to Mr. Ali Haider at a bid cost of Rs 3,300,638 (17.48% below) which resulted in loss of Rs 290,229 to government.
2. The rate of Ali Haider was manipulated and increased to Rs 3,300,638 from Rs 3,190,839, which shows that the item rate at a payment of Bill was increased simply to extend undue favor to contractor.
3. The work order was issued to Ali Haider for 17.48% below while agreement was signed with the contractor for 24.73% below (the rate of Ali Badshah) which clearly revealed that the tender process was fake.
4. Over Paid Rs 157,339 on account of shingle filling for a quantity of 259.90 m³ @Rs 705 instead of Rs 100 per m³ as allowed in BOQ which was manipulated in the BOQ and increased from Rs 100 to Rs 705 by overwriting.
5. First bill of Rs 1,102,797 was processed on file on 17.06.2016 after 04 days of work order i.e. 13.6.2016 and paid to contractor which was impossible.
6. The bid amount was neither written in words nor in figures in the tender form.

The loss occurred due to weak internal control.

Due to fraudulent tendering process government sustained a loss of Rs 0.44 million

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

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

AIR No.09/2016-17

1.5.1.3 Loss due to overpayment Rs 0.302 million

According to Para 23 of General Financial Rules, 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 either on his part or on the part of his subordinate staff.

Town Municipal Officer Town-IV, Peshawar during the year 2016-17 awarded the contract namely “Construction of street drain culvert side wall etc at various locations and Installation of Hand pumps & Street lights at village Urmar Payan” under PFC award at a bid cost of 41% below to M/S Saif ways against the estimated cost of Rs 3.02 million.

Audit noticed the following irregularities:

1. The bid amount was neither written in words nor in figures in the tender form.
2. Technical bids were not available on record.
3. 31% below rate was deducted from the contractor instead of 41% rate offered by contractor resulted into loss of Rs 302,000.
4. Rs 548,212 were paid to contractor for installation of hand pumps and supply of street lights without rate analysis in PC-I and the basis of the rate given was not available on record.

The irregularity occurred due to non-compliance of Government Rules.

Overpayment resulted in loss to Government for Rs 302,000

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however; meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery and fixing of responsibility under intimation to audit

AIR No.12/2016-17

1.5.1.4 Wasteful expenditure on sub standard execution of Work Rs1.237 million

According to the Chief Engineer LCB KPK instruction issued vide No. Ch/Engineer/LCB/3-1/2016 dated 08-01-2016 which states that the use of mobile asphalt be stopped forthwith, in case of dire need and justification approval of the local council board shall be obtained in order to achieve good quality of work.

Town Municipal Officer Town-IV, Peshawar during 2016-17 made payment on substandard execution of the item of work “ 2 inch Dense Graded hot Bitumen by using Mobile Asphalt mixer ” instead of using premix of asphalt batch plant for a quantity of 2,291.52 M² @ Rs. 540/m² for Rs. 1,237,420 to a contractor Khilji Developers vide MB 531 Page No. 52 to 61 in the schemes “Construction of Road from Garhi Wahid Gul to Mano Garhi Doctor Qilla U.C Mera Surizai Payan Peshawar” in violation of Chief Engineer LCB KPK instruction issued vide No. Ch/Engineer/LCB/3-1/2016 dated 08-01-2016. However, work order was issued on 02-05-2016, despite that instruction orders of the Chief Engineer were not followed & substandard premix work was executed through Mobile Asphalt instead of using premix of asphalt batch plant which resulted in substandard execution of work and loss to Govt.

Moreover, the scheme was shown completed with Rs 2.387 million against the estimated cost of Rs 3.000 million with a saving amount of Rs 0.613 million where as premix of asphalt batch plant would have cost Rs 0.73 million, which would have been covered in the estimated cost, which was not done.

The irregularity occurred due to non-observance of Government Rules.

The non compliance of instructions resulted in wasteful expenditure on sub standard execution of Work Rs. 1.237 million

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry and fixing of responsibility on the person at fault under intimation.

AIR No.17/2016-17

1.5.1.5 Unauthorised expenditure on purchase of vehicles -Rs 2.787 million

Para-b of Director General LG&RDD office Notification No. Dir (DG) Transport Committee Report 2016-17 dated 14.10.2016 states that There shall be no duplication of purchases, and only those district Government & TMAs shall make procurement of new vehicles where the presently serviceable vehicle do not exist. Further Para-d of said letter states that the proposed purchase of vehicles shall be made out of own source of respective local Government.

Town Municipal Officer Town-IV, Peshawar incurred expenditure of Rs 2.787 million on account of purchase of 02 vehicles (Toyota Corolla (GLI) 1300 cc for Town Nazim and Suzuki Cultus 1000 cc for TMO 1,663,0000 and Rs 1,124,000 respectively) during 2016-17 despite the fact that the Town Nazim & TMO were already using official vehicles (Corolla XLI A-1353 and Cultus A-1158) respectively. Hence purchase of 02 new vehicles was unauthorized.

Furthermore, the vehicles were not purchased from TMA own sources but were charged to developmental fund in violation of the DG LG&RDD instructions.

The irregularity occurred due to non-compliance of Government Rules

The public deprived of the benefits of the development due to unauthorised expenditure on purchase of vehicles

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends disciplinary action against the person (s) at fault besides immediate surrender the new vehicle to the Department concerned for its proper utilization.

AIR No. 28 /2016-17

1.5.1.6 Unauthentic/unverified expenditure on account of developmental fund-Rs 60.463 million

According to Clause (2) of LGA 2013. Functions and powers of the Nazim Tehsil Council, The Nazim of a Tehsil Council shall be personally responsible for any loss flowing from decisions made by him personally or under his directions in violation of any provisions of this Act or any other law for the time being in force and for any expenditure incurred without lawful authority.

Town Municipal Officer Town-IV, Peshawar incurred a development expenditure of Rs 52.782 million against the estimated cost of Rs 60.463 million during financial year 2016-17 however, relevant record in support of the expenditure i.e Contractor bills, Administrative approval, PC-I/Detail cost estimate, Technical sanction, Measurement books, PC-IV ,contract agreement, tender process and progress report were not produced by the TMO/Tehsil Officer(Infrastructure) for detail scrutiny despite repeated verbal and written requests therefore the veracity of the expenditure remained unverified. Detail is in annex-06.

The irregularity occurred due to non-compliance of Government Rules.

Due to non production of record the expenditure on account of fund could not be verified

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however; meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry and fixing responsibility against the person at fault for deliberate hinder the auditorial function.

AIR No. 31/2016-17

1.5.1.7 Irregular drawl on account of Pension Contribution& Commutation Rs 10.084 million

As per standing orders, the payment of Pension be made through bank account of the employee's concerned.

Town Municipal Officer Town-IV, Peshawar during 2016-17, incurred expenditure of Rs 10,084,269 on account of Pension contribution and Commutation. The following irregularities were noticed

1. Payment of Rs 1,276,222 was made through cash instead of bank accounts of the pensioners.
2. Acknowledgments of the pensioners were not available on record.
3. Living certificates were neither obtained nor available on record.
4. CNICs of the pensioners were not available on record.

The lapse was occurred due to lack of internal check over dealing hands.

The irregularity occurred due to non-observance of Government Rules and standing order.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends appropriate action besides fixing responsibilities on person(s) at fault.

AIR No.34/2016-17

1.5.1.8 Irregular & un-authentic expenditure on repair of vehicle Rs 1.901 million

According to Minutes of the meeting of Administration Department Govt. of Khyber Pakhtunkhwa vide No. SOT(DA)3-20/2013 dated 7th October 2015 and circulated vide No. SOT(DA)4-3/2013 dated 8th October 2015, every department and attached offices may maintain only such number of vehicles as are authorized to it by the Transport Committee and as per Finance Deptt. letter No. SO (A)/CS/FD/2-3/97 dated 26th April, 1997, NOC must be obtained from Administration Department before carrying the following repair work. According to Finance Department's letter No.SO(A/Cs)/FD/2-3/97, dated 26-4-1997, a committee consisting of Technical Officer S&GAD and M.V.E. Peshawar District will examine and issue necessary certificate in case of the following major repairs subject to observance of existing provisions under S.No.11 of (Second Schedule) of the KPK Delegation of Powers under the Financial Rules and Powers of Re-appropriation Rules 1981,

- a) Engine overhaul.
- b) Replacement of tyre and batteries.
- c) Repair in case of accident and routine repair where repairing cost exceeds Rs.15,000

Town Municipal Officer Town-IV, Peshawar during 2016-17, incurred expenditure of Rs 1,901,814 on account of repair of vehicles audit held the expenditure irregular on the following grounds.

1. The local office neither obtained NOC from Administration Department nor a Certificate for such repairs, was obtained from the

committee consisting of Technical Officer S&GAD and M.V.E. Peshawar District.

2. Expenditures of Rs 614,000 was incurred on road ruler and Rs 449,000 on water tanker it was astonishing to see that almost all the mechanical parts including tyre were shown replaced, denting and painting has also been done and engine was also changed which shows that the vehicles were completely scrape and has completed its useful life. Moreover the tendering process was also not observed and bills/vouchers were not available on record. Moreover proof of the healthy completion was also not available on record.
3. Cash payments were made to the drivers concerned in most of the cases.
4. The log books of the vehicles were not properly maintained.
5. Where about of the replaced/Condemn parts
6. Rs 953,691 were incurred over and above the budget allotment.

The irregularity occurred due to non-observance of Government Rules and standing order.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry besides fixing responsibilities on person(s) at fault.

AIR No.37/2016-17

1.5.1.9 Irregular expenditure of Rs 2.032 million and Non deduction of income tax Rs 243,798

According to Clause (2) of LGA 2013. Functions and powers of the Nazim, Tehsil Council. The Nazim, tehsil council shall be personally responsible for any loss flowing from decisions made by him personally or under his directions in violation of any provisions of this Act or any other law for the time being in force and for any expenditure incurred without lawful authority.

According to FBR notification 12% income tax is required to be deducted on service provision.

Town Municipal Officer Town-IV, Peshawar during 2016-17, incurred expenditure of Rs 2,031,646 on account of advertisement charges, audit notice the following irregularities.

1. Rs 1,745,885 were paid for the advertisement made during 2016-17, the chances of double drawl could not be ruled out.
2. Rs2,031,646 were paid to Director Information on account of publicity and advertisement charges but income tax of Rs 2,031,646@12% of Rs243,798 was not deducted.
3. Rs 788,704 were incurred over and above the budget allotment.

The irregularity occurred due to non-observance of Government Rules and standing order.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given. Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends full justification besides recovery of the income tax under intimation to audit.

AIR No.38/2016-17

1.5.2 Internal Control weaknesses

1.5.2.1 Loss due to non auctioning contract of 2% property tax Rs 17.830 million

According to Para (ii) of terms and condition of the contracts circulated vide Local Government Department, Government of Khyber Pakhtunkhwa letter No. AO-II/LCB/6-11/2013 dated 14-03-2016; the contract for the present year must have an increase over the bid of last year to the tune of 20%.

Town Municipal Officer Town-IV, Peshawar during 2016-17, collected Rs 57,872,000 departmentally on account of 2% property tax during financial year 2016-17. Audit observed that a loss of Rs 17,830,217 occurred due to non auctioning of the contract as per following details.

Particular	Recovery during 2016-17	20% increase	Target for 2016-17	Actual receipt during 2016-17	Loss
2% property tax	57,350,165	11,470,033	68,820,198	57,872,000	10,948,198
Add 10% Income tax			6,882,019	-	6,882,019
Total					17,830,217

The contract was shown advertised but not auctioned due to non participation of contractors. Audit is of the view that the contract proceedings were not actually done as video/photograph of the auction proceeding was made/recorded which would have been a proof of actual auction as required under Para 1 of the Terms & Conditions of auction circulated vide AO-II/LCB/6-11/2013 dated 14-03-2016.

Moreover, the department receipts of Rs57,872,000 were not reconciled with the revenue department for actual number of mutation.

The loss occurred due to weak internal controls.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry and fixing responsibility on person(s) at fault under intimation to audit.

1.5.2.2 Loss due to cancellation of contract of “Developmental Cess on bricks”- Rs 9.295 million

According to the Supreme Court of Pakistan Orders dated 06/06/13 circulated by LCB vide No.AOII/LCB/6-11/2016/ dated 29/06/16 that the levy of license fee on manufacture of cement, and the fee on loading and unloading of cement as well as minerals was not within the power of Tehsil council, Lakki Marwat and Nowshera. The appeals are therefore allowed. The impugned notification to the extent of imposition of license fee on manufacture of cement and tax on loading and unloading of cement and other minerals are set aside having being issued without lawful authority.

According to Clause 49 of the LGA, 2013. Taxation Rules, all taxes and other charges levied by a local government shall be imposed, assessed, leased, compounded, administered and regulated in such a manner as may be prescribed by rules which may, among other matters, provide for the obligation of the tax payer and the duties and powers of the officials responsible for the assessment and collection of taxes.

Town Municipal Officer Town-IV, Peshawar during 2016-17, awarded the contract of “Developmental Cess on Bricks” at a bid cost of Rs 8,450,000 for the period w.e.f 1-7-16 to 30.06.17 for the year 2016-17. Later on the contract was cancelled on the plea of court orders as referred above. However, scrutiny of the court order revealed that court orders have been misinterpreted as there is no mention of cancellation of such contracts in the court orders and the issue pertained only to the minerals not bricks. This resulted in loss of Rs 9,295,000 to government as per Detail below;

Particular	Bid amount Rs	Total collection during the year	short recovery
Contract amount	8,450,000	Nil	8,450,000
Income tax @10%	845,000	Nil	845,000
		Total	9,295,000

The loss occurred due to weak internal control.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery and fixing of responsibility under intimation to audit.

AIR No.02/2016-17

1.5.2.3 Loss due to non-awarding of receipt contract–Rs 7.916 million

According to Clause 41(1) of LGA 2013. Every official or servant of a local government, every member of a local council, and every person charged with administration and management of property of a local government shall be any loss.

Town Municipal Officer Town-IV, Peshawar during 2016-17, failed to award the contract of “Cattle fair Badaber” at a bid cost of Rs Rs 7,700,000 offered by a contractor namely Bakhtiar Ali for 8 months w.e.f 01-11-16 to 30-07-16, however departmental recovery was started with realization of Rs 553,870, which resulted into a loss of Rs 7,146,130 in receipt of principal amount and loss of Rs 770,000 as withholding tax. Detail is below:

S.No	Name of contract	Bid amount	Departmental recovery	Loss in contract	Loss 10% withholding tax	Total loss
1	Cattle fair Badaber	7,700,000	553,870	7,146,130	770,000	7,916,130

The loss occurred due to weak internal control.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry and appropriate action besides fixing responsibilities on person(s) at fault

AIR No.03/2016-17

1.5.2.4 Fraudulent award of contract and payment on account of repair of Transformer- Rs 10.000 million

According to SOPs for execution of repair of transformers Scheme, “On receipt of written report from **Zilla Council** member regarding a damage transformer the representative of PESCO will personally inspect the transformer and will write the detail of transformer i.e Make, Serial no, PO No, Date and Year of manufacturing location capacity and fault in separate register to be maintained for this purpose. And after repair the transformer will be checked by the committee including representative of PESCO, & Zilla council member concerned regarding all the tests and ensure the quality of repair of transformer. The contractor shall ensure the repair work through M&T Lab of PESCO and the damage and repair work indentified by the M &T Lab should be carried out from the authorized/Approved workshops of PESCO and the repaired transformer shall be rechecked from M&T Lab before installation”.

According to the Abridge Condition under the WAPDA Act, 1958, printed on every application form of electricity service connection, “before any electrical wiring or energy consuming apparatus is connected to the authorities mains, the same shall be subject to inspection and testing by the authority and the whole of the service line, together with any wire meters and other apparatus installed on the premises of the consumer shall be property of the Authority. Moreover the consumer shall be solely responsible for and shall pay for any loss of or damage to any electric supply lines, main fuses meters and /or other apparatus belonging to the authority on the consumer premises whether caused maliciously or through culpable negligence or default on the part of the consumer or any of his employees or whether arising out, theft or any other cause beyond the control of the authority, always accepting reasonable wear and tear and loss or damages”.

Para 2.65 of Building and Roads Department Code provides that the lowest rate quoted by contractor must be accepted.

Town Municipal Officer Town-IV, Peshawar during 2016-17, incurred expenditure of Rs 10,000,000 on account of “Repair of transformer at PK-11

Peshawar” under CMD special package. Audit noticed the following irregularities.

1. PC-I, Measurement book, Technical Sanction and PC-IV was not produced to audit for scrutiny.
2. Written report from Zilla Council member regarding a damage transformer was not available on record as required under SOP.
3. The claim of repair was not verified by local SDO, PESCO and MPA concerned
4. The repaired transformers were not rechecked from M&T Lab before installation.
5. Replaced items were not available on stock.
9. The over payment of Rs 3,064,600 was made to the contractor by making payment of Rs 10,000,0000 against the bid cost of Rs 6,935,400.
10. The lowest rate of Wajid Ali Rs 5,946,000(40.54% below on the estimated cost) was rejected on the lame excuse that the contractor did not responded for production of the additional security and the work was offered to 2nd lowest bidder M/s Shah Jahan but he refuse to take over the work. The work was awarded to 3rd lowest bidder at a bid Cost of Rs 6,935,400 (30.64% below) which resulted in to loss of Rs 989,400 in award of contract.
11. The BOQ of the third lowest bidder was also manipulated and the rates were changed to higher side.

Fraudulent award of contract occurred due to weak internal control.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry and recovery of overpayment fixing responsibility on the person (s) at fault.

AIR No.07/2016-17

1.5.2.5 Fraudulent award of Contract Rs 5.00 million and Loss to Government Rs 1.635

According to Rule 30 of KPPRA Rules-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.

Para 2.65 of Building and Roads Department Code provide that the lowest rate quoted by contractor must be accepted.

Town Municipal Officer Town-IV, Peshawar during 2016-17, awarded a work namely “Construction of road/Pavement of streets/BTR etc at Kaga Wala UC Sheikh Muhammadi Peshawar” under CMD to Ali Haider at a bid cost of Rs 3,749,730 i.e. 25% below on MRS-2015 against the estimated of Rs 5,000,000. Audti observed the following irregularities.

1. The lowest bid of Rs 3,698,695 offered by Mr.Irfan ullah Khan was manipulated and increased to Rs 3,757,478, however the work was awarded to Mr. Ali Haider at a bid cost of 3,749,730 after declaring him the lowest. Detail is in annex-07
2. The BOQs of the contractors were manipulated and overwritten which shows that the tender process was fake.
3. The bid amount was neither written in words nor in figures in the tender form.
4. First bill of Rs 3,766,340 was processed on file on 17.06.2016 after 04 days of work order i.e. 09.6.16 and paid to contractor.
5. Comparison of the final bill of the contractor with rate offered by Mr. Irfan Ullah Khan revealed the loss of Rs 1,635,462 was sustained as per detailed below.
6. The BOQ of the Ali Haider was also manipulated and increased to 3,749,730 from Rs 3,649,730, to extend undue favor at the time of Payment.

The loss and irregularity occurred due to weak internal control.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends detail inquiry into the matter and recovery of the loss from the persons at fault.

AIR No.10/2016-17

1.5.2.6 Fraudulent award of Contract Rs 3.00 million and Loss to Government due to excess payment- Rs 0.831 million

According to Rule 30 of KPPRA Rules-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.

Town Municipal Officer Town-IV, Peshawar during 2016-17, awarded the contract of Construction of road/Pavement of streets/BTR etc at Phandu UC Mosazai” under CMD to Farzand Khan at a bid cost of Rs 2,332,273 i.e. 22.25% below on MRS-2015 against the estimated of Rs 3,000,000. Audit observed the following irregularities.

1. The BOQs of the contractors were manipulated and overwritten which shows that the tender process was fake.
2. First bill of Rs 1,507,978 was processed on file on 13.06.2016 after 03 days of work order i.e. 10.6.16 and paid to contractor.
3. The BOQ of the Ali Haider was also manipulated and increased to 2,332,273 from Rs 2,168,656, to extend unde favour at the time of Payment.
4. Excess payment of Rs 830,907 (2,999,563-2,168,656) was made to the contractor on over and above the bid cost.
5. Overpayment of Rs 34,348 was made to contractor on an item of work shingle filling due to allowing higher rate than BOQ.

6. The bid amount was neither written in words nor in figures in the tender form.
7. PEC registration and income tax statement was not found attached with the Tender form of the bidders

The loss and irregularity occurred due to weak internal control.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends detail inquiry into the matter and recovery of the loss from the persons at fault.

AIR No.11/2016-17

1.5.2.7 Fraudulent award of contract –Rs 3.250 million

According to Chapter-V of KPPRA Rules-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.

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.

Town Municipal Officer Town-IV, Peshawar during 2016-17, awarded two developmental scheme to various contractors after tendering. However, from scrutiny of the scheme file it was observed that the first contractor bill was shown processed on the same date on which work order was issued which is beyond audit comprehension. Thus the award of works was fraudulent which needs justification.

S. No	Scheme	Contractor	% below	Date of work order	Date of processing first bill	CQ No & date	Amount	% of work done	Cost in million
1	Installation of	Irfan	36%	6.06.2017	7.06.2017	405400	460,500	90%	0.950

	hand pumps at garhi muhbat Khail etc at U/C Sheira Kheira Peshawar					dt 7.06.17			
2	Construction of street drain etc at Behlol Khel, Burhan Khail, Binghazi lalma etc at U/C Badaber maryam zai Peshawar	Mehboob Ali	27%	6.06.2017	6.06.2017	7.06.17	1,697,400	74%	2.300
Total									3.250

The fraudulent award of works occurred due to weak internal controls.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry and fixing responsibility.

AIR No.16/2016-17

1.5.2.8 Loss due to purchase of Hand Pumps on higher rates –Rs 1.020 million

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

Town Municipal Officer Town-IV, Peshawar during 2016-17, allowed payment for purchase & installation of Daccar hand pumps at the rate of Rs 25,000 per pump to various contractors in different schemes instead of payment at the rate of Rs 15,000 per pump as paid in another scheme “Installation of hand

pumps at union council Urmar Maina to Mr. Firdus. Therefore, the payment for hand pumps resulted in loss to Govt. detail is in annex-07

The loss occurred due to weak internal controls.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry and fixing responsibility.

AIR No.19/2016-17

1.5.2.9 Excess payment to contractor-Rs 1.114 million

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

Town Municipal Officer Town-IV, Peshawar during 2016-17, paid an excess amount of Rs 1.114 million to a contractor in a work “Construction of street drains ,culverts etc at U/C Mera Surzai” due to allowing payment beyond 15 % admissible limit as per detail below which needs recovery.

Estimated Cost	Add 15% on PC-1 & TS	Total admissible	Total payment	Excess payment
2.94	0.441	3.381	4.495	1.114

The excess payment occurred due to weak internal control.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

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

AIR No.21/2016-17

1.5.2.10 Fraudulenttendering process Rs 1.579 million and loss of Rs 0.515 million and less deduction of Government taxes Rs 0.237 million

According to Chapter-V of KPPRA Rules-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 Clause (a) of Section 153 (1) of Income Tax Ordinance, 2001 as clarified vide FBR letter No. 17 dated 30-07-2015 in light of Finance Act, 2014, income tax @ 4.5% for 2014-15 and @ 6.5% for 2016-17 was required to be deducted from non filer suppliers for sales of goods.

Sales tax @ 17% of the gross bill is required to be deducted at source from the unregistered firms in accordance to the Sales Tax Act.

Town Municipal Officer Town-IV, Peshawar during 2016-17, incurred expenditure of Rs 1,579,021 on account of Purchase of various items as per detailed in annex-8. Audit observed the following irregularities.

1. The bids of the contractor were not received through registered mail, diary number, post office stamp and date on quotation was not mentioned and simple hand written envelopes were receipted without proper specification of the articles violating KPPRA rules.
2. Neither newspaper cutting nor payment of advertisement bill was available on record.
3. Purchase evaluation committee was not constituted as no report regarding inspection of the purchased items were available on record.
4. Delivery challans were not available on record.
5. Neither the Stock register was properly maintained nor issue wassupported with proper indents.

6. Opening date of bid was not mentioned violating KAPPRA rule 37
7. Pre and Post qualification of contractors process was not carried out as required under KPPRA Rules 2014.
8. Rate of Rs 270,000 offered by Zahoor Alam for purchase of generator was rejected and the purchase was made from Ali Haider at a cost of 785,000 resulted into loss of Rs 515,000.
9. Income tax of Rs69155 was deducted instead of Rs 102,636 and sales tax amounting to Rs 65328 was deducted instead of Rs 268433 resulted into less deduction of government taxes of Rs 236586.

The fraudulent tendering process and loss occurred due to weak internal controls.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however; meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry and recovery of loss and taxes under intimation to audit.

AIR No.29/2016-17

1.5.2.11 Loss to Govt due to allowing extra width of street than technically sanctioned quantity-Rs 1.750 million and overpayment to contractor due to less deduction of voids-Rs 0.144 million

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

Town Municipal Officer Town-IV, Peshawar during 2016-17, paid an excess amount of Rs 1,750,000 to a contractor by allowing extra width in street pavement than approved in technically sanctioned quantity in a work “pavement of street drains etc at Adizai Pk-10” vide MB # 01 page # 137-140. This resulted in loss to Govt.

Similarly, an amount of Rs114,280 was also overpaid to the contractor due to less deduction of voids from the item of work shingle filling which needs recovery.

Detail of loss by allowing extra width than technical sanctioned width

S.#	Item of work	Paid Qty in cft	Required qty in cft by applying width of 14 feet	Difference	Converted into m3	Rate	Over payment
1	1:4:8	35,469	31,065	4,404	125	6,000	750,000
2	1:2:4	35,469	31,065	4,404	125	8,000	1,000,000
Total loss							1,750,000

Detail of overpayment due to less deduction of voids from shingle filling

Item of work	Total qty (cft)	Deduction made@11%	Deduction required @ 25%	difference	Converted to m357.137	Rate	Over payment
Shingle filling	14,415	1,585.65	3603.75	2018.1		2,000	114,275

The loss occurred due to weak internal controls.

The irregularity was pointed out in January 2018, Management stated that detail reply would be given after scrutiny of the record but reply was not given.

Request for convening DAC meeting was made in January 2018 however, meeting of DAC could not be convened till finalization of this report.

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

AIR No.30/2016-17

ANNEXURES

Annex-1

MFDAC

(Rs in million)

S.No.	AP	Caption of Para	Amount
TMA Town-I			
1	147	Fraudulent Payment due to Fake execution of work –	14.890
2	148	Unknown Opening Balance of Rs22.339 million	22.339
3	150	Loss due to payment of Salary to Absent Staff	2.269
4	151	Irregular/Unauthorized purchase of Split Air Conditioners	1.566
5	152	Loss due to Non imposition of Penalty	0.850
6	154	Non-recovery of outstanding dues from the contractor	9.841
7	157	Overpayment due to allowing quantities over and above BOQ	4.389
8	159	Loss due to abnormal wastage of available Bricks	1.906
9	160	Loss due to variation in execution of work	1.170
10	161	Loss due to non-auction of contract	0.983
11	162	Irregular and unauthorized expenditure	0.782
12	163	Overpayment due to allowing wrong item in execution of work	1.159
13	166	Loss due to difference in two sets of books of accounts	0.507
14	169	Loss due to non-auction of contract of Gymkhana Cricket Club	0.233
15	170	Irregular cash payment of Pay & Allowances	15.018
16	171	Non deduction of Sales Tax on Supply of Street Lights	0.703
17	173	Non-deposit of Govt. receipt into Treasury	0.997
18	174	Difference due to weak budgeting	12.743
19	175	Difference due to weak budgeting	12.743
20	178	Loss due to irregular/unnecessary expenditure	2.940
21	181	Allotment of official vehicles to unauthorized staff	0
22	182	Suspected Misappropriation due to unnecessary execution.	1.327
TMA Town-II			
23	313	Non achievement of target of own source receipts	20.291
24	314	Abnormal decrease in own source receipts due to departmental collection	43.323
25	316	Non recovery of loss from defaulter contractor	0.668
26	320	Loss due to less recovery as compared to previous year income	0.393
27	325	Overpayment to contractor due allowing higher rate	0.752
28	327	Loss to Government due to purchase from higher bidder	
29	328	Doubtful release of security to contractor 218,000	0.218
30	330	Irregular tender of work	8.624
31	331	Non transparent and irregular purchase of generator	0.475
32	332	Suspected misappropriation of	0.100
33	334	Non submission of progress reports of developmental works	0.215
34	335	Non imposition of late penalty.	0.600
35	336	Overpayment to contractor.	0.141
36	337	Overpayment to contractor and non-imposition of penalty	0.330

			0.138
37	339	Suspicious and irregular cash drawl of Pay and Allowances	32.204
38	341	Irregular payment of pay and allowances to absent staff	0.376
39	342	Irregular and illegal appointment of Class-IV staff	0
40	343	Irregular deployment of class-IV staff	0
41	344	Wasteful expenditure on the purchase of Fogger Machine	0.470
42	346	Loss due to Non stoppage of conveyance Allowance	0.180
43	347	In efficiency in utilization of developmental fund	440.446
TMA Town-III			
44	184	Loss due to non-recovery of Conservancy Charges	3.110
45	185	Difference of figures between two sets of receipt accounts.	3.126
46	187	Un-authorized and wasteful expenditure on purchase of vehicles	5.752
47	197	Non recovery of CNG and Fuel station fees	0.690
48	198	Fraudulent payment to contractor	0.191
TMA Town-I TMA Town-IV			
49	202	Loss due to less realization of targeted receipt	0.744
50	203	Loss due to non recovery of Salary from the contractors.	0.637
51	204	Loss due to less-recovery of Road roller Charges	0.643
52	205	Fraudulent award of contract and payment on account of repair of Transformer	10.000
53	211	Fraudulent payment due to fake measurement in MB	0.346
54	212	Loss due to overpayment of excess thickness of PCC	1.030
55	213	Overpayment due to allowing excess rate than approved in BOQ	0.668
56	216	Retention of 5% beautification fund	8.780
57	218	Overpayment due to allowing extra thickness of asphalt than approved thickness	0.855
58	220	Loss due to allowing enhanced boring Diameter for pressure pumps	0.603
59	221	Overpayment to contractor due to allowing extra thickness of shingle than technicality sanctioned quantity & non B.O.Q item	0.918
60	222	Overpayment to contractor due to not applying approved rate	0.846
61	223	Loss due to non awarding of contract	0.443
62	224	Overpayment due to allowing supply & fixing 2" PVC pipe instead of 1"	0.515
63	225	Loss due to less deduction of voids from shingle filling	0.279
64	230	Irregular and unverified expenditure on account of Pay & Allowances	75.730
65	231	Overpayment and wasteful expenditure of Rs	0.329 0.300
66	233	Irregular appointment of 13 employees in different cadres	
67	234	Irregular and unverified expenditure on account of POL	2.844
68	237	Unauthorized expenditure on account of hot & cold weather charges	0.545
69	238	Poor budgeting for 2016-17	0
70	239	Weak Performance for the year 2016-17	0

71	240	Unauthorized operation of Bank accounts	0
72	241	Irregular/unauthentic expenditure	2.285
73	242	Unauthorized payment of Conveyance Allowance-	0.115

Annex-02**AIR Para No. 1.2.2.4****Statement showing details of less deduction of income tax**

File No.	Contractor	Scheme Name	E/cost Million	Expend;	Income Tax deducted @7.5
Jan-36	AM Builders	Street payment at UC 1 Mohmandabad Khalisa No.1	2.00 million	1887232	9441
Feb-36	Falak Niaz	Street payment at Lakhkar Kalay & Qazi Kalay UC 2 Khalisa 2	1.999	2328100	123035
Jun-36	Fast Concs;	street payment Iram gate and Street light at Qayum UC 8 Faqir Abad	1.985	1504013	82622
Jul-36	MS Kashif	St pav Bukhari Colony UC 9 Sikander Town	1.998	2297700	37798
Aug-38	Habib-ur- Rehman	St Pvt Gulbahar No. 1& 2 UC-10	1.995	2020453	98497
Sep-36	habib Ullah	St pvt Chiragabad UC-11 Shaheen Muslim Town-1	2.001	2315237	91470
Oct-36	habib Ullah	St pvt Mohallah Boastanabad Maskinabad 2 Mohallah Warisabad UC- 12	1.988	2301803	110166
Nov-36	Falak Niaz	St pav at Mohallah Sarbana Police Colony Hafiz Kabibe UC-14 Lahor Ward	2.023	234237	102117
16/36	WAMA	St pav UC-20 at Gubagh/Sofi Colony Yakatoot No.1	1.992	1179455	69461
17/36	Kamran Gulzar	St Pav Shabaz Town Sarwar Town, Qariabad Agha Mirjani Shah Yakatoot No. 1	2	230266	215880
18/36	Allah Mir	St Pav Rashid Ghari, Rahmatabad, Malak Colony UC-21 Yakatoot-2	1.99	2288500	147127
Sep-36	Samin Jan	St Pav Shad Bagh Colony/Sadiqabad UC-22	1.982	2282425	145504
23	Samin Jan	St Pav Chan agha colony Baharamabad Khan Muhammadabad UC-23 wazir Bagh	2.02	2278484	12477

21/36	Allah Mir	St lights accessories for various places UC-24 Kakshal No. 1	2.005		
22/36	Saif-ur-Rehman	St pvt sadat town , Noori Daag Mohallah Ajab Khan Qaidabad UC-25 Kakshal-2	1.987	2182919	163719
23/36	habib Ullah	St pvt Qaziabad UC-26 khunabad	2.04	2127145	104336
25/36	Dost Muhammad	Conts; of drain/street difference areas in town-1	1	813981	45084
26/36	Inam & Khalil	Conts; of street pav UC-10 Gulbahar	1.007	850693	54350
27/36	WAMA	st pvt Ocha Nadir Ali St #3, Kocha Hazarwi Chowk Nasir Khan UC-18	1.008		
33/36	WAMA	St pment at Itehad Road St # 4 Khalidzeb UC-02 Khalisa 2	1.001	1142259	73893
34/36	Saif-ur-Rehman	St pment at Malik Rehman Colony	1.005	1149880	71292
27-Jan	MS AA Khan	re-st payment main janshah baba main st Kamu Khalisa-1	2.201	2075509	104657
27-Sep	Khalil ahmed	St payment Toheed colony UC-11 SMT Peshawar	2.203	2189749	93168
27-Nov	Khalid Nasim	St/drain mohallah bari bafan, mohallah parichian ghari saidau UC-14	2.121	254086	160096
13/27	Khalid Nasim	St/drain at Jehangir pura, Chirikoban & daki nalbandi UC-16	2.216	2564072	104794
14/27	F.W.A	St light accessories for various places of UC-17 Assia	2.197		88603
15/27	Kamran Gulzar	St/drain at Cha Kala, Saray Kala Khan Bajari Mehkudan, Jangi Mohallah Gulab Khana UC-18	2.206	2536052	111783
16/27	Khalil ahmed	st/drain at Koocha Meena Ba, Koocha Perion UC-19	2.198	2255240	91492
18/27	Samin Jan	St/drain at Rehmatabad, Hussainabad, Gulababad, Rashid Ghari Uc-21	2.205	5262690	29606

20/27	Allah Mir	st/drain at Muhammadabad, Darkhshan colony, beri bagh, hittingabad UC-23	2.008	2035161	99797
21/27	Allah Mir	St/drain at muslimabad # 1,2,3 Lali bagh murshidabad, momandabad UC-24	2.21	2638402	111031
24/27	Khalid Nasim	St/drain at Nazar Ghari mohallah sultan jan & nasrullah UC-30	2.196	2544821	103256
25/27	Shah Contrs;	street light accessories for UC-10	1	1105755	53408
26/27	Allah Mir	street light accessories for various places at UC-3	0.7	534500	36102
28-Feb	Shah & Sons	supply/fixing of LED st lights UC-1 Khalisa-1	1	836550	74250
28-Jun	Samir Jan	st/drain at rashid ghari, sharifabad UC-25	2	1660621	147392
28-Sep	Umar Gul & Sons	st/drain Ittehad Colony UC-3 Mahal Terai-1	8	909302	61378
28-Oct	Umar Gul & Sons	making /fixing steel box quranic newspaper extra sheet at TMA Town-U=1	3	228150	20250
28-Nov	Habib-ur-Rehman	supply/fixing street light accessories at UC-8 Faqirabad	9.4	784441	69625
28-Dec	WAMA	Constr: various st/drain at Ghayasabad, taiman goehi, omer braz sarai bhana mori UC-30	2.5	2777053	185625
15/28	WAMA	St/drain at Abu Bakar sidiq colony, st # 2 UC-30	1.6	1584000	118800
18/28	Dost Muhammad	St/drain at Afghan colony UC-3	1.715	1523985	102778
20/28	habib-ur-rehman	st/drain at Sheikhabad # 3 mohallah Islamabad, mohallah hussainabad UC-13	2.5	1342753	100706
22/28	Akhun Trader	Constr: Rehabilitation Zargarabad Road UC-22	2	220600	148905
23/28	k.T Builder	St/drain light accessories at UC-26	9.52	941734	70630
24/28	Falak Niaz	supply/fixing street light	0.206	232050	15663

		accessories at UC-26			
26/28	Khurshed & Co	Repair/Renvo; of Govt quarter Gol godown sanitation office Kohat Chowk	373000	394570	26634
27/28	Kisan Water Pump	Supply/fixing of tuff tiles at Khan Colony UC-1	940000	2930600	69795
7-Feb	k.T Builder	st/drain/culverts at Akhunabad # 5 UC-26	2.3	2447201	16242+47946
17-Aug	habib Ullah	Constr: of various st/drain at Akhunabad #2,3,4,5 UC-26	3.5	395004	56979
9-Jul	Sohail Ahmed	Add: work/roof treatment at Wazir Bagh UC-20	0.9	1027504	69356
15-Jan	k.T Builder	St/drain at mohallah Sadiqabad Zargarabad UC-22	8	430209	17181
8-Jan	MS Asim Trader	Purchse of Laptop	2		
17/24	allah mir	st/drain at Rashid Ghari, Afridiabad UC-21	2008000	855420	37467
10-Apr	AMF Builder	St/drain at Sheti Town, Mohmandabad UC-1	4	1631343	122350
9-May	Kisan Water Pump	st/drainat Kamboh UC-1	1.72	1891366	113112
1-Jan	Panasonic	supply/fixing of CCTV cameras	2	2299195	168990
49/50	Umar Gul & Sons	st/drain at UC-10 Peshawar	2	1983475	148760
17-Mar	habibullah	st/drain and s/f st light at mohallah kooch kkhan, pir abdullah shah UC-17 Assia	2.5	2875000	137784
21/28	WAMA	st/drain at police chowki st gulbahar # 4 UC-10	2	2000000	149000
15-Dec	Gul Jamal	st/drain at mohallah Pir Gulab shah/Molvi Abdul Hakeem UC-14	1554000	1749422	68897
15-Jun	Khalil ahmed	St/drain at Mohallah Doffar Bandow gass mandi /Bakir Shah UC-19	3590000	3320284	249021
17/17	Khalil ahmed	St/drain at St Patch Gul Mama qari st toheed colony UC-11	24,16,000	865373	649031
		Total			6,146,421

Annex-03
AIR Para No. 1.2.2.5

Statement showing details of Non-deposit of income tax into Treasury

File No.	Contractor	Scheme Name	E/cost Million	Expend;	Income Tax deducted @7.5
Jan-36	AM Builders	Street payment at UC 1 Mohmandabad Khalisa No.1	2.00 million	1887232	9441
Feb-36	Falak Niaz	Street payment at Lakhkar Kalay & Qazi Kalay UC 2 Khalisa 2	1.999	2328100	123035
Jun-36	Fast Concs;	street payment Iram gate and Street light at Qayum UC 8 Faqir Abad	1.985	1504013	82622
Jul-36	MS Kashif	St pav Bukhari Colony UC 9 Sikander Town	1.998	2297700	37798
Aug-38	Habib-ur-Rehman	St Pvt Gulbahar No. 1& 2 UC-10	1.995	2020453	98497
Sep-36	habib Ullah	St pvt Chiragabad UC-11 Shaheen Muslim Town-1	2.001	2315237	91470
Oct-36	habib Ullah	St pvt Mohallah Boastanabad Maskinabad 2 Mohallah Warisabad UC-12	1.988	2301803	110166
Nov-36	Falak Niaz	St pav at Mohallah Sarbana Police Colony Hafiz Kabibe UC-14 Lahor Ward	2.023	234237	102117
16/36	WAMA	St pav UC-20 at Gubagh/Sofi Colony Yakatoot No.1	1.992	1179455	69461
17/36	Kamran Gulzar	St Pav Shabaz Town Sarwar Town, Qariabad Agha Mirjani Shah Yakatoot No. 1	2	230266	215880
18/36	Allah Mir	St Pav Rashid Ghari, Rahmatabad, Malak Colony UC-21 Yakatoot-2	1.99	2288500	147127
Sep-36	Samin Jan	St Pav Shad Bagh Colony/Sadiqabad UC-22	1.982	2282425	145504
23	Samin Jan	St Pav Chan agha colony Baharamabad Khan Muhammadabad UC-23 wazir Bagh	2.02	2278484	12477

21/36	Allah Mir	St lights accessories for various places UC-24 Kakshal No. 1	2.005		
22/36	Saif-ur-Rehman	St pvt sadat town , Noori Daag Mohallah Ajab Khan Qaidabad UC-25 Kakshal-2	1.987	2182919	163719
23/36	habib Ullah	St pvt Qaziabad UC-26 Akhunabad	2.04	2127145	104336
25/36	Dost Muhammad	Conts; of drain/street difference areas in town-1	1	813981	45084
26/36	Inam & Khalil	Conts; of street pav UC-10 Gulbahar	1.007	850693	54350
27/36	WAMA	st pvt Ocha Nadir Ali St #3, Kocho Hazarwi Chowk Nasir Khan UC-18	1.008		
33/36	WAMA	St pment at Itehad Road St # 4 Khalidzeb UC-02 Khalisa 2	1.001	1142259	73893
34/36	Saif-ur-Rehman	St pment at Malik Rehman Colony	1.005	1149880	71292
27-Jan	MS AA Khan	re-st payment main janshah baba main st Kamu Khalisa-1	2.201	2075509	104657
27-Sep	Khalil ahmed	St payment Toheed colony UC-11 SMT Peshawar	2.203	2189749	93168
27-Nov	Khalid Nasim	St/drain mohallah bari bafan, mohallah parichian ghari saidau UC-14	2.121	254086	160096
13/27	Khalid Nasim	St/drain at Jehangir pura, Chirikoban & daki nalbandi UC-16	2.216	2564072	104794
14/27	F.W.A	St light accessories for various places of UC-17 Assia	2.197		88603
15/27	Kamran Gulzar	St/drain at Cha Kala, Saray Kala Khan Bajari Mehkudan, Jangi Mohallah Gulab Khana UC-18	2.206	2536052	111783
16/27	Khalil ahmed	st/drain at Koocha Meena Ba, Koocha Perion UC-19	2.198	2255240	91492
18/27	Samin Jan	St/drain at Rehmatabad, Hussainabad, Gulababad, Rashid Ghari Uc-21	2.205	5262690	29606
20/27	Allah Mir	st/drain at Muhammadabad, Darkshah colony, beri bagh, hittingabad UC-23	2.008	2035161	99797

21/27	Allah Mir	St/drain at muslimabad # 1,2,3 Lali bagh murshidabad, momandabad UC-24	2.21	2638402	111031
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28-Feb	Shah & Sons	supply/fixing of LED st lights UC-1 Khalisa-1	1	836550	74250
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23/28	k.T Builder	St/drain light accessories at UC-26	9.52	941734	70630
24/28	Falak Niaz	supply/fixing street light accessories at UC-26	0.206	232050	15663
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		Chowk			
27/28	Kisan Water Pump	Supply/fixing of tuff tiles at Khan Colony UC-1	940000	2930600	69795
7-Feb	k.T Builder	st/drain/culverts at Akhunabad # 5 UC-26	2.3	2447201	16242+47946
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9-Jul	Sohail Ahmed	Addl: work/roof treatment at Wazir Bagh UC-20	0.9	1027504	69356
15-Jan	k.T Builder	St/drain at mohallah Sadiqabad Zargarabad UC-22	8	430209	17181
8-Jan	MS Asim Trader	Purchse of Laptop	2		
17/24	allah mir	st/drain at Rashid Ghari, Afridiabad UC-21	2008000	855420	37467
10-Apr	AMF Builder	St/drain at Sheti Town, Mohmandabad UC-1	4	1631343	122350
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1-Jan	Panasonic	supply/fixing of CCTV cameras	2	2299195	168990
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17-Mar	habibullah	st/drain and s/f st light at mohallah kooch kkhan, pir abdullah shah UC-17 Assia	2.5	2875000	137784
21/28	WAMA	st/drain at police chowki st gulbahar # 4 UC-10	2	2000000	149000
15-Dec	Gul Jamal	st/drain at mohallah Pir Gulab shah/Molvi Abdul Hakeem UC-14	1554000	1749422	68897
15-Jun	Khalil ahmed	St/drain at Mohallah Doffar Bandow gass mandi /Bakir Shah UC-19	3590000	3320284	249021
17/17	Khalil ahmed	St/drain at St Patch Gul Mama qari st toheed colony UC-11	24,16,000	865373	649031
		Total			6,146,421

Annex-04**AIR Para No. 1.4.1.1****Loss to TMA on account of repair of Transformers**

S#	Bidder Name	Bid Amount Rs	Bidder rate of Above/Below	Amount of Above/Below	Net bid amount 2 - 4	Rate & amount of E/money not forfeited	
	1	2	3	4	5	6	7
1	M/S Ali Haider & Co	21,000,000	67% below	14,070,000	6,930,000	2%	420,000
2	M/S Wajid Ali Khan	21,000,000	61% below	12,810,000	8,190,000	2%	420,000
3	M/S Hamid Jan & Broth	21,000,000	61% below	12,810,000	8,190,000	2%	420,000
4	M/S Irfan Ullah	21,000,000	60% below	12,600,000	8,400,000	2%	420,000
5	M/S Shakeel Traders Pesh	21,000,000	39% below	8,190,000	12,810,000	2%	420,000
6	M/S Haji Sarwar Jan	21,000,000	30% below	6,300,000	14,700,000	2%	420,000
7	M/S Muhmand Builders	21,000,000	26.5 % below	5,565,000	15,435,000	2%	420,000
8	M/S K.T. Builders	21,000,000	20 % below	4,200,000	16,800,000	2%	420,000
	M/S Shakeel Traders Pesh	21,000,000	0.51% below	107,100	20,892,900	2%	420,000
Total Loss to TMA/Government (12,810,000 -107,100) =				12,702,900	Not forfeiting E/money		420,000

Annex-05
AIR Para No.1.4.2.6

Detail of Non-recovering of penalty amount from the contractors

S#	Name of Scheme/Work	E/cost	Physical Progress	10% penalty Rs
1	Installation of fountain/lights and repair and flooring at town club	200,000	80%	20,000
2	Installation of cable for street lights & Repair of work at Danishabad	110,000	15%	11,000
3	Construction of drains, street, side wall at Moh. Hajid Khel T/Bala	500,000	80%	50,000
4	Construction of drains, street, side wall at Abdara UC-35	681,000	90%	68,100
5	Construction of drains, street, side wall at Moh. Murababad UC-41	1,490,000	85%	149,000
6	Construction of drains, street, Culverts and side wall at T/Payan UC-38	1,500,000	70%	150,000
7	Construction of drains, street, Culverts and side wall at Regi UC-80	1,508,000	50%	150,800
8	Construction of drains, street, Culverts and side wall at Regi Lalma	503,000	70%	50,300
9	Construction of drains, street, Culverts and side wall at Gul abad No. 2 UC-34	1,500,000	90%	150,000
10	Const. of drains, street, Culverts and side wall at Rehman Baba street Gul abad No.4	170,000	50%	17,000
11	Construction of Water Tank & Flooring at Ziarat Wali Muhammad Nothia Qadeem	330,000	80%	33,000
12	Beatification/ Improvement of park near Sifat Ghayoor Road, University Town	988,000	40%	98,800
13	Construction of drains, street, Culverts and side wall at Aftazai UC-80 Regi	1,500,000	60%	150,000
14	Construction of drains, street, Culverts and side wall at Danish Abad UC-36	1,516,000	18%	151,600
15	Pavement of street, Drains, Culverts and side wall at Tehkal Payan-II	1,510,000	83%	151,100
16	Pavement of street, Drains, Culverts and side wall at Moh. Daulatzai, Sarban UC-59	1,500,000	96%	150,000
17	Construction of street, Drains, Culverts and side wall at Meskeen Abad UC-34	1,498,000	20%	149,800
18	Construction of street, Drains, Culverts and side wall at Manakrao UC-33 L-Arbab	1,507,000	70%	150,700
19	Pavement of Path, Drains, Culverts and side wall at Ghulam Nabi Killi Malakandher	508,000	20%	50,800

20	Pavement of street, Drains, Culverts and side wall at Masjid Madrassa Rehmania UC-31	1,504,000	50%	150,400
21	Pavement of street, Drains, Culverts and side wall at Primery Baltak School, Sarband	516,000	85%	51,600
22	Construction of street, Drains, Culverts and side wall at Palosai UC-41	1,497,000	90%	149,700
23	Construction of street, Drains, Culverts and side wall at Phase-06 Hayatabad UC-43	1,505,000	0	150,000
24	Construction of street, Drains, Culverts and side wall at Gulburg No.03 & 02 UC-34	462,000	0	46,200
25	Construction of Public Latrines at various places TMA Town-III area, Peshawar.	2,494,000	0	249,400
26	Sanitation/ Drains system at Labour Colony Hayatabad UC-44	2,408,000	60%	240,800
Total				2,940,100

Annex-06
AIR Para No.1.5.1.6

Unauthentic/unverified expenditure on account of developmental fund

S#	Name of scheme	Estimated cost	Expenditure as per progress report	Nature of Fund
1	Pavement of street/Culvert/drainage etc at UC sheikhan faqir Abad Dr. Muhmmad Zeb and Inam Gul Koroona Peshawar	2.50	1.876	CMD
2	Construction of Road/Pavment of streets/BTR etc at UC Suleman Khel Garhi Mali Khail peshawar	3.00	2.137	CMD
3	Construction of Road/Pavment of streets/BTR etc at Mushtarzai&mera mushtarzai UC Sheikhan peshawar	3.00	2.217	CMD
4	Construction of Road/Pavment of streets/BTR etc at UC Mashogagar Peshawar	4.00	3.252	CMD
5	Construction of Road/Pavment of streets/BTR etc at panjKatha UC Suleman Khel peshawar	3.00	2.291	CMD
6	Maintenance & Repair of road/Pavement of street at UC Suleman Khel	10.00	10.00	CMD
7	Repair of Transformers at PK-10 Peshawar	10.00	6.046	CMD
8	Construction of street/Culvert/drainage side wall etc at Mohallah bami khel UC mosazai	1.750	1.750	PFC
9	Construction of street/Culvert/drainage side wall etc at bahlol Khel,Burmhan Khel,Bin gazi,Lalma etc UC Badabar Marmzai	2.30	2.30	PFC
10	Construction of street/Culvert/drainage side wall etc at Ghari rokhan and Khari Killa UC mera surizai Payan	1.21	1.21	PFC
11	Construction of premix road at mohallah mandozai and shaheedabad UC Azarkhani-1	2.213	2.213	PFC
12	Insatalation of 20 hand pumps at balokhel , burhan khel ,and dheli dher UC badaber maryamzai	1.90	1.90	PFC
13	Construction of street/Culvert/drainage side wall etc at UC musazai to phando UC Musazai Peshawar	1.750	1.750	PFC
14	Construction of street/Culvert/drainage side wall etc at ghazni khel and gharab abad UC surizai payan Peshawar	1.13	1.13	PFC
15	Construction of street/Culvert/drainage side wall	1.70	1.70	PFC

	etc at Baghmi khel Mohala Hakeem Khan UC Maryamzai			
16	Construction of street/Culvert/RCC pipe, side wall etc at shaheed Ghari Korona UC Mashogagar	3.75	3.75	PFC
17	Construction of street/Culvert/Sidewall at UC Shahab Khel UC Suleman Khel	1.750	1.750	PFC
18	Installation of 9 hand Pumps at Kandi Khel UC Urmur Miana	0.855	0.855	PFC
19	Construction of street/Culvert/Sidewall at village maryam zai peshawar	1.255	1.255	PFC
20	Construction of street/Culvert/Sidewall at ghari gulab kahn UC Sheikh Mohamadi peshawar	3.40	3.40	PFC
Total		60.463	52.782	

Annex-07
AIR Para No.1.5.2.8

Loss due to purchase of Hand Pumps on higher rates

S.No	Scheme	Contractor	Paid rate	Admissible	Difference	Quantity	Total	Overpayment
1	Installation of Hand pumps at U/C Sheira Khera Peshawar	Irfan Ullah	25,000	15,000	10,000	9	225,000	90,000
2	Installation of Hand pumps at U/C Urmair Maina	Safdar Khan	25,000	15,000	10,000	9	225,000	90,000
3	Installation of Pressure pumps at Haji Shamsul Qamar Korona U/C Surzai Bala	Zaib & Co	25,000	15,000	10,000	9	225,000	90,000
4	Installation of Hand pumps at Ghari Sheikhan U/C Sherakhera	FWA	25,000	15,000	10,000	1	25,000	10,000
5	Installation of Hand pumps at Adrakhel Mera, Khwadakhel mera, memkhel U/C Badaber Hurizai	Sheikh Nadeem	25,000	15,000	10,000	8	200,000	80,000
6	Installation of 12 number Hand pumps at U/C Badaber Maryamzai	Mehboob Ali	25,000	15,000	10,000	12	300,000	120,000
7	Installation of Hand pumps at Asad Khan Korona U/C Sheikh muhammad	Firdous Ahmad	25,000	15,000	10,000	10	250,000	100,000
8	Installation of Hand pumps at Ali Zai Utmanzai Gharib Abad U/C Sheikh muhammad	Firdous Ahmad	25,000	15,000	10,000	05	125,000	50,000
9	Installation of 10 number Hand pumps at U/C Sheira Khera	Irfan Ullah	25,000	15,000	10,000	10	250,000	100,000

	Peshawar							
10	Installation of Hand Pumps at U/C Urmar Miana	MS Haq Nawaz	25,000	15,000	10,000	06	150,000	60,000
11	Installation of 05 number Hand pumps	Zaib & Co	25,000	15,000	10,000	05	125,000	50,000
12	Installation of 09 number Hand pumps at U/C Urmar Miana	M/S Safdar Khan	25,000	15,000	10,000	09	225,000	90,000
13	Installation of Hand pumps at Ghari Ameer U/C Sherakira	Irfan Ullah Khan	25,000	15,000	10,000	09	225,000	90,000
Total							2,550,000	1,020,000

Annex-8

AIR Para No.1.5.2.10

Less deduction of Government taxes

Particular	Payment	Income tax deducted	Income tax required	Less deduction	Sales tax required	Sales tax Deducted	Less deduction
Uniform	413850	18623.25	26900.25	8277	70354.5	12026	58328.5
Generator	785000	35325	51025	15700	133450	26690	106760
Trollery	380171	15207	24711.12	9504.12	64629.07	26612	38017.07
Total	1579021	69155.25	102636.37	33481.12	268433.57	65328	203105.6