



**AUDIT REPORT
ON
THE ACCOUNTS OF
GOVERNMENT OF KHYBER PAKHTUNKHWA
AUDIT YEAR 2013-14**

AUDITOR GENERAL OF PAKISTAN

ABBREVIATIONS & ACRONYMS

1. ADP.....Annual Development Program
2. APR.....Actual Payee Receipts
3. AM&RAnnual Maintenance & Repair
4. BOQBill of Quantities
5. CCPOCapital City Police Office
6. CIPCommunity Infrastructure Project
7. CPO.....Central Police Office
8. CPWA.....Central Public Works Accounts
9. CPWD.....Central Public Works Department
10. CSR.....Composite Schedule of Rates
11. CTR.....Central Treasury Rules
12. CftCubic feet
13. DACDepartmental Accounts Committee
14. DAO.....District Accounts Office
15. DFC.....District Food Controller
16. DFO.....Divisional Forest Officer
17. DDO.....Drawing & Disbursing Officer
18. DSC.....Developmental Steering Committee
19. EGB.....Empty Gunny Bag
20. FDFForest Development Fund
21. FTRFederal Treasury Rules
22. GFR.....General Financial Rules
23. HEC.....Higher Education Commission
24. HMCHayatabad Medical Complex
25. IPCInterim Payment Certificate
26. KPKhyber Pakhtunkhwa
27. Kg.....Kilogram
28. Km.....Kilometer

- 29. LG&RDD.....Local Government & Rural Development Department
- 30. m²Square Meter
- 31. m³Cubic Meter
- 32. MBMeasurement Book
- 33. MCC.....Medicines Coordination Cell
- 34. NIT.....Notice Inviting Tender
- 35. NRCNational Reserve Centre
- 36. NSR.....Non Schedule Rate
- 37. OT.....Operation Theatre
- 38. PAC.....Public Accounts Committee
- 39. PASSCOPakistan Agriculture Storage & Supply Corporation
- 40. PaRRSA..... Provincial Reconstruction, Rehabilitation & Settlement Authority
- 41. PCC.....Plain Cement Concrete
- 42. PDMA.....Provincial Disaster Management Authority
- 43. PHYDO.....Pakhtunkhwa Hydro Development Organization
- 44. PLAPersonal Ledger Account
- 45. POL.....Petroleum, Oil & Lubricants
- 46. RCC.....Reinforced Cement Concrete
- 47. SDO.....Sub Divisional Officer
- 48. S&EO.....Storage & Enforcement Officer
- 49. Sft.....Square Feet
- 50. UAA.....Un-attractive Area Allowance
- 51. VCVice Chancellor
- 52. VIPVery Important Person
- 53. Vol.....Volume

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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, Terms and Conditions of Service) Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of the accounts of Federation and Provinces and of the accounts of any authority or body established by the Federation or a Province.

The report is based on audit of the accounts of various departments and organizations of the Government of Khyber Pakhtunkhwa for the financial year 2012-13 and the accounts of some formations for previous financial years. The Directorate General Audit Khyber Pakhtunkhwa conducted audit during 2013-14 on a test check basis, 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 carrying value of Rs.1 million or more. Relatively, less significant issues are listed in the Annexure-I of the Audit Report. The audit observations listed in the Annexure-I shall be pursued with the Principal Accounting Officers at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

Most of the observations included in this report have been finalized in the light of written response and discussions in the DAC meetings.

The Report is submitted to the Governor of Khyber Pakhtunkhwa in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before the Provincial Assembly of Khyber Pakhtunkhwa.

Dated:

(Muhammad Akhtar Buland Rana)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit Khyber Pakhtunkhwa carries out audit of the Government of Khyber Pakhtunkhwa. The Government of Khyber Pakhtunkhwa conducts its operations under the Rules of Business 1985 that envisage provincial government as comprising 30 principal accounting officers for different departments, attached departments, subordinate offices and certain autonomous bodies. Financial provisions of the constitution prescribe the procedures relating to the Receipts and Disbursements to and from the Provincial Consolidated Fund and Public Account for which Annual Budget Statement is authorized by the Assembly. The Directorate General Audit has human resources of 98 officers and other staff resulting in 17250 man days. The annual budget amounted to Rs 84.707 million. The office is mandated to conduct regularity audit (financial attest audit and compliance with authority audit) and performance audit of departments and projects run by those departments. This is a Regularity Audit Report on Expenditures. The Receipts Audit Report has been published separately.

a. Scope of Audit

Out of total expenditure of the Provincial Government for the financial year 2012-13, auditable expenditure under the jurisdiction of Director General Audit Khyber Pakhtunkhwa was Rs.320.683 billions covering 30 PAOs and 1275 formations. Of this, Director General Audit Khyber Pakhtunkhwa audited an expenditure of Rs 162.517 billion which, in terms of percentage, is 54 % of auditable expenditure.

b. Recoveries at the instance of audit:

Recovery of Rs 396.479 million was pointed out. The recovery of Rs 29.242 million was effected during the year 2013-14 at the time of compilation of report.

c. Audit Methodology:

The audit year 2013-14 witnessed intensive application of desk audit techniques in the Director General Audit, Khyber Pakhtunkhwa. This was facilitated by access to live SAP/R3 data, intranet, internet facility, and availability of permanent files. Desk review helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field activity. This greatly facilitated in the identification of high risk areas for substantive testing in the field.

d. Audit Impact

There was no change in rules, practices and internal control systems during the year on the pointation of audit. Hence, similar nature observations of previous years are repeated in this Audit Report.

e. Comments on Internal Control

Internal Control is a tool for management to improve performance, prevent losses, and control mismanagement of public money and safeguard government assets.

For effective management and achievement of the objectives, various types of internal controls should be in place. Accounting controls ensure completeness, accuracy, timelines and reliability of accounts. Financial controls help in budgeting and accurate forecasting. Administrative controls help in preventing unauthorized payments, losses and misappropriations, etc.

In most of the provincial government departments lack of internal control is evident from the following short comings in the financial management system:

- Non-observance of canons of financial propriety and non-compliance of rules & regulations.
- Non-recovery of government dues.
- Overpayments in pay & allowances and to contractors.
- Loss to government due to negligence.
- Excess payments to suppliers/ contractors.
- Irregular, unauthorized and unnecessary expenditure.
- Misuse of financial powers by the subordinate officials.
- Waste of funds due to un-necessary purchase of store etc.
- Retention of public money outside the government account.

The Principal Accounting Officers should evaluate the existing internal controls and reinforce these controls in the offices and organizations working under their control. They should also ensure;

- To maintain accurate accounting records and make it available to auditors at the time of the audit. Non-production of record by any person or authority should be subject to disciplinary action under relevant Efficiency and Disciplinary Rules, applicable to such person in terms of section 14(3) of the Auditor General's (Functions, Powers, and Terms & Conditions of Service) Ordinance, 2001.
- To recover government dues and deposit it in government treasury.

- To avoid keeping of public money outside the government account and prevent unnecessary drawl of funds.
 - To prevent misuse of government assets.
 - To investigate the cases of losses and take remedial measures.
 - To regularly convene DAC meetings and;
 - To pursue directives of DAC & PAC.

f. The key audit findings of the report:

- + Misappropriation of public money of Rs.4.815 million was noticed in 2 cases.¹
 - + Fraudulent drawl on account of POL of Rs.1.100 million was noticed in 1 case.²
 - + Non-production of record of Rs.617.063 million was noticed in 9 cases.³
 - + Overpayment of Rs.176.316 million was noticed in 26 cases.⁴
 - + Loss to government of Rs.1264.144 million was noticed in 70 cases.⁵
 - + Non-recovery of government dues of Rs.2,899.453 million was noticed in 15 cases.⁶
 - + Non-imposition of penalty of Rs.100.497 million was noticed in 4 cases.⁷
 - + Non-deposit of government money of Rs.41.002 million was noticed in 7 cases.⁸
 - + Excess expenditure of Rs.8,844.548 million was noticed in 11 cases.⁹
 - + Unauthorized expenditure of Rs.438.579 million was noticed in 18 cases.¹⁰
 - + Unauthentic expenditure of Rs.38.784 million was noticed in 2 cases.¹¹
 - + Irregular expenditure / payment of Rs.267.732 million was noticed in 19 cases.¹²
 - + Blockage of government funds of Rs.2,519.893 million was noticed in 12 cases.¹³
 - + Non-accountal of store of Rs.4.332 million was noticed in 2 cases.¹⁴
 - + Sub-standard execution of RCC of Rs.9.918 million was noticed in 1 case.¹⁵
 - + Wasteful expenditure of Rs.197.327 million was noticed in 4 cases.¹⁶

Audit paras for the audit year 2013-14 having value of less than 1.00 million involving procedural violations including internal control weaknesses and irregularities not considered worth reporting to the PAC are included in Annexure-I.

g. Recommendations

- ⊕ The departments' compliance towards PAC directives was poor. The PAOs should give full attention on the PAC directives and improve compliance by their respective departments.
- ⊕ The PAOs should ensure production of auditable record to audit in respect of cases of non production of record pointed by audit and take disciplinary action in terms of section 14 (3) of Auditor General's Ordinance, 2001.
- ⊕ The PAOs should strengthen the internal control mechanism to prevent losses and recurrence of similar nature of irregularities.
- ⊕ Departments should ensure holding of DAC meetings regularly.
- ⊕ PAOs should promptly investigate cases of embezzlements/frauds.
- ⊕ The departments should ensure adherence to the provisions of GFR, Procurement Rules and Government Instructions.
- ⊕ Departments need to deposit the public money received by them in the Provincial Consolidated Fund and Public Account instead of depositing into unauthorized accounts in commercial banks.
- ⊕ Instances of making payments by the departments or their autonomous bodies/authorities to employees in contravention of rules and in disregard of the employees' entitlement need to be checked by effecting recoveries where due and taking disciplinary action against the officials involved in overpayments.

SUMMARY TABLES & CHARTS

Table 1 Audit Work Statistics

S.No	Description	No.	Budget (Rs. in million)
1	Total entities in Audit jurisdiction	30	320,683
2	Total formations in audit jurisdiction	1,275	320,683
3	Total entities audited	30	162,517
4	Total formations audited	260	114,173
5	Audit and inspection reports	260	114,173
6	Special audit reports	2	31.170
7	Performance audit reports	1	50
8	Other reports	-	-

Table 2 Audit observations classified by category

S.No	Description	Amount (Rs. in million)
1	Unsound asset management	14,493.129
2	Weak financial management	1,456.066
3	Weak internal controls relating to financial management	626.981
4	Others	849.335
Total		17,425.511

Table 3 Outcome statistics

S#	Description	Expenditure on acquiring physical assets (procurement)	Civil work	Receipts	Others	Total current year (Rs. in million)	Total last year
1	Outlays audited	6,824	14,177	-	141,516	162,517	157,555.33
2	Amount placed under audit observation/ irregularities of audit	10,329.779	6,870.23	-	225.502	17,425.511	65,308.07
3	Recoveries pointed out at the instance of Audit	-	-	-	-	396.479	226.64
4	Recoveries accepted/ established at the instance of Audit	-	-	-	-	181.131	225.57
5	Recoveries realized at the instance of audit	-	-	-	-	29.242	102.38

Table 4 Table of Irregularities pointed out

S.No	Description	Amount placed under audit observation (Rs.in million)
1	Violation of rules and regulations and violation of principle of propriety and probity in the public operations.	14,498.557
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	1,266.676
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	477.363
4	Weaknesses of internal control systems.	9.918
5	Recoveries and overpayments, representing cases of established overpayment or misappropriation of public money.	181.131
6	Non-production of record	617.063
7	Others, including cases of accidents, negligence etc.	374.803
Total		17,425.511

* The accounting policies and procedures prescribed by the Auditor General of Pakistan which are IPSAS (cash) compliant.

Chapter – 1

Public Financial Management Issues

1.1 Public Financial Management Issues relating to Appropriation Accounts and Finance Accounts compiled by the Accountant General and Finance Department Government of Khyber Pakhtunkhwa

1.2 Audit Paras

1.2.1 Excess expenditure over budget allocation – Rs.8,738.910 million

According to Para 12 of GFR Vol-I, a controlling officer must see that the total expenditure is kept within the limits of the authorized appropriation.

While checking Appropriation Accounts of the Government of Khyber Pakhtunkhwa for the financial year 2012-13, it was observed that an excess expenditure of Rs.8,738.910 million was allowed to be incurred over and above the budget allocation for the year, resulted into excess expenditure of Rs. 8,738.910 million.

Audit held that excess expenditure was due to violation of GFR and financial mismanagement.

The matter was reported to the Accountant General in Dec, 2012. DAC could not be arranged.

Audit recommends that the departments concerned be directed to get regularized the expenditure from the competent authority.

AP 1 (2012-13) Certification Audit

Chapter- 2

Administration Department

2.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:-

- ❖ Cabinet of Minister (Appointment, Salaries and Privileges of Ministers)
- ❖ All Secretarial work of Cabinet of Ministers including convening of meetings
- ❖ General coordination
- ❖ Office management-
- ❖ Secretariat Standing Orders
- ❖ Preparation of Civil List and Official Gazette
- ❖ Services rules (other than former C.S.P.) relating to various services and posts, and interpretation thereof
- ❖ Matters connected with the Services matter relating to recruitment, training, pay and allowances, promotion, leave, postings etc. of;
- ❖ The P.C.S (Executive Group) and;
- ❖ P.C.S (Secretariat Group) Services;
- ❖ The Khyber Pakhtunkhwa Provincial Management Service; and
- ❖ The Ministerial Establishment of the Provincial Secretariat.
- ❖ Public Service commission
- ❖ Framing and alteration of Rules of Business of Provincial Government and allocation of business among Ministers and Departments
- ❖ Estate Office.
- ❖ Instructions for the preparations and submission of Annual Confidential Reports.
- ❖ Declaration of Assets.
- ❖ Secretaries Committee Meetings.
- ❖ Relaxation of age limits rules.
- ❖ Constitution of Selection Board.
- ❖ Framing, Processing, Notifications and interpretation of recruitment/service rules

2.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2012-13 against the total of grants/appropriation was as follows:

Non-Development

(Rs.)						
Grant # and Name of Dept	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
2-General Administration	NC 21 Charged	1,452,880,000 130,627,000	336,312,000 9,910,000	1,789,192,000 140,537,000	1,537,384,936 133,533,666	(251,807,064) (7,003,334)
Total		1,583,507,000	346,222,000	1,929,729,000	1,670,918,602	(258,810,398)

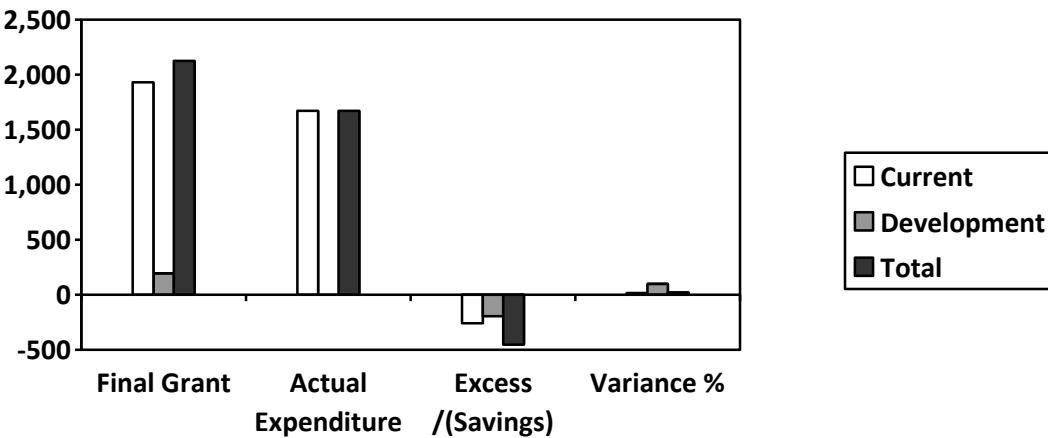
Development

(Rs.)						
Function Wise	Original Grant	Supplementary Grant	Re-appropriation:	Final Grant	Total Actual Expenditure	Excess/ (Savings)
2- General Administration	713,235,000	0	0	195,360,000	0	(195,360,000)
Total	713,235,000	0	0	195,360,000	0	(195,360,000)

Overview of expenditure against final grant

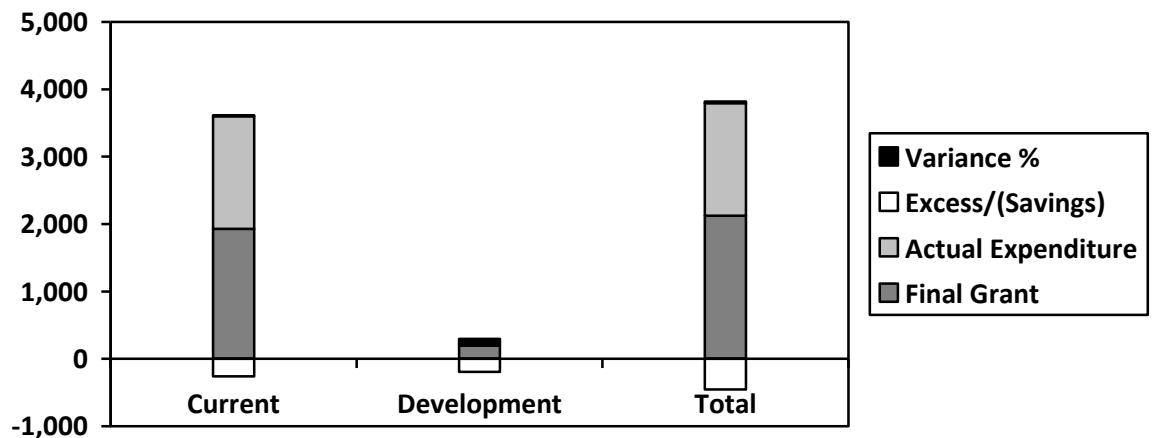
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Savings)	Variance %
Development	195.360	0	(195.360)	100
Non-Development	1,929.729	1,670.919	(258.810)	13.41
Total	2,125.089	1,670.919	(454.17)	21.38



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.454.17 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



2.3 Brief comments on the status of compliance with PAC

SNo	Audit Year	Name of Department	Total No. of Actionable points	Full Compliance	Partial Compliance	Nil compliance
01	2001-02	Establishment & Admn:	14	-	13	01
02	2002-03	-do-	12	-	10	02
03	2003-04	-do-	06	06	-	-
04	2004-05	-do-	03	-	01	02
05	2005-06	-do-	04	-	03	01
06	2007-08	-do-	03	-	02	01
07	2008-09	-do-	14	-	05	09
08	2009-10	-do-	32	-	09	23
09	2010-11	-do-	25	-	08	17

2.4 AUDIT PARAS

2.4.1 Misappropriation of room rent - Rs.2.555 million

According to Article 118 of the Constitution of Islamic Republic of Pakistan, read with Rule-7 of the Treasury Rules & GFR Vol-I para-26, all moneys received by or rendered to the Government Officers on account of revenues should be deposited in Govt: treasury in full without any delay and included in the Provincial Consolidated Fund. Money so received should not be re-appropriated to meet departmental expenditure nor should it be kept apart from the public account.

During audit of the accounts of the Secretary to Government of Khyber Pakhtunkhwa Administration Department for the financial year 2011-12, it was noticed that the old block of Khyber Pakhtunkhwa House Islamabad consists of 31 rooms while in the list provided shows 26-rooms as such 05-rooms were neither shown in the list nor their occupancy was shown to audit. Furthermore, during the year 2011-12, no receipt on account of room rent of these rooms was shown realized which indicates that either these rooms were illegally occupied or the room rent realized and the amount of Rs.2.555 million (365 days x 5 rooms @Rs.1400 per day) misappropriated by the dealing hands.

The misappropriation was occurred due to financial mismanagement and weak internal control.

The matter was reported to the department in August, 2012. DAC in its meeting held on 17th December, 2012, did not decide the issue and referred the para to PAC.

Audit requires to fix responsibility and recover the amount.

AP 7 (2011-12)

2.4.2 Fraudulent drawl on account of POL - Rs.1.091 million

According to Para 23 of GFR vol I, every government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also held personally responsible for any loss arising from fraud or negligence on the part of any other government officer to the extent to which it may be shown that the contributed to the loss by his own action or negligence.

During the audit of the accounts of Director Anti-Corruption, Khyber Pakhtunkhwa for the financial year 2012-13, it was noticed that an expenditure of Rs.1.091 million was incurred on the POL of vehicles of various circles and police

stations other than Peshawar. The POL was provided by petrol stations located at Peshawar. Moreover, the POL shown filled at Peshawar was not found in the log books of these vehicles and payments were also made to those petrol pumps located in Peshawar resulted into fraudulent drawl of Rs.1.091 million.

Audit held that fraudulent drawl was due to weak financial controls.

The matter was reported to the department in August, 2013, followed by letter to Principal Accounting Officer dated 12th September, 2013, to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires fixing of responsibility and to recover the amount.

AP 59 (2012-13)

2.4.3 Non-production of record of discretionary grant - Rs.6.450 million

According to Section 14 of the Auditor-General's Ordinance 2001, no information nor any book or other documents, to which the Auditor-General has a statutory right of access, may be withheld from the Director General Audit.

During the audit of the accounts of Secretary Administration Department for the financial year 2012-13, it was noticed that an amount of Rs.6.450 million was drawn on account of discretionary grant of the Ministers and shown paid to the Ministers for further disbursement. The auditable record was not produced to audit for scrutiny.

Audit held that non-production of auditable record was violation of Auditor General's Ordinance.

The matter was reported to department in Sep, 2013, followed by a letter to the Principal Accounting Officer dated 28.11.2013 to arrange DAC meeting, which was however, not arranged till the finalization of this report.

Audit requires to produce record for audit scrutiny.

AP 45 (2012-13)

2.4.4 Loss to the Government due to illegal occupation of rooms - Rs.5.110 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During audit of the accounts of Secretary Administration Department, for the financial year 2012-13, it was noticed that an amount of Rs.5.110 million was not realized as room rent charges @ Rs.1400 per day per room (Rs.1400 x 10 rooms x 365 days=Rs.5,110,000) as per detail given below:

S-I Block	
Room No.	Allotted to
14	Assistant controller Khyber Pakhtunkhwa house Islamabad
15 & 16	Information Department
19	DSP Security
20	Chief Minister Squad
21	Sub Engineer C&W
22	Squad of Asfand yar Wali Khan
Old Block	
21,25,30	Not allotted to any visitor

Audit held that the loss occurred due to weak internal controls.

The matter was reported to department in Sep, 2013, followed by a letter to the Principal Accounting Officer dated 28.11.2013 to convene DAC meeting, which was however, not arranged till the finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 17 (2012-13)

2.4.5 Loss due to missing of permits - Rs.2.600 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During audit of the accounts record of Secretary Administration Department for the Year 2012-13 it was noticed that a sum of Rs.2.600 million was less realized on account of 1/3 advance room rent of Khyber Pakhtunkhwa House Islamabad and Nathiagali, Shahi Mehman Khana etc. Neither the permits were available on record nor challans of deposit were shown to audit for the period from 22.04.2013 to 30.06.2013. Thus the government sustained a loss of Rs.2.600 million.

Audit held that loss occurred due to financial mismanagement and weak internal control.

The matter was reported to department in Sep, 2013, followed by a letter to the Principal Accounting Officer dated 28.11.2013 to convene DAC meeting, which was however, not arranged till the finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 9 (2012-13)

2.4.6 Non-recovery of rent of residential accommodation - Rs.10.193 million

According to Para 26 of GFR Vol.I, 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.

During the audit of the accounts of Secretary Administration Department for the financial year 2012-13, it was noticed that residential accommodations were provided to different categories of the Government employees. However, rent at prescribed commercial rates amounting to Rs.10.193 million was not recovered from them despite the fact that the officers were transferred either to other district or province.

Audit held that non recovery was due to weak internal controls.

The matter was reported to department in Sep, 2013, followed by a letter to the Principal Accounting Officer dated 28.11.2013 to arrange DAC meeting, which was however, not arranged till the finalization of this report.

Audit requires to recover the amount.

AP 40(2012-13)

2.4.7 Non-recovery of house rent & maintenance charges - Rs.2.520 million

According to para 10(iv) of GFR Vol-I, public moneys should not be utilized for the benefit of a particular person or section of community.

During audit of the accounts of Secretary Administration Department for the financial year 2012-13, it was noticed that Bungalow-1 Khyber Road was occupied by the Minister of Information for five years. The occupant was also drawing house rent allowance @ Rs.40,000 PM. The amount of house rent and 5% maintenance charges amounting to Rs.2.520 million is outstanding against the occupant. The outstanding amount was required to be recovered from the occupant.

Audit held that non-recovery of house rent and maintenance charges was due to weak internal control.

The matter was reported to department in Sep, 2013, followed by a letter to the Principal Accounting Officer dated 28.11.2013 to convene DAC meeting, which was however, not arranged till the finalization of this report.

Audit requires to recover the amount.

AP 50 (2012-13)

2.4.8 Non-recovery on account of room rent - Rs.2.478 million

According to Para 26 of GFR Vol.I, 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.

During audit of the accounts record of Secretary Administration Department for the Year 2012-13, it was noticed, that room No.12 of the Shahi Mehman Khana was occupied by Mr.Majeed Niazi with effect from July 2008 to March 2013, but room rent amounting to Rs.2.478 million for the period from July, 2008 to March 2013 @ Rs.1,400 per day was not deposited.

Audit held that the lapse was occurred due to weak internal controls.

The matter was reported to department in Sep, 2013, followed by a letter to the Principal Accounting Officer dated 28.11.2013 to convene DAC meeting, which was however, not arranged till the finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 12 (2012-13)

2.4.9 Non recovery of the membership fee - Rs.2.185 million

According to Para 26 of GFR Vol.I, 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.

During audit of the accounts of Secretary to Government of Khyber Pakhtunkhwa, Administration Department, for the year 2011-12, it was noticed, that a sum of Rs.2.185 million was outstanding against the members of Civil Officer's Mess upto April, 2012. The outstanding amount was required to be recovered.

The non-recovery was occurred due to weak internal control.

The matter was reported to the department in August, 2012. DAC in its meeting held on 17th December, 2012, directed the department to expedite the recovery. Further progress was, however, not reported till finalization of this report.

Audit requires to recover the amount.

AP 56 (2011-12)

2.4.10 Irregular payment without open tender system – Rs.67.369 million

According to Goods & Services Rules 2003 para-6 & 7, the procuring entities may register contractor & supplier of goods & services of value of Rs.1.00 million or more, through an advertisement in National daily and contract with estimated cost from Rs.40000/- to Rs.5.00 million financial bids may be called for without pre or post qualification of bidders. For contract with in excess of Rs.5.00 million the procuring entity may follow pre or post qualification procedure in accordance with criteria specified in tender documents.

During the audit of the accounts of Secretary to Government of Khyber Pakhtunkhwa Administration Department for the financial year 2012-13, it was noticed that an expenditure of Rs. 67.369 million was incurred and paid to M/S Askari Aviation Pvt Ltd. on account of fixed and variable charges for the maintenance and operation of the two helicopters. The firm is neither pre-qualified nor registered with the government. Thus, payment of Rs.67.369 million was irregular.

Audit held that the payment was not covered under the rules.

The matter was reported to department in Sep, 2013, followed by a letter to the Principal Accounting Officer dated 28.11.2013 to convene DAC meeting, which was however, not arranged till the finalization of this report.

Audit requires to regularize the expenditure.

AP 1 (2012-13)

2.4.11 Irregular payment without pre-qualification – Rs. 41.938 million

According to Goods & Services Rules 2003 para-6 & 7, the procuring entities may register contractor & supplier of goods & services of value of Rs.1.00 million or more, through an advertisement in National daily and contract with estimated cost from Rs.40,000/- to Rs.5,000,000 financial bids may be called for without pre or post qualification of bidders. For contract with in excess of Rs.5,000,000/- the procuring entity may follow pre or post qualification procedure in accordance with criteria specified in tender documents.

During the audit of the accounts of Secretary to Government of Khyber Pakhtunkhwa Administration Department for the financial year 2011-12, it was noticed that an expenditure of Rs. 41.938 million was incurred and paid to M/S Askari Aviation Pvt Ltd. on account of fixed and variable charges for the maintenance and operation of the two helicopters. The firm is neither pre-qualified nor registered with the government. Thus, payment of Rs.41.938 million was irregular.

Audit held that the payment was not covered under the rules.

The matter was reported to the department in August, 2012. DAC in its meeting held on 17th December, 2012, directed that though payments are made as per terms and conditions of agreement, however, as the issue is already under consideration of PAC, hence the position may be explained to that Forum.

Audit requires to investigate the matter.

AP 16 (2011-12)

2.4.12 Irregular expenditure on helicopter - Rs.9.609 million

According to Para-10 of GFR Vol-I, every office is expected to spend the Govt. Fund just like spending money a prudent person from his own pocket.

During the audit of Secretary Administration Department, for the year 2012-13, it was noticed that a sum of Rs.25.978 million paid on account of variable charges for the use of MI-171 and Ecureuil Helicopter for visit of official delegation. In this connection it is pointed out that the Governor & Chief Minister can only use the Helicopter as declared VVIPs, whereas the same were used by other resulting into an irregular expenditure of Rs.9.609 million.

Audit held that irregular expenditure occurred due to financial mismanagement.

The matter was reported to department in Sep, 2013. Followed by a letter to the Principal Accounting Officer dated 28.11.2013 to convene DAC meeting, which was not arranged till the finalization of this report.

Audit requires to fix responsibility.

AP 2 (2012-13)

Chapter - 3

Agriculture Department

3.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

- ❖ Agricultural Education and Research including Agricultural University.
- ❖ Experimental and demonstration farms.
- ❖ Improvement of Agricultural methods.
- ❖ Protection against insects and pests and prevention of plant diseases.
- ❖ Government gardens, including Botanical and Zoological gardens.
- ❖ Agricultural Engineering, mechanized cultivation and soil conservation.
- ❖ Improvement of varieties, its nutritional requirements and maintenance of soil fertility in research wings.
- ❖ Improvement of Livestock.
- ❖ Prevention of animal diseases.
- ❖ Veterinary Training and Research.
- ❖ Prevention of cruelty to animals.
- ❖ Zoological Survey.

3.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

The Summarized position of actual expenditure 2012-13 against the total of grants/appropriation was as follows:

Non-Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
19-Agriculture	NC-21	1,238,666,000	1,660	1,238,667,660	1,112,198,715	(126,468,945)
Total		1,238,666,000		1,660	1,238,667,660	1,112,198,715

Development

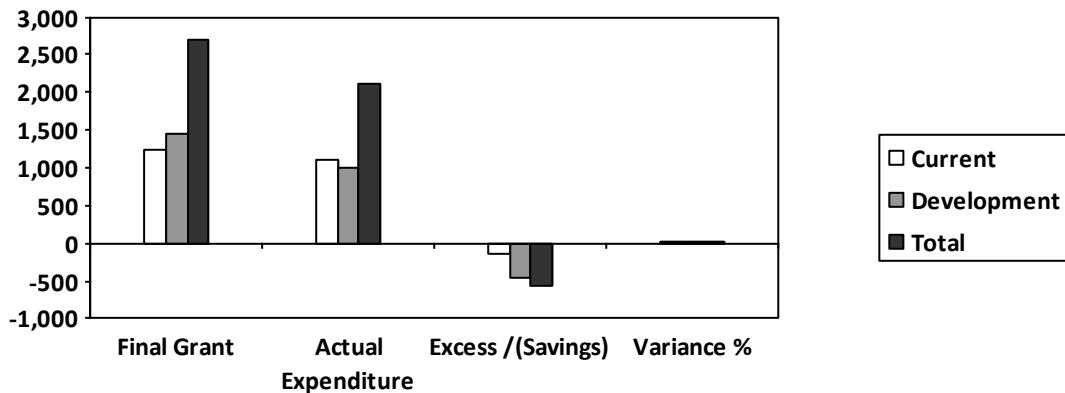
(Rs.)

Grant # 49 (Prov) NC12 & 22 and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
02-Agriculture	Voted	1,446,721,556	614,300	1,447,335,856	1,002,879,835	(444,456,021)
Total		1,446,721,556		614,300	1,447,335,856	1,002,879,835

Overview of expenditure against the final grant

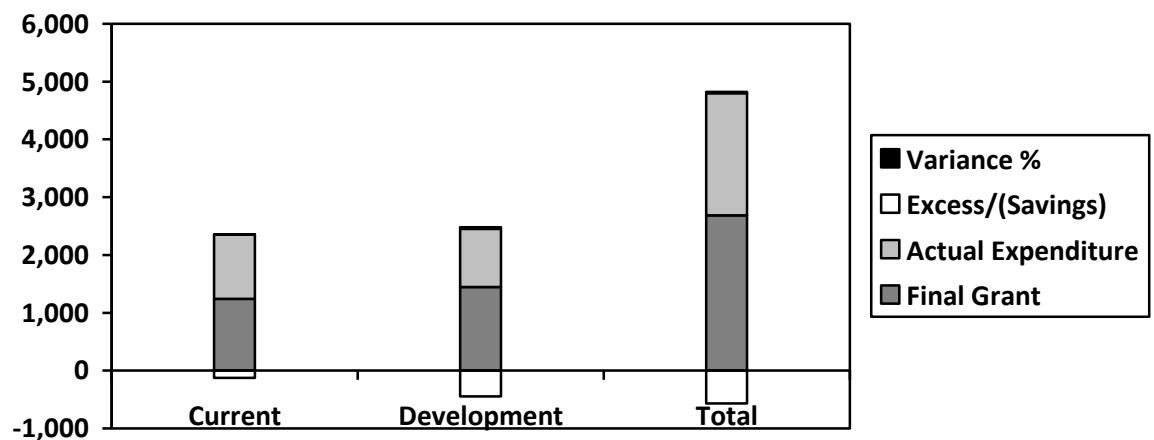
(Rs. in million)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
Non-Development	1,238.668	1,112.199	(126.469)	10.21
Development	1,447.336	1,002.880	(444.456)	30.75
Total	2,686.004	2,115.079	(570.925)	21.25



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.570.925 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



3.3 Brief comments on the status of compliance with PAC

SNo	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial Compliance	Nil compliance
01	2001-02	Agriculture	20	20	-	-
02	2002-03	-do-	10	-	06	04
03	2003-04	-do-	06	-	05	01
04	2004-05	-do-	09	-	02	07
05	2005-06	-do-	02	-	01	01
06	2007-08	-do-	06	-	03	03
07	2008-09	-do-	06	-	04	02
08	2009-10	-do-	13	-	06	07
09	2010-11	-do-	33	-	11	22

3.4 AUDIT PARAS

3.4.1 Non-production of record of permits for animal transportation to FATA – Rs.9.5 million

According to para-17 of GFR Vol.1 read with section-14 of Auditor General's functions, Powers Ordinance 2001, it is duty of every departmental and controlling officer to see that all reasonable facilities are extended and furnish full information for which he may ask, for the preparation of any report to audit.

During the audit of the accounts of the Director General (Extension) Livestock and Dairy Development Peshawar, for the financial year 2011-12, auditable record of permits issued for transportation of animals to FATA was demanded but not produced for verification despite repeated requests. Similar activity in the year 2010-11 was carried out and an amount of Rs.9.5 million was realized and kept in commercial account without deposit to government revenue.

Audit held that non-production of record was due to violation of Auditor General's Ordinance.

The matter was reported to the department in Jan, 2013. DAC in its meeting on 3rd Sept, 2013, directed to conduct inquiry and fix responsibility within 07 days. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility for non-production of record.

AP 346 (2011-12)

3.4.2 Overpayment on account of higher premium on CSR 1999 - Rs.4.904 million

According to Notification NO.B01/1-7/2005-06/FD(CSR) dated 30.12.2005, only 75% premium on Civil Work and Public Health and 58% on internal electrification work are allowed on CSR 1999.

During the audit of accounts of Agricultural University Peshawar for the financial year 2011-12, it was noticed that construction of 300 students Girls Hostel was awarded to M/S Ahmadullah & Co. on 30th January, 2008 at a cost of Rs.57.470 million at a premium higher than the permissible limit of 75% for Civil/Public Health Work & 58% for Internal Electrification which resulted into loss of Rs.4.904 million.

Audit held that the loss occurred due to non observance of provisions approved by Finance Department.

The matter was reported to the department in December, 2011. DAC in its meeting held on 18th July, 2013, directed the department for justification and production of record to audit within 15 days. Further progress, however was not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 137 (2011-12)

3.4.3 Loss due to less realization of revenue – Rs. 28.107 million

According to Para 23 of the GFR Vol-I, every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of the accounts of the Agriculture Engineer Tarnab Peshawar for the financial year 2011-12, it was noticed that a sum of Rs.30.577 million was spent on the POL, maintenance and salaries of the concerned staff of the agriculture machinery, while an amount of Rs.2.470 million was realized as income from use of the machinery. The less realization of revenue resulted into loss to government amounting to Rs.28.107 million.

Audit held that loss occurred due to negligence and weak financial controls.

The matter was reported to the department in November, 2012. The DAC in its meeting held on 12th November, 2013, directed to conduct detailed inquiry and to fix responsibility. Further progress was however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 474 (2011-12)

3.4.4 Loss due to allowing higher premium on CSR 1999 – Rs.8.968 million

According to Notification NO.B01/1-7/2005-06/FD(CSR) dated 30.12.2005, only 75% premium on Civil Work and Public Health and 58% on internal electrification work are allowed on CSR 1999.

During the audit of accounts of Agricultural University Peshawar, for the financial year 2011-12, it was noticed that construction of 400 students Boys Hostel was awarded to M/S Liaqatullah & Co. on 30th January, 2008 at a cost of Rs.90.446 million

@ 98.42 % above premium on CSR 1999. Although the Finance Department has allowed maximum premium upto 75% for the said period, which resulted into loss of Rs.8.968 million.

Audit held that the loss occurred due to non observance of provisions approved by Finance Department.

The matter was reported to the department in December, 2011. DAC in its meeting held on 18th July, 2013, directed the department for justification and production of record to audit within 15 days. Further progress, however was not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 134 (2011-12)

3.4.5 Loss due to allowing escalation – Rs. 2.678 million

According to Para 3 of Part I standard Procedure for price adjustment for the Pakistan Engineering Council March, 2009, the construction schedule should be provided by the contractor as requires in the contract. Price adjustment shall be applicable as payable in full for the original scheduled completion period.

During audit of the Agricultural University Peshawar for the financial year 2011-12, it was noticed that a project “Construction of 300 students hostel Agricultural University Peshawar” was to be completed on 08th September, 2011. The completion was delayed by the contractor and instead of penalizing him for delaying the project he was given escalation of Rs.2.678 million resulting into loss to the government.

Audit held that loss occurred due to violation of the rules.

The matter was reported to the department in December, 2011. DAC in its meeting held on 18th July, 2013, directed that to produce justification for payment of escalation within 15 days. Further progress, was, however not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 147 (2011-12)

3.4.6 Loss due to non recovery of cost of missing vehicles – Rs. 2.308 million

According to the inquiry report recommendation dated 12.04.2007, cost of vehicle may be recovered from the consultants.

During the audit of the accounts of the D.G On Farm Water management Khyber Pakhtunkhwa Peshawar, for the year 2011-12, it was noticed that two vehicles valuing Rs.2.308 million allotted to consultants were found missing. According to the inquiry report the cost of vehicle was required to be recovered from the consultants, which was not done.

Audit held that loss occurred due to negligence of the management.

The matter was reported to the department in September, 2012. DAC in its meeting held on 11th Feb, 2013, directed to place the para before PAC.

Audit requires to fix responsibility and recover the loss.

AP 294 (2011-12)

3.4.7 Loss to Government due to repair of condemn agricultural machinery - Rs. 1.500 million

According to paras 23 & 167 of GFR Vol I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer. Stores which are reported to be obsolete, surplus or unserviceable may be disposed off by sale through public auction.

During the audit of the accounts of the Assistant Agricultural Engineer Swat, during the financial year 2011-12, it was noticed that an expenditure of Rs.1.500 million was incurred on the repair of agriculture machinery which was declared condemned in 2002 and again in 2007. Expenditure on the condemned agriculture machinery resulted into loss of Rs.1.500 million to the Government.

Audit held that loss was due to weak financial management.

The matter was reported to the department in November, 2012. DAC in its meeting held on 17th July, 2013, directed to produce record of income of machinery. Further progress was, however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 319 (2011-12)

3.4.8 Loss due to missing cows - Rs. 1.060 million

According to Para-23 of GFR vol-I, every Government Officer will personally be held responsible for any loss sustained by Government through negligence or fraud on his part.

During audit of the account of Director Cattle Breeding & Dairy Farm Harichand, for the financial year 2010-11, it was noticed that during the month of 10/2010, 11/2010 and 12/2010 a quantity of 16 Achai cows and 1 Fresian cow were subtracted from the stock in excess of the auctioned number of cows or without recording any solid reason resulting into loss of Rs.1.060 million to the public exchequer.

Audit held that loss occurred due to negligence and weak internal control.

The matter was reported to the department in Feb, 2010. DAC in its meeting held on 6th Sep, 2013, directed to conduct inquiry for fixing responsibility within 15 days. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 173 (2010-11)

3.4.9 Non-recovery of liquated damages - Rs.8.621 million

According to clause 9.13 (c) of the agreement deed with contractor, if the contractor shall fail to complete the work within the time prescribed by section 9.9 hereof or extended time then the contractor shall pay to the employer as liquidated damages for such default and not as penalty the daily sum calculated as specified in the special stipulation for such calendar day which shall elapse between the time prescribed by section 9.9 thereof or extended time as such the can may be and the date of completion of the work but not exceeding a maximum as stated in the special stipulation.

During audit of accounts of Agriculture University Peshawar, for the financial year 2011-12, it was noticed that a work named “Construction of 300 Students Girls Hostel” was awarded to Mr. Ahmad Ullah and Co Peshawar at a contract price of Rs. 57.470 million and he was issued work order No. 612/S&D AUP dated 30.01.2008 the period for completion of work was 13.08.2010 which was extended up to 08.08.2011. The actual date for completion as per work order was 30.07.2011, however, there occurred a delay of 300 days in completion of work. Therefore he was liable to pay 0.05% per day of the contract price worth Rs.8.621 million.

Audit held that non-recovery occurred due to weak internal control.

The matter was reported to the department in December, 2011. DAC in its meeting held on 18th July, 2013, directed the department for complete recovery and production of work completion certificate etc for verification within 15 days. Further progress, however was not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 135 (2011-12)

3.4.10 Non recovery of liquidated damages for delay in completion of work - Rs. 3.944 million

According to clause 9.13 (c) of the agreement deed with contractor, if the contractor shall fail to complete the work within the time prescribed by section 9.9 hereof or extended time then the contractor shall pay to the employer as liquidated damages for such default and not as penalty the daily sum calculated as specified in the special stipulation for such calendar day which shall elapse between the time prescribed by section 9.9 thereof or extended time as such the can may be and the date of completion of the work but not exceeding a maximum as stated in the special stipulation.

During the audit of accounts of Agriculture University Peshawar for the year 2011-12, it was noticed that a work construction of multipurpose sport Gymnasium Project was awarded to M/S Jansons Co. Peshawar at contract cost of Rs. 39.439 million to be completed within 24 months w.e.f. 16.06.2009. The work could not be completed even within extended period of one year i.e. 30.06.2012 therefore the contractor was liable to pay liquidated damages of Rs. 3.944 million which was neither imposed nor recovered.

Audit held that the non recovery was due to weak internal control.

The matter was reported to the department in December, 2011. DAC in its meeting held on 18-07-2013 directed the department for complete recovery and production of work completion certificate etc for verification within 15 days. Further progress, however has not been reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 138 (2011-12)

3.4.11 Non deposit of hostel Admission fee in the University account - Rs.1.299 million

According to Para-5 of GFR Vol-I and Hostel Rules & Regulations, money received as dues of government or for deposit in the custody of Govt. should be credited into public account in accordance with the treasury rules. 50% share of hostel admission fee may be deposited into the University Bank account.

During audit of accounts of Agricultural University Peshawar for the financial year 2011-12, it was noticed that the warden of Outreach Hostel realized a sum of Rs.2.598 million on account of hostel admission fee from 203 students for the year 2009, 2010, 2011 and 2012 out of it 50% share amounting to Rs.1.299 million was required to have been deposited into the University Account which was not deposited.

Audit held that non deposit was occurred due to non observance of rules.

The matter was reported to the department in December, 2011. DAC in its meeting held on 18th July, 2013, directed the department for recovery of amount within 15 days. Further progress, was however not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 164 (2011-12)

3.4.12 Irregular expenditure without open tender system - Rs.4.500 million

According to S.No. 38 of the Procurement of Goods and Services Rules 2004 a procuring entity may enter into fresh agreement with a contractor or supplier to ensure interests of Government and for the reasons of economy, compatibility and efficiency for supply of similar goods provided:

- A period of not more than four months has elapsed from the date of the earlier contract having come into force;
- The Procuring Entity has satisfied itself from market survey that the price of the goods has not decreased in the open market and
- The value of repeat order is not more than thirty percent of the earlier contract for supply of goods or rupees one million whichever is less.

During audit of the accounts of Director General (Extension) Livestock and Dairy Development Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs.4.499 million was incurred on the purchase of ration/ feed for the poultry farm established in the office premises on quotation basis. Open tender system was not adopted. Thus the expenditure was irregular.

Audit held that irregular expenditure was occurred due to violation of rules.

The matter was reported to the department in Jan, 2013. DAC in its meeting held on 3rd Sept, 2013, directed to produce the relevant record for verification by audit within 15 days. Further progress was however, not reported till finalization of this report.

Audit requires to fix responsibility.

AP 343 (2011-12)

3.4.13 Irregular expenditure on purchase of maize seed - Rs.1.364 million

According to para 144 of General Financial Rules Volume I provides that open tender system should be adopted in order to obtain economical rates.

During audit of the accounts of the Director Seed Agriculture Development Fund Khyber-Pakhtunkhwa Peshawar, for financial year 2011-12, it was noticed that an expenditure of Rs.1.364 million was incurred on the purchase of maize seeds without adopting open tender system. Thus the expenditure of Rs.1.364 million was irregular.

Audit held that irregular expenditure occurred due to violation of rules.

The matter was reported to the department in January, 2013. DAC in its meeting held on 6th Sept, 2013 directed to conduct an inquiry within 30 days. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility.

AP 360 (2011-12)

3.4.14 Irregular expenditure without open tender system – Rs. 1.442 million

According to Procurement rules 2003 read with para 144 of GFR Vol-I Procurement may be made after adopting open tender system for obtaining economical rates.

During Audit of the accounts of the Agricultural University Peshawar for the year 2011-12 it was observed that a sum of Rs. 1.442 million was incurred on account of

purchase of sanitary, Gas hardware and electric items etc: vide voucher No. 6526 dated 20-4-2012. The expenditure incurred is held irregular as the procurements rules 2003 were not followed and as such the University was deprived of the benefit of competitive rates.

Audit held that the irregularity occurred due to violation of rules.

The matter was reported to the department in December, 2011. DAC in its meeting held on 18th July, 2013, directed the department to produce NIT documents, Committee's minutes, Comparative Statement and stock register for verification within 15 days. Further progress, was however not reported till finalization of this report.

Audit requires to fix responsibility.

AP 143 (2011-12)

3.4.15 Un-authorized expenditure on closed scheme - Rs. 2.140 million

According to Para 207(2) of GFR that only so much grant should be granted during financial year as is likely to be expended during that year.

During the audit of the accounts of the District Officer Water Management Kohistan under D.G ON Farm Water Management Khyber Pakhtunkhwa Peshawar for the financial year 2011-12, it was revealed that a sum of Rs. 2.140 million was released for Development scheme to be incurred in financial year. However, the amount was carried forwarded to next financial year and incurred on the already closed scheme of 2011-12. The expenditure on closed scheme was unauthorized.

Audit held that unauthorized expenditure was due to violation of rules.

The matter was reported to the department in September, 2012. DAC in its meeting held on 11th Feb, 2013, decided that the expenditure after 30th June, 2012 was unauthorized and para may be placed before PAC.

Audit requires to fix responsibility and recover the unauthorized expenditure.

AP 296 (2011-12)

3.4.16 Wasteful expenditure on the purchase of medicines - Rs 36.552 million

According to para-12 of GFR Vol-1 the controlling officer must see not only that the total expenditure is kept within the limits of authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

During audit of the accounts of Director General Live Stock and Diary Development (Extension) Peshawar, for the financial year 2012-13, it was noticed that expenditure of Rs.36.552 million was incurred on the purchase of Veterinary medicines and furniture for developmental scheme “Construction and Establishment of 200 Civil Veterinary Dispensaries in the Province”. During the test check of District Director Live Stock Charsadda and Nowshera, it was found that the medicines and equipments were neither issued nor consumed by the dispensaries. It is worth mentioning that 90% of the expenditure was made in the month of June, 2013 which is closing month of the project.

Audit held that wasteful expenditure was due to financial mismanagement.

The matter was reported to the department in October, 2013. Department was requested vide letter dated 18.12.2013 to arrange DAC within 10 days which was not convened till finalization of this report.

Audit requires to investigate the matter and fix responsibility.

AP 66 (2012-13)

3.4.17 Non-accountal of medicines - Rs.1.288 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During the audit of the accounts of Director General Extension, for the financial year 2011-12, it was noticed that veterinary medicines valuing Rs.1.288 million were issued to various MVC. The record of MVC Mardan was verified on test check basis and it was found that the medicine issued from head office were neither accounted for in the stock register, indents were also not available nor its consumption was available in the OPD register. Non-maintenance of the record resulted in non-accountal of medicines worth Rs.1.288 million.

Audit held that non-accountal of medicines was due to weak supervisory check.

The matter was reported to the department in Jan, 2013. DAC in its meeting held on 3rd Sept, 2012, directed to produce the relevant record for verification by audit within 15 days. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility.

AP 355 (2011-12)

Chapter-4

Communication & Works Department

4.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

- ❖ Acquisition and development of sites for construction of government buildings
- ❖ Registrations of contractors
- ❖ Implementation of various schemes of the provincial departments
- ❖ Construction of government owned buildings
- ❖ Maintenance and repair of government owned buildings
- ❖ Construction of provincial highways and roads
- ❖ Maintenance and repair of provincial highways and roads

4.2 Comments on budget & accounts (variance analysis)

Summary of the Appropriation Accounts:

The Summarized position of actual expenditure 2012-13 against the total of grants/appropriation was as follows:

Non Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
14-C&W	NC-21	436,703,000	50	436,703,050	410,148,152	(26,554,898)
15-Road, Highways	NC-21	2,015,765,160	177,818,000	2,193,583,160	2,097,520,007	(96,063,153)
	NC-24	4,014,840	27,420,000	31,434,840	31,433,465	(1,375)
	Total	2,456,483,000	205,238,050	2,661,721,050	2,539,101,624	(122,619,426)

Development

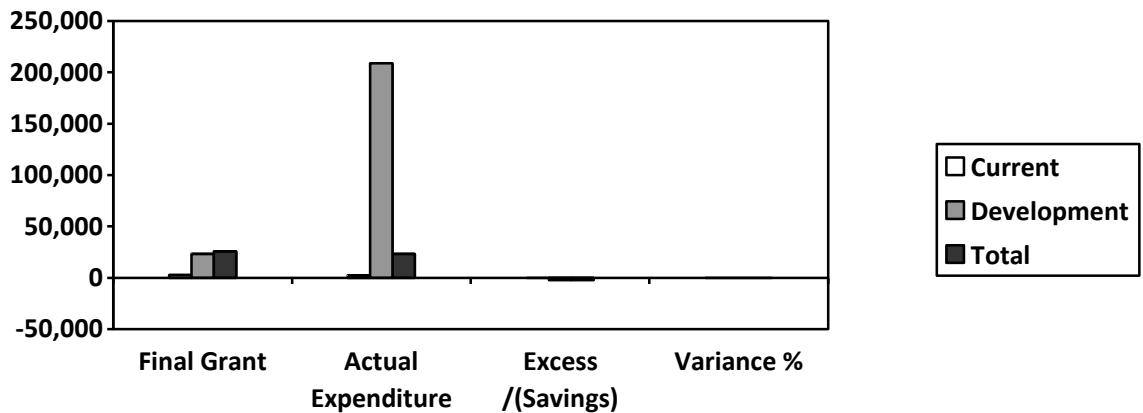
(Rs.)

Grant # 49 (Prov) NC12 and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
Construction of highways roads & bridges	NC23	19,227,831,388	3,945,842,119	23,173,673,507	20,877,488,482	(2,296,185,025)
	Total	19,227,831,388	3,945,842,119	23,173,673,507	20,877,488,482	(2,296,185,025)

Overview of expenditure against the final grant

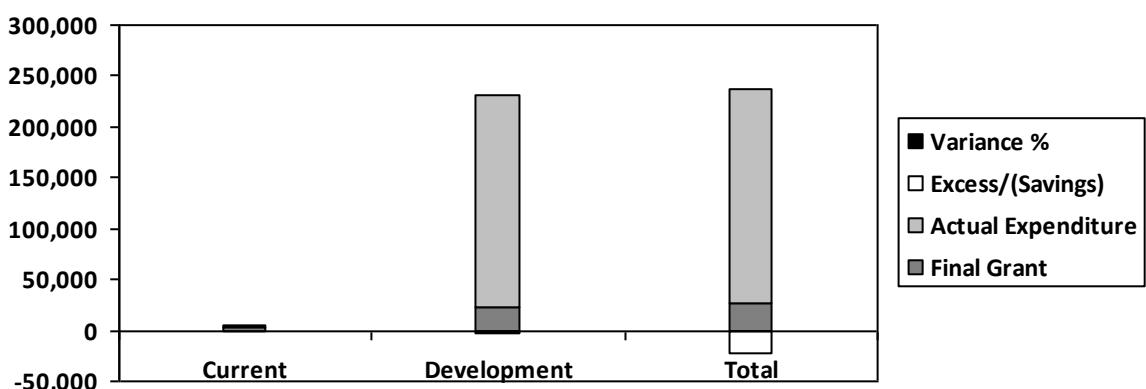
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/(Savings)	Variance %
Non Development	2,661.721	2,539.102	(122.619)	4.60
Development	23,173.674	20,877.488	(2,296.185)	9.91
Total	25,835.395	23,416.59	(2,418.804)	9.36



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.2,418.804 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



4.3 Brief comments on the status of compliance with PAC

SNo	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial Compliance	Nil compliance
01	2001-02	C&W	40	-	27	13
02	2002-03	-do-	20	-	09	11
03	2003-04	-do-	20	-	09	11
04	2004-05	-do-	28	-	13	15
05	2005-06	-do-	15	-	13	02
06	2007-08	-do-	03	-	02	01
07	2008-09	-do-	06	-	05	01
08	2009-10	-do-	14	-	11	03
09	2010-11	-do-	38	-	25	13

4.4 AUDIT PARAS

4.4.1 Overpayment due to allowing higher rates- Rs.46.298 million

According to para 221 of the CPWD Code, before signing a bill, the SDO should compare the quantities in the bill with those recorded in the MB and see that all the rates are correctly entered and the calculation have been checked arithmetically.

During the audit of the accounts of Project Director Road Development Sector Project Peshawar, for the financial year 2010-11, it was noticed that the work, “Construction & Improvement of Timergara Munda Road Sector I.C.B 12” was awarded to the National Logistic Cell and payment of Rs.49.720 million was made for 3,273 M³ @ Rs.15,191 PM³ for the item of work, “Asphalt concrete measuring course class B” vide IPC No.26. Rate of Rs. 1,046.10 PM³ was provided in the bidding documents (BOQ) and the contractor was paid higher rates which resulted in overpayment of Rs.46.298 million.

Audit held that the overpayment was due to deviation from the contract agreement.

The matter was reported to the department in August, 2011. DAC in its meeting held in April, 2012, observed that the department ignored the lowest rate and allowed higher rates resulting in overpayment which may be recovered. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 03 (2010-11)FAP

4.4.2 Overpayment due to non-utilization of available earth - Rs.17.00 million

According to CSR 2009, separate rate have been approved for composite as well as labour works.

During audit of accounts of XEN Communication & Works Highway Division Mardan for the financial year 2011-12, it was noticed that an item of work, “Formation of embankment from barrow pit excavation” in different works was paid at composite rate. As the earth was available from excavation, hence payment should have been made at labour rate only. The payment at higher rate resulted into overpayment of Rs.17.00 million.

Audit held that the overpayment was due to weak internal control.

The matter was reported to the department in January, 2013. DAC in its meeting held on 23rd October, 2013, directed that overpayment may be recovered from the contractor. Further, progress was however not reported till finalization of this report.

Audit requires to fix responsibility and recover the overpayment.

AP 92 (2011-12)

4.4.3 Overpayment due to allowing incorrect escalation- Rs.16.552 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During the audit of the accounts of Project Director Road Development Sector Project C&W Department Peshawar for the financial year 2010-11, it was noticed that escalation of Rs.16.552 million was paid to the contractors after the expiry of time allowed for completion of works vide final bills of June 2011 which resulted in overpayment of Rs.16.552 million as per detail below:

Rs. in million					
Works Manki Kunda Morr Sector	Contractors	Date of commencement	Date of completion	Total escalation	Escalation paid after completion period in June 2011
	M/s Nasrullah jan	07/2008	06/2009	100.082	4.108
	M/s Karcon Pvt Ltd	07/2008	06/2009	136.221	12.444
Total			236.221		16.552

Audit held that the overpayment was due to mismanagement and weak internal control.

The matter was reported to the department in August, 2011. DAC in its meeting held in April, 2012, directed that approval of the ADB and other relevant record for the payment of escalation may be provided for verification. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 02 (2010-11)FAP

4.4.4 Overpayment due to violation of CSR & BOQ - Rs.15.622 million

According to CSR 2009, rate for removal of tree girth 600 mm and above @ Rs.1,099.85 per tree.

During the audit of the accounts of Project Director Road Development Sector Project C&W Department Peshawar for the financial year 2010-11, it was noticed that the work “Widening & Improvement of Jehangira Mankai Sector I.C.B 7” was awarded to the M/S Karcon Pvt Ltd. In the BOQ an item of work removal of 13 trees was mentioned, but in the final bill payment for removal of 743 trees was shown. Moreover, rate for removal of tree was paid @ Rs.22,500 per tree instead of CSR rate of Rs.1,099.85 per tree, which resulted into overpayment of Rs.15.622 million (Rs.22,500 – Rs.1,099.85 = Rs.21,400.15) (743 trees – 13 trees = 730 x Rs.21,400.15 = Rs.15.622 million).

Audit held that the overpayment was due to non-adherence to BOQ and CSR.

The matter was reported to the department in July, 2011. DAC in its meeting held in April, 2012, directed that relevant record may be provided to audit for verification. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 04 (2010-11)FAP

4.4.5 Overpayment due to allowing higher rates - Rs.6.699 million

According to Para 2.58 of the B&R Code, payment should be made for quantities and rates mentioned in the bill of quantities.

During the audit of the accounts of Project Director Road Development Sector Project C&W Department Peshawar for the financial year 2010-11, it was noticed that the Work, “Gulo Bandi Mong Road Haripur LCB-19” was awarded to M/S Badiazaman contractor who was overpaid Rs. 6.699 million in the following items due to allowing higher rates as compared to his quoted rates

Item	Rate Quoted (Rs)	Quantity (M ³)	Amount paid (Rs.in million)	Rate paid (Rs)	Payment (Rs.in million)	Difference (Rs.in million)
Capillary cut of layer	220	16,140	3.551	450	7.263	3.713
Grangalar sub base	575	5,069	2.914	700	3.549	0.635
Water bound macadam	1,100	4,076	4.484	1,200	4.891	0.408
TST	200	18,635	3.727	280	5.218	1.491
Stone masonry dressed	2,500	904	2.260	3,000	2.712	0.452
					Total	6.699

Audit held that the overpayment was due to violation of rules.

The matter was reported to the department in August, 2011. DAC in its meeting held in April, 2012, recommended to nominate Deputy Director FHA as Inquiry Officer to probe the matter within 15 days and submit report to the Secretary C&W and D.G. Provincial Audit. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 07 (2010-11)FAP

4.4.6 Overpayment due to allowing premium instead of rebate - Rs. 5.913 million

According to Para 221 of the CPWA code, before signing a bill the SDO should compare the quantities in the bill with those recorded in the MB and see that all the rates are correctly entered and the calculation have been checked arithmetically.

During the audit of the accounts of Project Director Road Development Sector Project C&W Department Peshawar for the financial year 2010-11, it was noticed that the work, "Gulo Bandi Main Road Haripur LCB-19" was awarded to M/S Badiuzaman contractor at 11% below the BOQ excluding miscellaneous items. The final bill paid during June 2011 revealed that payment was made at 5% above instead 11% below resulting overpayment of Rs. 5.913 million to the contractor as detail below:-

(Rs. in million)					
Total Payment	Less Misc. Item	Net	Less 11% Below	Add 5% Above	Overpayment
40.061	3.103	36.958	4.065	1.848	5.913

Audit held that the overpayment was due to mismanagement

The matter was reported to the department in August, 2011. DAC in its meeting held in April, 2012, recommended to nominate Deputy Director FHA as Inquiry Officer to probe the matter within 15 days and submit report to the Secretary C&W and D.G. Provincial Audit. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 06 (2010-11)FAP

4.4.7 Overpayment due to allowing incorrect price adjustment- Rs.4.601 million

According Para 2.58 of B&R Code, payment should be made for quantities and rates mentioned in the bill of quantities.

During the audit of the accounts of Project Director Road Development Sector Project C&W Department Peshawar, for the financial year 2010-11, it was noticed that the work, "Umarzai Dargai Sector-I District Charsadda" was awarded to M/S Shah Zaman (Pvt) contractor on 1st December 2006 with the completion period upto 30th November 2008. The contractor however, did not complete the work within stipulated period and was penalized in IPC No.22 final bill. The contractor was paid Rs.17.616 million being price adjustment as per relevant clause of the contract due to inflation in the market, which includes Rs.4.601 million paid in the final bill during the month of June, 2011 for which the contractor was not entitled as the price adjustment/escalation was to be paid within contract period and not after extension and cutoff date of the project i.e. March, 2011.

Audit held that the overpayment was due to deviation from the contract agreement.

The matter was reported to the department in August, 2011. DAC in its meeting held in April, 2012, directed that relevant record may be produced to audit for verification within 15 days. Further, progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 10 (2010-11)FAP

4.4.8 Overpayment to the consultant - Rs. 4.244 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During audit of the accounts of M.D Pakhtunkhwa Highways Authority Peshawar for the financial year 2012-13, it was noticed that feasibility study and design work of “upgradation/rehabilitation of road from Chakdarra to Madyan on the right bank of river Swat (95 km)” was awarded to M/S ACE at a cost of Rs. 10.499 million. The same road was previously awarded for 56.60 KM to the same consultant, resulting into overpayment amounting to Rs. 4.244 million ($95 - 56.60 = 38.40\text{KM}$) @ Rs.110,520 per km.

Audit held that the lapse was occurred due to weak internal control.

The matter was reported to department in September, 2013 followed by a letter dated 25.11.2013 to arrange DAC meeting, which was not arranged till the finalization of this report.

Audit requires recovery besides fixing responsibility.

AP 21 (2012-13)

4.4.9 Overpayment due to allowing miscellaneous items - Rs.4.240 million

According Para 2.58 of the B&R Code, payment should be made for quantities and rates mentioned in the bill of quantities.

During the audit of the accounts of Project Director Road Development Sector Project C&W Department Peshawar for the financial year 2010-11, it was noticed that the work, “Patriak Kal Kot Thall Badgoc Km 10 to 19 LCB 6” was awarded to Bannu Construction Pvt, Ltd. The contractor quoted rate of Rs.5.750 million for miscellaneous items like provision of vehicle, heavy equipments, POL, repair of vehicle for handing over to the consultant to facilitate him in supervision etc. However, the contractor was paid Rs.9.990 million for the hiring of rental vehicle etc, resulting overpayment of Rs.4.240 million.

Audit held that the overpayment was due to non-adherence to BOQ.

The matter was reported to the department in August, 2011. DAC in its meeting held in April, 2012, agreed to the audit observation as PC-1 approval of ECNEC was awaited and recommended to place the para before PAC.

Audit requires to fix responsibility and recover the amount.

AP 05 (2010-11)FAP

4.4.10 Overpayment to contractor due to allowing excess quantity of form work - Rs. 2.644 million

According to para -73 of CPWD code read with para-23 of GFR, in case where a substantial section of a project sanctioned by a higher authority than himself has been abandoned, or where material deviations from the original proposals are expected to result in substantial savings, the Superintending Engineer must revise the amount of the estimate and intimate both to the Audit Officer and to the Divisional Officer that the amount of the expenditure sanction should be reduced accordingly and every Government officer will personally be held responsible for any loss sustained by Government through negligence or fraud on his part.

During the audit of the accounts of the Managing Director Pakhtunkhwa Highways Authority, for the year 2012-13, it was noticed that a work "Upgradation/rehabilitation of Road from Kanju to Madyan phase-II SH Lot-I i.e. Kanju to Sambat (21.076 kms)" was awarded vide work order No. FHA/C.C/140/2011 dated 30.3.2011 to NLC Engineer. 7234.20m³ PCC (1:3:6) was approved in the TS for which 10851.30m² form work was also provided in the TS, however, the actual work done upto 11th running bill of PCC of 1988.16m³ for which 11052m² form work was paid. This indicates that an amount of Rs.2.643 million was overpaid to the contractor as per detail below: -

Calculation for quantity

Quantity of PCC (1:3:6) provided in TS	7234.20M ³
Form work for PCC in TS	10851.59M ²
Actual work done of PCC (1:3:6) upto 11 th Running bill	1982.16M ³
Form work paid	11052M ²

Calculation for overpayment

Required to be paid 10851.59M ² x1982.16/7234.20	2973.32M ²
Difference 11052M ² - 2973.32M ²	8078.68M ²
Difference @ 306.59	Rs.2,476,843
Add premium 6.99%	Rs.173.131
Sub-total	Rs.2,649,974
Less rebate 0.24%	Rs.6,360
Net Overpayment	Rs.2,643,614

Audit held that overpayment was due to weak financial management.

The matter was reported to the department in August, 2013, followed by reminder dated 23.09.2013 and 28.10.2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 27 (2012-13)FAP

4.4.11 Overpayment due to allowing higher rates than CSR 2009 – Rs.1.923 million

According to para 23 of GFR vol I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part or on the part of his subordinate.

During the audit of the accounts of Project Director PaRRSA/USAID Project Unit C&W Deptt Swat for financial year 2011-12, it was noticed that 18 items were paid over and above the scheduled rates in the construction of GPS Shen, which resulted in an overpayment of Rs.1.923 million.

Audit held that overpayment occurred due to non-observance of the CSR.

The matter was reported to the department in October, 2012. DAC in its meeting held on 4th April, 2013, directed to produce the relevant record to audit for verification. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 138 (2011-12)FAP

4.4.12 Overpayment due to allowing payment on incorrect items - Rs.1.709 million

According to Para 2.58 of the B&R Code, payment should be made for quantities and rates mentioned in the Bill of Quantities/ agreement.

During the audit of the accounts of the Project Director Road Development Sector Project C&W Department Peshawar for the financial year 2010-11, it was noticed that the work Rehabilitation & up gradation of Road Harichand to Dargai Sector-II Charsadda LCB2 was awarded to M/S A.M Association and he was paid Rs.1.709

million for 67,807.50 M² @ Rs.25.20 “item prime coat” inspite of the fact that Rs.13.601 million was also paid for triple surface treatment and there was no need of executing prim coat that is why no provision in the BOQ estimate was made which was prepared by a qualified consultant. Thus Rs.1.709 million was overpaid to the contractor.

Audit held that the overpayment was due to deviation from the contract agreement.

The matter was reported to the department in August, 2011. DAC in its meeting held in April, 2012, directed the department to provide proof explaining the circumstance in which this item of work had been executed by the contractor within 15 days otherwise the amount may be recovered. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 20 (2010-11)FAP

4.4.13 Overpayment due to allowing higher rates than CSR - Rs.1.184 million

Violation of CSR 2009 item rate No.23-8-b & 24-18-C-10 respectively

During audit of the Executive Engineer Provincial Building Construction Division-I, for the year 2011-12, it was noticed that in the construction of additional hostel for doctors/nurses LRH higher rates were incorporated in the BOQ by ignoring the CSR 2009 resulting into overpayment of Rs.1.184 million as per detail given below:-

S. No.	Item of Work	BOQ rate (Rs)	CSR rate (Rs)	Diff. (Rs)	Qty.	Total (Rs)
1	RCC main hole covers (SR 23-28-b)	12762.35	11713.86	1048.49	50+105	162,515
2	S/F of 12" pvc pipe class D working pressure (24-18-c-10)	8338.16	3882.23	4455.93	229.28	1,021,655
Total						1,184,170

Audit held that overpayment was made to the contractor due to non-adherence to CSR 2009.

The matter was reported to department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to convene DAC meeting, which was however, not arranged till the finalization of this report.

Audit requires recovery of amount besides fixing responsibility.

AP 111 (2011-12)

4.4.14 Loss due to execution of sub-standard work - Rs. 80.00 million

According to Para-23 of GFR vol.1, every Government officer should realize duly and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During audit of the accounts of XEN Communication & Works Highway Division Mardan for the financial year 2011-12, the work, "Rehabilitation of Sheikh Maltoon Toru Road to Nawan Killa Bridge 5.30 Km" awarded to M/s Karcon Pvt: Ltd for completion within 06 months. The work was not completed during the financial year as evident from letter No.2526/2-C dated 06.06.2011 wherein the contractor was directed to resume the work. The amount was drawn on fake entries made in the MB and kept in PW 2nd Deposit to avoid lapse of funds. However, the work was carried out in the next financial year.

The work was physically verified and found that the road had developed trenches, sittings and pits and was completely in dilapidated condition. The laboratory tests of the material and compaction were demanded but the department failed to produce the same.

Audit held that sub-standard work was executed due to weak supervisory control.

The matter was reported to the department in January, 2013. DAC in its meeting held on 23rd October, 2013, directed that report of Anticorruption department and laboratory test of material and compaction be produced to audit within 07 days. Further, progress was however not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 100 (2011-12)

4.4.15 Loss due to non-imposition and recovery of liquidated damages – Rs.60.193 million

According to appendix-A to bid documents (special stipulation condition of contract act) SNo.6, amount of liquidated damages @ 0.1% of the contract amount for each day of delay in completion of work subject to a maximum of 10% of the contract price stated in the letter of acceptance, should be recovered.

During the audit of the accounts of the Managing Director Pakhtunkhwa Highways Authority, for the Financial Year 2012-13, it was noticed that a work “Upgradation/rehabilitation of Road from Kanju to Madyan phase-II SH Lot-I i.e. Kanju to Sambat (21.076 kms) was awarded vide work order dated 30.3.2011 to NLC Engineer at a cost of Rs. 601.935 million with commencement/completion from 14.04.2011 to 13.04.2013. The contractor was paid Rs.433.551 million up to 11th running bill paid dated 25.06.2013. The work was not completed upto 30.06.2013. Liquidated damages @ 10% amounting to Rs.60.193 million was neither imposed nor recovered, resulting loss to the government.

Audit held that loss occurred due to weak financial management.

The matter was reported to the department in August, 2013, followed by reminder dated 23.09.2013 and 28.10.2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 23 (2012-13)

4.4.16 Loss due to non-recovery of liquidated damages – Rs.14.625 million

According to clause 2 of the contract agreement 10% compensation for delay in completion will be recovered from the contractor.

During audit of the accounts of Project Director PaRRSA/USAID Project Unit, C&W Department Unit Swat for financial year 2011-12, it was noticed that liquidated damages for delay in completion of work amounting to Rs.14.625 million was neither imposed nor recovered from the contractors as detail given below: -

(Rs.in million)

Name of work	Commencement date	Required Completion date	Actual date of completion	Estimated value	Amount of penalty
GMS Nawagai	29.11.2010	28.11.2011	30.06.2012	18.030	1.803
GPS GMS Charbagh	25.01.2011	24.01.2012	18.05.2012	32.62	3.262
GPS Shin	27.01.2011	26.01.2012	31.05.2012	31.41	3.141
GPS Molyano Banda	09.07.2010	08.07.2011	16.05.2012	12.866	1.286
GCMS Moranai	09.07.2010	08.07.2011	09.05.2012	19.060	1.906
GMS Kunber	09.07.2010	08.07.2011	17.05.2012	10.242	1.024
GPS Takatak	09.07.2010	08.07.2011	31.05.2012	11.088	1.108
GPS Gumbati	09.07.2010	08.07.2011	04.05.2012	10.957	1.095
Total					14.625

Audit held that the loss occurred due to weak financial management.

The matter was reported to the department in October, 2012. DAC in its meeting held on 4th April, 2013, directed the Project Director to produce extension in time limit to Audit for verification or impose penalty for delay in completion of works. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recovery of penalty.

AP 132 & 133 (2011-12)FAP

4.4.17 Loss due to allowing higher rates - Rs.24.375 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During audit of the Executive Engineer Provincial Building Construction Division-I, for the year 2011-12, it was noticed that an item of work excavation and transportation of earth all type in the construction of additional ward at LRH in the 1st running bill was paid to M/S Rehman Construction @ Rs.105.10 per m³ & Rs.270.98 per m³ respectively. However, in the 6th Running bill the same item was allowed on higher rates which resulted into loss Rs.24.375 million as per detail given below:

Item No	Name of item	Rate paid (Rs)	Rate Required (Rs)	Diff (Rs)	Qty m3	Total (Rs)
6	Earth excavation in open cut 1.5 m depth	71.16+330=401.16	376.08	25.08	1939	48,630
7	1.5 to 3m	98.53+330=428.06	376.08	51.98	6009	312,348
8	3 to 6m	197.06+330=527.06	376.08	150.98	22007	3,322,616
9	6 to 9m	295.59+330=625.59	376.08	249.51	27536	6,870,505
18	9 to 12m	394.12+330=724.12	376.08	348.04	27883	9,704,399
19	12 to 15m	492.65+330=822.65	376.08	446.57	9217	4,116,035
Total						24,374,533

Audit held that loss occurred due to non-adherence to BOQ.

The matter was reported to department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to arrange DAC meeting, which was not convened till the finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 106 (2011-12)

4.4.18 Loss due to unnecessary hiring of vehicles - Rs.13.394 million

According to Para 23 GFR Vol-I every Government officer should realize fully and clearly that he will be personally responsible for negligence on his part.

During the audit of the accounts of Project Director Road Development Sector Project C&W Department Peshawar for the financial year 2010-11, it was noticed that an expenditure of Rs.13.394 million was incurred on the hiring of rental cars and payment made to the ACE consultants despite the fact that double cabin, single cabin, Toyota Corolla Cars were already available with the project management, which resulted into loss of Rs.13.394 million.

The loss was due to weak financial management.

The matter was reported to department August, 2011. DAC in its meeting held in April, 2012, directed that supporting documents of the expenditure of Rs.13.394 million incurred on the subject may be provided to Audit within 15 days otherwise para stands for recovery. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 11 (2010-11)FAP

4.4.19 Loss due to ignoring the de-escalation clause - Rs.7.740 million

According to sub-para(e) of notification No.BO.1/FD/1-7/2008-09/CSR, the PC-I of the schemes which have been approved on CSR-2008 and tender approved. The de-escalation clause be applied to rationalize the cost of schemes.

During audit of the Executive Engineer Provincial Building (construction) Division-I, for the year 2011-12, it was noticed that an item of work fabrication of mild steel grade-40 in the project “establishment of accident, emergency department in LRH main building” for a quantity of 336.12 ton was paid @ Rs.105,261.67 p.ton in accordance with CSR 2008 instead of Rs.82,234.55 per ton as approved in CSR 2009 without applying the de-escalation clause to rationalize the cost of the scheme resulting into loss of Rs.7.740 million.

Audit held that loss occurred due to non-adherence to the instruction of Finance Department.

The matter was reported to department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to arrange DAC meeting, which was, however not convened till the finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 108 (2011-12)

4.4.20 Loss due to ignoring the de-escalation clause - Rs.4.426 million

According to the Finance Department letter No.B.1-1/FD/1-7/2008-09/CSR, the PC-I of the schemes which have been approved on CSR 2008 and tender approved, the de-escalation clause be applied to rationalize the cost of the scheme.

During audit of the Executive Engineer Provincial Building Construction Division-I, for the year 2011-12, it was noticed that in the construction of surgical ward at HMC rate for fabrication of mild steel was paid @ Rs.105,261.67 p.ton in accordance with CSR 2008 instead of Rs.82,234.55 p.ton as approved in CSR 2009 without applying the de-escalation clause to rationalize the cost of the scheme resulting into loss of Rs.4.426 million.

Audit held that loss occurred due to non-adherence to the instruction of Finance Department.

The matter was reported to department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to arrange DAC meeting, which was however, not arranged till the finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 121 (2011-12)

4.4.21 Loss due to ignoring the de-escalation clause - Rs.4.368 million

According to the Finance Department letter No.B.1-1/FD/1-7/2008-09/CSR, the PC-I of the schemes which have been approved on CSR 2008 and tender approved, the de-escalation clause be applied to rationalize the cost of the scheme.

During audit of the Executive Engineer Provincial Building (construction) Division-I, for the year 2011-12, it was noticed that in the construction of additional hostel for doctors/nurses at LRH rate in accordance with CSR 2008 was paid instead of as approved in CSR 2009 without applying the de-escalation clause to rationalize the cost of the scheme in the following cases resulting into loss of Rs.4.368 million.

S.No	Item of work	CSR 2008 Rate (Rs)	CSR 2009 Rate (Rs)	Diff. (Rs)	Qty.	Loss (Rs)
1	PCC 1:4:8 in foundation	2,967.22	2,890.30	76.92	184.13	14,163
2	Fabrication of m steel	105,261.86	82,234	23,027	185.59	4,273,581
3	RCC 1:2:4 in Raft.	4,770.46	4,699.15	71.31	501.66	35,773
4	PCC 1:2:4 in beam	5,342.06	5,261.51	80.55	555.07	44,711
						Total 4,368,228

Audit held that loss occurred due to non-implementation of the instruction of Finance Department.

The matter was reported to department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to convene DAC meeting, which was however, not arranged till the finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 112(2011-12)

4.4.22 Loss to government due to higher rates – Rs.3.716 million

According to Para 144 of GFR Vol I read with Finance Department letter No. SO/PR/FD/9-3/2001 dated 24.04.2002, open tender system should be adopted for achieving economical rates.

During Audit of the Executive Engineer Provincial Building Construction Division-I, for the year 2011-12, it was noticed that public exchequer was put to sustain loss of Rs.3.716 million due to acceptance of higher rate in the following cases: -

- ⊕ 270 number of 2X2 florescent light @ Rs.5,900 per light was paid instead of Rs.1939 as per CSR item 15-76-A, resulting into loss of Rs.1.069 million.
- ⊕ 100 KVA Diesel Generator Siemens brand was installed in the Nishtar Hall in the same year @ Rs.2.400 million, while in the LRH @ Rs.2.900 million, resulting into loss of Rs.0.500 million.
- ⊕ Providing and fixing of lead sheet wall was paid for a quantity of 2371 Sft against the BOQ quantity of 419 resulting into loss of Rs.2.147 million due to allowing excess quantity.

Audit held that the loss occurred due to non-observance of the rules.

The matter was reported to department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to convene DAC meeting. DAC meeting was however, not arranged till the finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 105 (2011-12)

4.4.23 Loss due to allowing higher rates – Rs.3.202 million

According of approved BOQ & Work order rate of the installation of Deodar wood joinery 1.75" thick was Rs.4,838.16 per m², while payment was made @Rs.7,440/sft=Rs.69,936/m²

During Audit of the Executive Engineer Provincial Building Construction Division-I, for the year 2011-12, it was noticed from the work order and BOQ that deodar wood joinery was approved @ Rs.4,838.16 PM² at serial No.36, while in the bills the said item was paid @ Rs.7,440 p.sft resulting into loss of Rs.2.577 million. [Conversion of Sft into M² (Rate P.sft. Rs.7,440X9.4 = rate per M² Rs.69,936) (Qty. Sft.

372.12 sft/ 9.4 =39.59M²) which resulted an over payment of Rs.69,936-Rs.4,838 = Rs.65,098PM² x 39.59M² = Rs.2.577 million]

Similarly, a sum of Rs.625,910 was paid to M/S Abid Bros. for the item of work Chemical Polishing of marble flooring in the scheme Construction of Residential Staff Quarters at Khyber Pakhtunkhwa House Islamabad vide Vr.No.19/2 dated 20.6.2012. The cost of the chemical polishing was not required as it was in built in the item No.10-26-a-CSR 2009.

Audit held that loss occurred due to non-adherence to the BOQ and CSR.

The matter was reported to department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to convene DAC meeting, which was however, not arranged till the finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 114 (2011-12)

4.4.24 Loss due to ignoring the de-escalation clause - Rs.2.100 million

According to the Finance Department letter No.B.1-1/FD/1-7/2008-09/CSR, the PC-I of the schemes which have been approved on CSR 2008 and tender approved, the de-escalation clause be applied to rationalize the cost of the scheme.

During audit of the Executive Engineer Provincial Building Construction Division-I, for the year 2011-12, it was noticed that in the construction of ward block at HMC rate in accordance with CSR 2008 was paid instead of as approved in CSR 2009 without applying the de-escalation clause to rationalize the cost of the scheme in the following cases resulting into loss of Rs.2.100 million.

S.No	Item of work	CSR 2008 Rate (Rs)	CSR 2009 Rate (Rs)	Diff. (Rs)	Qty.	Loss (Rs)
1	Fabrication of mild steel	10,5261.86	82,234	23,027	81.559	1,878,059
2	RCC 1:2:4	5,760.76	5,261.51	499.25	445.49	222,410
Total						2,100,469

Audit held that loss occurred due to non-adherence to the instruction of Finance Department and non-observance of BOQ.

The matter was reported to department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to convene DAC meeting, which was however, not arranged till the finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 113 (2011-12)

4.4.25 Loss due to allowing escalation to the contractor – Rs.1.761 million

According to clause-5 (7) of the contract agreement, no escalation shall be allowed to contractor in respect of period extended for completion of work due to fault of the contractor.

During the audit of the accounts of DG PaRRSA PDMA for financial year 2011-12, it was noticed that Rs.1.761 million was paid to M/S Sher Ali & Co Contractor in the construction of GMS Nawagai as escalation in the extended period of time despite of the fact that extension of the competent authority was neither obtained nor the work was finalized in the stipulated period, which resulted into loss of Rs.1.761 million to the government.

Audit held that loss occurred due to violation of the agreement.

The matter was reported to the department in October, 2012. DAC in its meeting held on 4th April, 2013 directed that relevant record may be produced to audit for verification. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 146 (2011-12)FAP

4.4.26 Non-imposition & recovery of penalty due to delay in completion - Rs 38.990 million

Clause-2 of the contract agreement provides that the contractor shall pay as compensation an amount specified in “instructions to tenderers” and “special stipulation” for every day the work remains un-commenced, or un-finished after the proper dates, provided that the entire amount of compensation under this clause shall not exceed 10% of the total cost of the work as shown in the tender.

During Audit of the Executive Engineer Provincial Building Construction Division-I, for the year 2011-12, it was noticed that penalty worth Rs.38.99 million of 10

schemes of delayed completion was neither imposed nor recovered. The penalty is required to be recovered from the contractors.

Audit held that non-imposition of penalty was due to weak internal control.

The matter was reported to department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to arrange DAC meeting, which was however, not arranged till the finalization of this report.

Audit requires imposition and recovery of the penalty.

AP 122 (2011-12)

4.4.27 Unauthorized payment for an item of work not provided in the Technical Sanction - Rs. 49.867 million

According to Para-56 CPWD Code, Technical Sanction is granted that the proposals are structurally sound and that the estimates are accurately calculated and based on adequate data.

During audit of the Managing Director Pakhtunkhwa Highways Authority Peshawar for year 2012-13, it was noticed that Rs.49.867 million was paid to Pakistan Railways for an item of work “NOC for railway track crossing” in the construction of Western by Pass road starting from Mohabatabad to Jandai on (16.35 km) though not provided in the Technical Sanction, which resulted in unauthorized payment.

Audit held that unauthorized payment was due to non-adherence to rules & procedures.

The matter was reported to department in September, 2013 followed by a letter dated 25.11.2013 to convene DAC meeting, which was not arranged till the finalization of this report.

Audit requires recovery besides fixing responsibility.

AP 17 (2012-13)

4.4.28 Irregular expenditure - Rs. 12.826 million

According to para-32 of CPWA, no expenditure can be incurred on a work/supply unless sanction either special or general of the competent authority has been obtained. No work shall be executed without administrative approval/technical sanction.

During audit of the accounts of M.D Pakhtunkhwa Highways Authority Peshawar for the financial year 2012-13, it was noticed that a sum of Rs.12.826 million was drawn & paid to Sui-Northern gas pipelines for shifting of 4" distribution gas pipeline 4000 meter for the work dualization of Mardan-Charsadda road on their simple demand bill instead of actual work done, completion report and measurement book of the utilization of funds and shifting work. The expenditure was thus irregular.

Audit held that the lapse was occurred due to weak internal control.

The matter was reported to department in September, 2013 followed by a letter dated 25.11.2013 to convene DAC meeting, which was not arranged till the finalization of this report.

Audit requires details investigation and appropriate action.

AP 39 (2012-13)

4.4.29 Blockage of funds due to non-utilization - Rs.1,044.266 million

According to serial No. 2 & 6 of the guidelines for the release of USAID Grant fund to executing agencies, funds will be released after the estimates of the relevant work has been technically sanctioned by the competent authority and verification of the provisions of the rule 6 and 6.1 to the extent of expected payment for completion of next landmark only.

During the audit of the accounts of Malakand Reconstruction and Recovery Program PaRRSA USAID Grant No- 6 relating to releases made to the Director General FDRD for the Restoration of Amandara and Munda Head works during the financial year 2012-13, it was noticed that an amount of Rs. 1,144.989 million was released to the executing authority without any immediate requirement because the same was deposited by the Project authority into a current account opened in the NBP and an amount of Rs. 1,044.266 million was still lying in the said account un utilized upto August, 2013. The details of release of funds were as under.

S. No	Cheque No	Date	Amount (Rs)
1	7147736	15.10.2012	936,765,000
2	7147739	11.01.2013	208,224,000
Total			1,144,989,000

Audit held that the blockage of funds occurred due to weak financial management.

The matter was reported to the department in August, 2013, followed by reminder dated 23.09.2013 and 28.10.2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to fix responsibility and proper utilization of funds.

AP 34 (2012-13) FAP

4.4.30 Sub-standard execution of RCC work involving - Rs.9.918 million

According to Para-56 of CPWD Code and para 23 of GFR Vol-I, Technical Sanction is granted that the proposal are structurally sound and that the estimates are accurately calculated and based on adequate data. Every Government officer will personally be held responsible for any loss sustained by Government through negligence or fraud on his part

During audit of the accounts of Managing Director Pakhtunkhwa Highways Authority Peshawar for the financial year 2012-13, it was noticed that in the T.S of the work construction of Mardan Western Bypass starting from Mohatabad N-45 package-III a quantity of 67.558 m.ton was used instead of 82 tons steel in the RCC, resulting into less utilization of steel 14.442 ton. Therefore, 680.938 M³ RCC work valuing Rs.9.918 million was sub-standard.

Audit held that the lapse was occurred due to weak internal control.

The matter was reported to department in September, 2013 followed by a letter dated 25.11.2013 to convene DAC meeting, which was not arranged till the finalization of this report.

Audit requires to fix responsibility.

AP 19 (2012-13)

Chapter – 5

Education Department

5.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

- ❖ University Education.
- ❖ College Education.
- ❖ Secondary Education.
- ❖ Primary Education.
- ❖ Coordination of schemes for higher studies abroad.
- ❖ Grants of scholarship.
- ❖ Promotion of Scientific Research.
- ❖ Promotion of art and literature.
- ❖ Production and distribution of educational and scientific material.

Comments on budget and accounts (variance analysis)

5.2 Summary of the Appropriation Accounts:

The Summarized position of actual expenditure 2012-13 against the total of our grants/appropriation was as follows:

Non Development

(Rs.)

Function Wise	Original Grant	Supplementary Grant	Re-appropriation	Final Grant	Total Actual Expenditure	Excess / (Saving)
12-Higher Education	NC-21	5,390,615,000	53,830,000	5,444,445,000	5,135,781,317	(308,663,683)
46-Elementary Education	NC-21	681,068,000	264,229,000	945,297,000	853,565,788	(91,731,212)
Total		6,071,683,000	318,059,000	6,389,742,000	5,989,347,105	(400,394,895)

Development

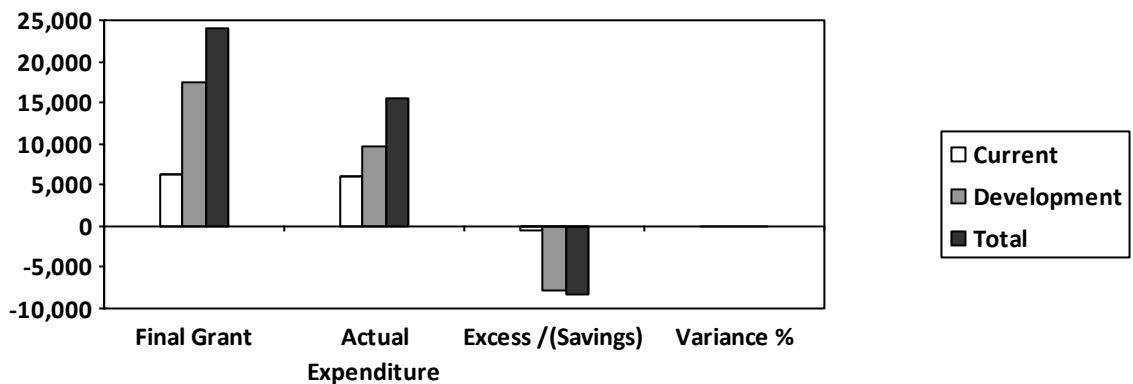
(Rs.)

Function Wise	Original Grant	Supplementary Grant	Re-appropriation	Final Grant	Total Actual Expenditure	Excess / (Saving)
53-Higher Education	5,603,885,000	1,250,000,000	0	6,853,885,000	64,46,931,057	(406,953,943)
53-Elementary Education	8,244,901,760	2,434,687,000	0	10,679,588,760	9,596,358,900	(1,083,229,860)
Total	13,848,786,760	3,684,687,000	0	17,533,473,760	9,643,290,021	(1,490,183,803)

Overview of expenditure against the final grant

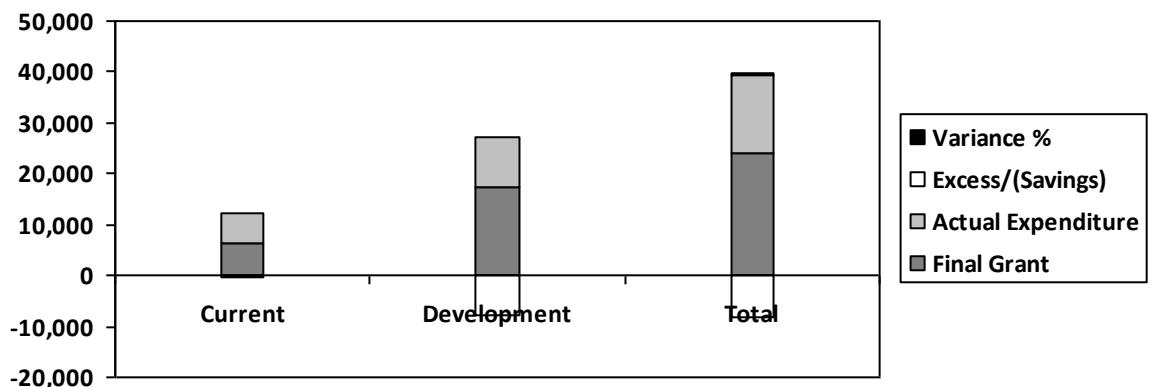
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Savings)	Variance %
Non-Dev	6,389.742	5,989.347	(400.395)	6.26
Development	17,533.474	9,643.290	(7,890.184)	45.00
Total	23,923.216	15,632.637	(8,290.579)	34.65



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.8,290.579 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



5.3 Brief comments on the status of compliance with PAC

SNo	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial Compliance	Nil compliance
01	2001-02	Education	49	-	42	07
02	2002-03	-do-	16	-	09	07
03	2003-04	-do-	06	-	03	03
04	2004-05	-do-	22	-	09	13
05	2005-06	-do-	13	-	07	06
06	2007-08	-do-	10	-	05	05
07	2008-09	-do-	06	-	04	02
08	2009-10	-do-	11	-	02	09
09	2010-11	-do-	33	-	14	19

5.4 AUDIT PARAS

5.4.1 Non-production of record - Rs. 14.5 million

According to Para 17 of GFR Vol-I read with Section 14 of the Auditor-General's Ordinance 2001, no information nor any book or other documents, to which the Auditor-General has a statutory right of access, may be withheld from Audit.

During audit of the account of Vice Chancellor Hazara University, for the year 2010-11, it was noticed that Rs.14.5 million was paid to M/s Ali Asghar & Brothers for construction of pre-mix road and Administration block on payment voucher. Auditable record such as tender documents, contract agreement, work order, MB, contractor's running & final bill were not produced to audit for scrutiny.

Audit held that non-production of record was violation of Auditor General's Ordinance.

The matter was reported in May, 2012. DAC in its meeting held in March, 2013, directed to submit record to audit for verification. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility for violation of ordinance.

APs 267 & 268 (2010-11)

5.4.2 Overpayment due to violation of PC-I & contract agreement – Rs.7.465 million

According to paras 12 and 19 (iv) of GFR Vol-I, a controlling officer must see that total expenditure is kept within the limit of authorized appropriation and that funds allotted to spending unit are expended in the public interest and upon object for which the money was provided. No payment should be made to contractor outside the strict terms of the contract or in excess of the contract.

During audit of the accounts of Chairman Text Book Board, for the financial year 2011-12, it was noticed that printing of books for supplementary reading materials in government schools in KP was awarded by Project Director, "Supplementary Reading Material" to M/S Nasir Printing Press Shiwa Adda Swabi at a cost of Rs.173.853 million. Payment of Rs.181.318 million was made to the firm, resulting into an overpayment of Rs.7.465 million.

Audit held that overpayment was occurred due to violation of PC-I and contract agreement.

The matter was reported to the department in April, 2013, DAC in its meeting held on 7th August, 2013, directed to produce relevant record to audit for verification within 7 days. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the overpayment.

AP 260 (2011-12)

5.4.3 Loss due to inadmissible payment of escalation – Rs.5.609 million

According to S.No.10 of special stipulation of contract conditions the mobilization advance equal to 10 % of the contract cost is provided for purchase of steel cement and bricks. Clauses 52 of contract conditions provide no claim on account of any fluctuation.

During the audit of the accounts of the Vice Chancellor Shaheed Benazir Bhutto Women University for financial year 2011-12, it was noticed that an amount of Rs.5.609 million was paid to the contractor M/S Gul Construction Company as escalation on steel and bricks for which mobilization advance amounting to Rs.15.269 million was already paid in 2008-09. The payment of escalation on steel and bricks for which mobilization advance was given before the commencement of work was inadmissible which resulted into loss.

Audit held that loss occurred due to financial mismanagement.

The matter was reported to the department in March, 2013. DAC in its meeting held on 19th August, 2013, decided to submit record to audit for verification within 15 days. Further progress was however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 323(2011-12)

5.4.4 Loss due to excess use of steel in R.C.C. - Rs.2.261 million

According to paras 11 and 12 of GFR Vol-I, each head of a department is responsible for enforcing financial order, strict economy at every step and observing all relevant financial rules and regulations by his own office and by subordinate disbursing officers.

During audit of the Vice Chancellor Hazara University for the year 2010-11, it was noticed that as per final bill an amount of Rs.35.812 million was paid to M/s Mumtaz Ali & Co for the construction of Girls Hostel. The BOQ provides a quantity of 1101M³ for the item of work R.C.C. for which 120m.ton was required but instead 1036.35M³ RCC work was carried and 160.309m.ton steel was consumed. Execution of less RCC work and more steel consumed over the BOQ resulted into loss of Rs.2.261 million.

Audit held that loss occurred due to non-adherence to BOQ.

The matter was reported in May, 2012, DAC in its meeting held in March, 2013, directed for detail verification. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 270 (2010-11)

5.4.5 Loss due to tempering in the BOQ rates - Rs. 1.601 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During audit of the accounts of Vice Chancellor Hazara University, for the year 2010-11, it was noticed that the contractor quoted the rate of 80% but the payment was made by enhancing the quoted rate to 90% i.e. 10% above the rate quoted as detail given below. Tampering in the documents resulted in loss of Rs.1.601 million to the government.

(Rs.)

Item of work	Rate paid	Rate quoted	Diff	Total payment	Loss
Civil Work	90%	80%	10%	15,239,164	1,523,916
Public Health	90%	80%	10%	769,044	76,904
				Total	1,600,820

Audit held that loss occurred due to financial mismanagement and weak internal control.

The matter was reported to the department in May, 2012. DAC in its meeting held in March, 2013, directed to submit record for verification. Further progress, was however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 269 (2010-11)

5.4.6 Loss due to non-return of printing materials – Rs.1.00 million

According to clause-8 of the contract agreement executed with M/S Nasir Printing Press, the firm will return all the Supplementary Reading Materials (SRM) soon after printing otherwise no payment will be made to him.

During audit of the accounts of Chairman Text Book Board, for the financial year 2011-12, it was noticed that 60 booklets, 11 posters, CD, plates and films were provided by the Project Director, “Supplementary Reading Material” to M/S Nasir Printing Press Shiwa Adda Swabi for printing. The printing material was not returned by the firm after printing resulting into loss of Rs.1.000 million.

Audit held that loss occurred due to negligence and weak internal control.

The matter was reported to the department in April, 2013, DAC in its meeting held on 7th August, 2013, directed to recover the material or cost thereof from firm within a month. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 270 (2011-12)

5.4.7 Non-recovery of outstanding dues – Rs.9.763 million

According to rule 6.1.1 & 6.1.9 of the University Financial Rules 2001, all moneys received will be deposited in a prescribed bank and all the credited amounts will be properly checked and difference in rates or in accounts shall be pursued with the bank till their settlement. Admission fee shall be deposited within stipulated period on promotion to next/final class according to admission Regulation of University of Peshawar.

During audit of the accounts of Vice Chancellor University of Peshawar, for the financial year 2010-11, it was observed that a sum of Rs.9.763 million was outstanding against various students as on 30th June, 2011. However, no efforts were made for its early recovery.

Audit held that non recovery was due to weak financial management.

The matter was reported to the authority in March, 2012. DAC in its meeting held on 13th June, 2013, directed for recovery of dues. Further progress was, however, not reported till finalization of this report.

Audit requires to recover the amount.

AP 150 (2010-11)

5.4.8 Unauthorized payment on account of medical allowance - Rs.1.586 million

According to Government of Pakistan Higher Education commission Islamabad Notification No.FP.2-157/HEC/2009/580 Dated August 4, 2009 “The payment of admissible allowances/facilities in excess of prescribed rates or extending additional allowances/incentives to faculty/staff other than admissible under BPS scheme may not be allowed.

During the audit of the accounts of the Vice Chancellor of Shaheed Benazir Woman University Peshawar, for the financial year 2011-12, it was noticed that medical allowance @ 35% was paid to married and 17.5% to unmarried employees whereas as per rules 15% to gazetted and 20% to non gazetted employees was admissible which resulted into loss of Rs.1.586 million due to allowing inadmissible allowance.

Audit held that loss was due to violation of rules.

The matter was reported to the department in March, 2013. DAC in its meeting held on 19th August, 2013, directed to recover the amount. Further progress was however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 272 (2011-12)

5.4.9 Excess expenditure due to payment of allowances at higher rate - Rs. 56.246 million

According to HEC letter No.F.P.2-157/HEC/2009/580 dated 04.08.2009 read with the Finance Department Government of Khyber Pakhtunkhwa letter No.SOSR.III/FD/1-27/2003 dated 23.04.2003 and Government of NWFP Higher Education Department letter No.SOA/FE/5-8/AA/AP/FA (1994-95) dated 18.09.2004, in order to maintain uniformity and standardization of allowances, facilities and perks etc. in public sector universities, it is requested that the respective Vice Chancellors may please be directed that the payment of admissible allowances/facilities in excess of prescribed rates or extending additional allowances/incentives to faculty/staff other than admissible under the BPS scheme may not be allowed.

During audit of the accounts of Vice Chancellor Hazara University, for the year 2010-11, it was noticed that higher rate of HRA, unattractive area allowance and medical allowance were allowed to the employees on higher rates as compared to the admissible rate, resulting into excess expenditure of Rs.56.246 million as per detail given below: -

(Rs. in million)		
Sr. No.	Description	Amount
1	House Rent allowance	10.616
2	Unattractive area allowance	38.394
3	Medical allowance	7.236
Total		56.246

Audit held that excess payment occurred due to weak financial control.

The matter was reported to the department in May, 2012. DAC in its meeting held on 22 March, 2013, observed that similar nature observation under the review with the PAC.

Audit requires to recover the excess payment.

APs 279, 281, 282 (2010-11)

5.4.10 Excess payment due to violation of BOQ - Rs.5.303 million

According to paras 11 and 12 of GFR Vol-I, each head of a department is responsible for enforcing financial order, strict economy at every step and observing all relevant financial rules and regulations by his own office and by subordinate disbursing officers. Similarly para 38.1 to 38.5 of the Financial Powers of the Hazara University provides that the bills of the contractors be paid if they are within the limits of the sanctioned estimates otherwise sanction of the VC will necessary.

During audit of the accounts of Vice Chancellor Hazara University, for the year 2010-11, it was noticed that the contractor was allowed beneficial item in excess of the BOQ while less-beneficial and lesser quantities as compared to BOQ. Non-adherence to the BOQ resulted into excess payment to contractor as per detail given below: -

(Rs.)				
Sr. No	Particular of work	Tender cost	Total expenditure	Excess / (Savings)
1	Civil Work	25,112,950	29,951,754	4,838,804
2	Public Health	1,095,584	1,559,684	464,100
	Total	26,208,534	31,511,438	5,302,904

Audit held that excess payment was due to non-adherence to BOQ and undue favour to contractor.

The matter was reported to the department in May, 2012. DAC in its meeting held on 22 March, 2013, directed to produce relevant record to audit for detail verification. Further, progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the overpayment.

APs 271 (2010-11)

5.4.11 Excess payment due to allowing higher rates - Rs.18.565 million

According to bid approval, payment shall be made to the contractor for work done duly measured in accordance with rates approved in agreement.

During audit of the accounts of University of Peshawar, for the financial year 2010-11, it was noticed that work "Construction of Secondary Tertiary Sewerage" was awarded to a contractor M/S Cemcon Pvt Ltd Peshawar at an estimated cost of Rs.6.337 million with 87.58% premium. However, the contractor was paid Rs.32.090 million upto 5th running bill which resulted into excess expenditure of Rs.18.565 million.

Audit held that excess payment occurred due to financial mismanagement.

The matter was reported to the department in March, 2012. DAC in its meeting held on 13th June, 2013, directed to produce relevant record for verification within 15 days. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 117 (2010-11)

5.4.12 Irregular expenditure on purchase of vehicles - Rs.6.599 million

The Government of Pakistan Finance Division vide its OM No.7 (2)EXP.IV/2011 dated 17-08-2011 duly endorsed by Higher Education Commission Islamabad vide its letter No.9-25/P&D/HEC/2011/195 dated 08-09-2011 had imposed ban on purchase of vehicles and all physical assets during the financial year 2011-12.

During the audit of the accounts of Vice Chancellor of Shaheed Benazir Bhutto Women University Peshawar for the financial year 2011-12, it was noticed that an amount of Rs.6.599 million was spent on the purchase of 03 vehicles despite the ban imposed on the purchase of vehicles. Thus the expenditure was irregular.

Audit held that irregular expenditure occurred due to violation of rules.

The matter was reported to the department in March, 2013. DAC in its meeting held on 19th August, 2013, directed to submit record to audit for detail verification. Further progress was however, not reported till finalization of this report.

Audit requires to fix responsibility.

AP 304(2011-12)

5.4.13 Irregular payment - Rs 5.00 million

According to para 27.11 of the financial rules of the Hazara University, all expenditures exceeding Rs. 75,000/- should be made in a very public and economical manner through wide publicity. Similarly paras 144 & 145 of GFR Vol-I read with para 29 of Procurement Rules, 2004, provides that all expenditures should be made in a very public and economical manner through wide publicity.

During audit of the Vice Chancellor Hazara University for the year 2010-11, it was noticed that an expenditure of Rs.5.00 million was incurred on Renovation of Multipurpose Hall without inviting tenders and technical sanction. The work was awarded on three quotations on 100% above CSR 1999. Expenditure without calling open tender and non-schedule items resulted into irregular payment of Rs.5.00 million.

Audit held that irregular payment occurred due to financial mismanagement.

The matter was reported to the department in May, 2012. DAC in its meeting held in March, 2013, directed to submit record to audit for verification. Further progress, was however, not reported till finalization of this report.

Audit requires to fix responsibility.

APs 263 & 265 (2010-11)

5.4.14 Irregular expenditure - Rs.2.133 million

According to Rule 11.1.11 of the University Financial Rules 2001, if the amount of purchase exceeds Rs.75,000/- the transaction will be advertised and sealed tender/quotation obtained by open tender system.

During the audit of the accounts of the Vice Chancellor of Shaheed Benazir Bhutto Women University, for the financial year 2011-12, it was noticed that an expenditure of Rs.2.133 million was incurred on the purchase of various items required for convocation but open tender system was not adopted.

Audit held that irregular expenditure occurred due to violation of rules.

The matter was reported to the department in March, 2013. DAC in its meeting held on 19th August, 2013, directed to fix responsibility against the person responsible. Further progress was however, not reported till finalization of this report.

Audit requires to fix responsibility

AP 287(2011-12)

5.4.15 Irregular payment to contractor - Rs.1.291 million

According to Para-10 of GFR Vol-I, every government officer shall exercise the same vigilance in respect of expenditure incurred from public moneys, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During the audit of the accounts of the Vice Chancellor of Shaheed Benazir Bhutto Women University, Peshawar for the financial year 2011-12, it was noticed that an amount of Rs.1.291 million was paid to M/S Parcon Associates for carrying out non BOQ items in the construction of road of University. Expenditure on the non BOQ item resulted into unauthorized payment of Rs. 1.291 million.

Audit held that unauthorized payment was made due to carrying out non BOQ items.

The matter was reported to the department in March, 2013. DAC in its meeting held on 19th August, 2013, decided to produce record to audit for justification within 15 days. Further progress was however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the unauthorized payment.

AP 321(2011-12)

5.4.16 Irregular expenditure without adopting open tender - Rs.1.200 million

According to Para 144 of GFR Vol I read with Finance Department letter No. SO/PR/FD/9-3/2001 dated 24.04.2002, open tender system should be adopted for achieving economical rates.

During audit of the accounts of Vice Chancellor University of Peshawar, for the financial year 2010-11, it was noticed that Rs.1.200 million was paid to M/S Shahibzada Bricks & Co on account of supply of Bricks @ Rs.6,400/1,000 without adopting open tender system as required under the rules, thus the expenditure was irregular.

Audit held that irregular expenditure was due to violation of rules.

The matter was reported to the department in March, 2012. DAC in its meeting held on 13th June, 2013, directed to produce record for verification within 15 days. Further progress, was however, not reported till finalization of this report.

Audit requires to fix responsibility for violation of rules.

AP 141 (2010-11)

5.4.17 Unauthentic payment without Measurement Book - Rs.11.200 million

According to para 38.1 of the financial rules of the Hazara University, no payment to any contracting firm shall be made unless the work carried out is measured and recorded in the MB. The Director Works must record measurements in the MB on spot and bill shall be prepared on the authority of that measurements.

During audit of accounts of Vice Chancellor Hazara University, for the year 2010-11, it was noticed that an expenditure of Rs.11.200 million was incurred on the construction of 200 students hostel. No entries of work done were made in the

measurement book (MB). Non recording of entries of work done in the MB resulted into unauthentic payment of Rs.11.200 million.

Audit held that unauthentic payment occurred due to non-adherence to the University own financial rules.

The matter was reported to the department in May, 2012. DAC in its meeting held in March, 2013, directed to submit record to audit for verification. Further progress, was however, not reported till finalization of this report.

Audit requires to fix responsibility.

AP 262 (2010-11)

5.4.18 Blockade of government money - Rs.70.924 million

According to Para 12 of the GFR Volume I, a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

During audit of the accounts of Vice Chancellor University of Peshawar, for the year 2010-11, it was noticed that Rs.20 million was provided to the University by the Chief Minister and Rs.50 million by the Senator Haji Muhammad Adeel for the “Establishment of Hakeem Abdul Jalil Nadvi Degree College for Boys”. The college was not established till the date of audit and the amount was deposited in the bank and till the date of interest accrued upto Rs.924,000. Thus government funds of Rs. 70.924 million were blocked.

Audit held that the blockage was due to weak financial management.

The matter was reported to the department in March, 2012. DAC in its meeting held on 13th June, 2013, directed to produce record for verification within 15 days. Further progress was however, not reported till finalization of this report.

Audit requires to fix responsibility for blocking of funds.

AP 146 (2010-11)

5.4.19 Blockage of funds due to closed project – Rs.12.046 million

According to para 12 of GFR Vol-I, a controlling officer must see that total expenditure is kept within the limit of authorize appropriation and that funds allotted to spending unit are expended in the public interest and upon object for which the money was provided.

During audit of the accounts of Chairman Text Book Board, for the financial year 2011-12, it was noticed that funds amounting to Rs.203.248 million was provided for the program supplementary reading material in government schools in Khyber Pakhtunkhwa. An amount of Rs.91.202 million was utilized on the program. The project was closed in Feb, 2012. The remaining amount of Rs.12.046 million was not credited to the government account. Non-crediting of the funds of Rs.12.046 million resulted in blockage of government funds.

Audit held that blockage occurred due to weak supervisory control.

The matter was reported to the department in April, 2013, DAC in its meeting held on 7th August, 2013, directed to deposit the amount with profit into the government treasury within 15 days. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and deposit the amount in government treasury.

AP 267 (2011-12)

Chapter – 6

Energy & Power Department

6.1 Introduction

Energy & Power Department comprises 02 formations. Under the NWFP Government Rules of Business, the department has been assigned the following functions:

- ❖ Grant and revocation of licenses of the private electric undertakings under the Act
- ❖ Administration of electricity Act 1910 and the person deemed to be working on deputation with WAPDA under sub-section (1) of section 17 of West Pakistan WAPDA Act, 1958 read with the employees of the WAPDA (allocation to provinces) order 1979
- ❖ Grant of certificates of competency to Electrical Supervisors and licenses to Electrical Contractors
- ❖ Investigation into fatal and non-fatal accidents to human beings due to electric shock
- ❖ Levy and collection of electricity duty under the West Pakistan Finance Act 1964
- ❖ Developing hydro power projects in the province

6.2 Summary of Appropriation Accounts

The Summarized position of actual expenditure 2012-13 against the total of our grants/appropriation was as follows:

Non Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual expenditure	Excess / (Savings)
44-Energy and Power	NC-21 Voted	72,069,000	630,178,000	702,247,000	653,992,387	(48,254,613)
Total		72,069,000	630,178,000	702,247,000	653,992,387	(48,254,613)

Development

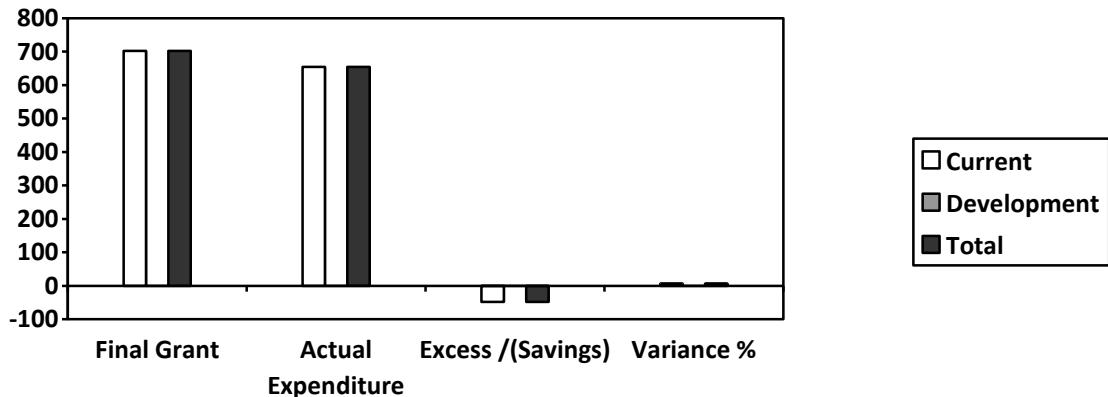
(Rs.)

Grant # 49 (Prov) NC 22 and Name of Department	Grant Type	Original Grant	Supplementary Grant/Re-appropriation	Final Grant	Total Actual Expenditure	Excess / (Savings)
	Nil	Nil	Nil	Nil	Nil	Nil

Overview of expenditure against the final grant

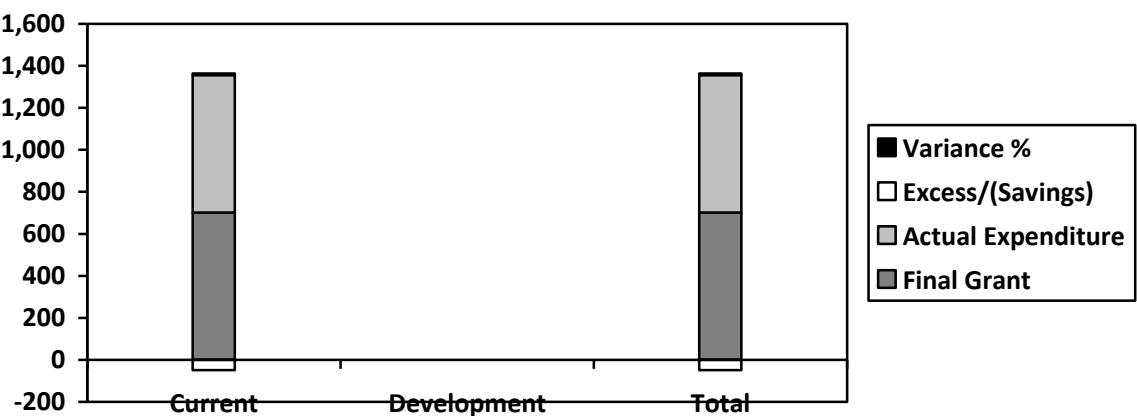
(Rs. In million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/(Savings)	Variance %
Non Development	702.247	653.992	(48.255)	6.87
Development	0	0	0	0
Total	702.247	653.992	(48.255)	6.87



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.48.255 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



6.3 Brief comments on the status of compliance with PAC

S.No	Audit Year	Name of Department	Total No of actionable points	Full compliance	Partial Compliance	Nil compliance
1.	Nil	Nil	Nil	Nil	Nil	Nil

6.4 AUDIT PARAS

6.4.1 Loss due to catering service on cancelled function - Rs.1.010 million

According to para 10 of GFR vol I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During the audit of accounts of Project Director Machai HPP PHYDO Peshawar for the financial year 2010-11, it was noticed that Rs.1.010 million were paid to M/S Haqqania Tents Service Peshawar for the inauguration ceremony for hydro power project Mardan to be held on 8th Jan, 2011. Tenders were not invited for catering facility and the function was also cancelled, which resulted into loss of Rs.1.010 million.

Audit held that loss occurred due to financial mismanagement.

The matter was reported to the department in September, 2011. DAC in its meeting held on 17th July, 2012 directed that evidence in support of cancellation of inauguration ceremony and write off sanction of the competent authority may be obtained. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 97 (2010-11) FAP

Chapter – 7

Environment Department

7.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

- ❖ Implementation of environmental policies
- ❖ Environment Planning
- ❖ Maintenance of Government owned forests
- ❖ Conservation of forests and wild lives
- ❖ Protection of fish ponds

7.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2012-13 against the total of grants/appropriation was as follows:

Non Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual expenditure	Excess / (Savings)
21-Environment	NC-21	1,117,283,000	199,227,000	1,316,510,000	1,202,290,877	(114,219,123)
22-Forestry	NC-21	253,455,000	36,318,000	289,773,000	275,086,707	(14,686,293)
23-Fisheries	NC-21	65,827,000	60	65,827,060	57,085,351	(8,741,699)
Total		1,436,565,000	235,545,060	1,672,110,060	1,534,462,935	(137,647,115)

Development

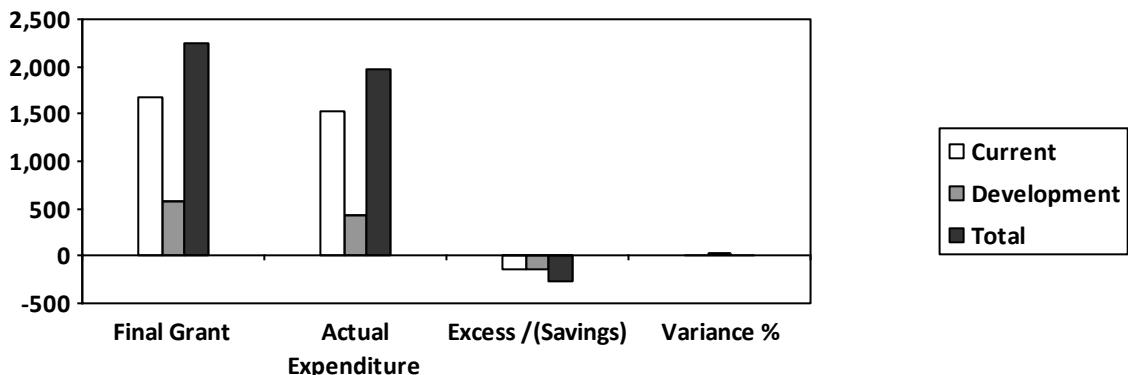
(Rs.)

Grant # 49 (Prov) NC 22 and Name of Department	Grant Type	Original Grant	Supplementary Grant/Re-appropriation	Final Grant	Total Actual Expenditure	Excess / (Savings)
03 – Environment	Voted	569,998,000	0	569,998,000	434,567,435	(135,430,565)
Total		569,998,000	0	569,998,000	434,567,435	(135,430,565)

Overview of expenditure against the final grant

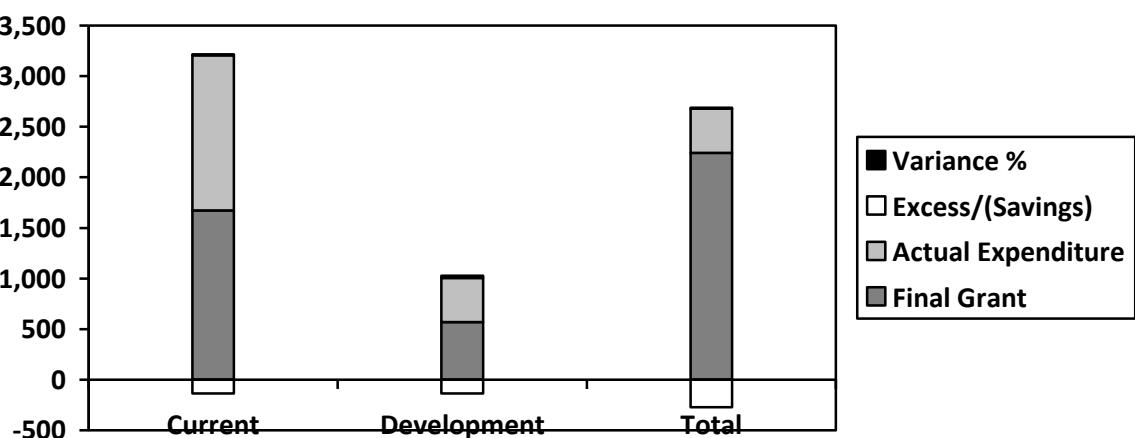
(Rs. In million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/(Savings)	Variance %
Non Development	1,672.110	1,534.463	(137.647)	8.23
Development	569.998	434.567	(135.431)	23.76
Total	2,242.108	1,969.03	(273.078)	12.18



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.273.078 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



7.3 Brief comments on the status of compliance with PAC

SNo	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial Compliance	Nil compliance
01	2001-02	Environment	31	-	19	12
02	2002-03	-do-	10	-	09	01
03	2003-04	-do-	12	-	07	05
04	2004-05	-do-	29	-	10	19
05	2005-06	-do-	18	-	07	11
06	2007-08	-do-	07	-	03	04
07	2008-09	-do-	09	-	03	06
08	2009-10	-do-	10	-	04	06
09	2010-11	-do-	22	-	12	10

7.4 AUDIT PARAS

7.4.1 Non production of auditable record in support of payment - Rs.230.177 million

According to Para 17 of GFR Vol-I read with Section 14 of the Auditor-General's Ordinance 2001, no information nor any book or other documents, to which the Auditor-General has a statutory right of access, may be withheld from Audit.

During the audit of the accounts of Divisional Forest Officer Dir Kohistan Sheringal, for the financial years 2008-2012, it was noticed that a sum of Rs.230.177 million was shown paid to the District Officer Revenue Dir on account of 60% local share to be disbursed amongst the royalty holders. The disbursement certificates alongwith payee receipts of the royalty holder were not produced to audit for scrutiny. Thus the payment remained unaudited.

Audit held that non-production of record was due to violation of Auditor General's Ordinance.

The matter was reported to the department in September, 2012. DAC in its meeting held on 26th August, 2013, directed the department to produce record for re-audit.

Audit requires to fix responsibility for non production of record.

AP 19 (2008-09 to 2011-12)

7.4.2 Loss due to non-recovery of fine - Rs. 20.596 million

According to Para 26 of GFR Vol.I, 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.

During audit of the accounts of DFO Dir Upper, for financial year 2011-12, it was noticed that the DFO imposed a penalty amounting to Rs.20.596 million on FDC Lot No.613/M Comptt No.Usherai 39, vide office order No.4 dated 01.08.2011, but the same was not recovered resulted into loss of Rs.20.596 million as per detail given below:-

S.No	Species	No of scants	Volume CFT	Rate/time	Fine imposed (Rs.)
1	Deodar	9	44.75	2,200x5	492,250
2	F/spurce	411	6,073.54	662x5	20,103,418
Total					20,595,668

Audit held that the loss occurred due to negligence.

The matter was reported to the department in Sep, 2012. DAC in its meeting held in August, 2013, observed that the case is subjudice.

Audit requires vigorously pursue the case and recover the amount.

AP 14 (2011-12)

7.4.3 Loss to government due to non-auction of timber - Rs.11.125 million

According to Para-167 of GFR Vol-I, store which, are reported to be obsolete, surplus or un-serviceable may be disposed-off by sale or otherwise under the orders of the authority competent to sanction.

During the audit of the accounts of Divisional Forest Officer Siren Mansehra, it was noticed that as per timber Form No.7 Register of Goharabad Sale depot a quantity of 1,797 log/scants = 111.124 cft timber of different species was lying in depot up till July, 2012, resulting into blockage of government revenue amounting to Rs. 11.125 million.

Audit held that the money was blocked due to non-observance of rules.

The matter was reported to the department in July, 2012. DAC in its meeting held on 28th August, 2013, directed for verification of record within 15 days. Further progress was, however, not reported till finalization of this report.

Audit requires expeditious auction of timber and deposit of auction money to government account.

AP 32 (2011-12)

7.4.4 Loss due to non accountal of timber - Rs. 8.847 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During audit of the DFO Siren forest Division Mansehra, for the financial year 2011-12, it was noticed that Forest Magistrate decided 35 cases of forest offense in favour of the Government, offender and the case property valuing Rs. 8.847 million was confiscated in favour of Government. However, the case property i.e. timber was not taken on the relevant Timber Form-7. Non-accountal of timber in the forms resulted into loss to the government.

Audit held that loss occurred due to negligence and non-accountal of timber.

The matter was reported to the department July, 2012. DAC in its meeting held on 28th August, 2013, directed to submit complete record to audit for verification within seven days. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 31 (2011-12)

7.4.5 Loss due to missing damage reports - Rs. 1.738 million

According to Para-26 of GFR Vol-1, all sums due to Govt. are properly assessed, realized and credited to Public Accounts.

During audit of the DFO Siren forest Division Mansehra, for the financial year 2011-12, it was noticed that Upper siren Sub Divisional Office issued seven damage reports against the offenders on account of illicit cutting involving 6475 cft standing trees valuing Rs. 1.738 million. However, the said damage reports were neither entered in the Divisional Compensation Cases register nor the amount of compensation was deposited into the Government account, which resulted into loss of Rs.1.738 million to government as detail given below:

C.C. No	Damage report No	Date	Amount (Rs.)
14/ for the year 2010-11	38/8	27.02.2011	32,610
15/ for the year 2010-11	79/11	05.04.2011	298,110
16/ for the year 2010-11	78/11	10.04.2011	265,110
17/ for the year 2010-11	33/18	10.06.2011	157,110
18/ for the year 2010-11	34/18	19.06.2011	123,860
19/ for the year 2010-11	31/36	19.06.2011	836,610
20/ for the year 2010-11	39/8	10.06.2011	24,400
Total			1,737,810

Audit held that loss occurred due to negligence and weak supervisory control.

The matter was reported to the department July, 2012, DAC meeting held on 28th August, 2013, observed that the case is subjudice.

Audit requires to vigorously pursue the case and recover the loss.

AP 30 (2011-12)

7.4.6 Loss due to use of material and labour charges – Rs.1.00 million

According to Para 148 of GFR Vol-I, material receipt should be taken in the relevant stock register.

During the audit of the accounts of Divisional Forest Officer Galies Forest Division Abbottabad, for the financial year 2010-11, it was noticed that an expenditure of Rs.1.00 million was incurred on purchase of building material and labour under the scheme “Development of Trail/Tracks and Rehabilitation of Inspection Huts in Northern Khyber Pakhtunkhwa Province”. The material valuing Rs.612,700 was not taken on the material form-7, and therefore, Rs.387,300 as labour charges shown engaged on the use of these materials was fake, which resulted into a loss of Rs.1.00 million to the government.

Audit held that loss occurred due to weak supervisory control.

The matter was reported to the department in July, 2012. DAC meeting held in August, 2013, directed to submit record for verification within 15 days. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 3 (2011-12)

7.4.7 Non-deposit of Government revenue - Rs. 22.175 million

According to para 38 of GFR Vol-I, the departmental authorities to see that all revenues due to Government which have been brought to account are correctly and promptly assessed, realized and credited to government account.

During the audit of the accounts of Divisional Forest Officer Upper Dir, for the year 2011-12, it was noticed that government revenue amounting to Rs.22.175 million was lying in the P-Deposit and was not credited to the proper head of account, which resulted into non-deposit of government revenue as per detail given below:-

Name of organization	Particulars of revenue	Amount (Rs)
MFO FDC Swat	Lot No.244 M	24,800
-do-	Lot No.156	31,395
-do-	Lot No.107 M	954,054
Private Land	Nargah Private land	256,584
MFO FDC	Lot No.537	289,100
Various persons	Revenue	20,619,724
	Total	22,175,657

Audit held that non-clearance of the P-deposit was due to weak supervisory control.

The matter was reported to the department in Sep, 2012. DAC in its meeting held in August, 2013, directed to transfer the amount to proper head of account within 15 days. Further Progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 17 (2011-12)

7.4.8 Non-recovery of outstanding government dues – Rs.10.644 million

According to Para-26 of GFR Vol-1, all sums due to Government are properly assessed, realized and credited to Govt. accounts.

During the audit of the accounts of DFO Siren Forest Division Mansehra, for the financial year 2011-12, it was noticed that an amount of Rs. 10.644 million was outstanding against different quarters, which was not recovered detail as under:

S.No.	Outstanding on account of	Amount (Rs)
1	Amount under litigation/Stay order	7,778,612
2	Under recovery of arrear of land revenue	1,003,446
3	Amounts to be written off	628,045
4	Outstanding against PIDC	766,181
5	Outstanding against FDC	287,674
6	Against Rosin & Turpentine factory	179,995
	Total Outstanding	10,643,962

Audit held that non-recovery was due to weak supervisory control.

The matter was reported to the department in July, 2012. DAC in its meeting held in August, 2013, directed to place the para before PAC.

Audit requires recovery of the amount.

AP 33 (2011-12)

7.4.9 Non-deposit of Government revenue - Rs.8.294 million

According to Para-7 of CTR, all money received by Government on account of revenue of the Govt. should immediately be deposited into Govt. Treasury and shall be included into the consolidated funds. Government money should not be appropriated to meet the departmental expenditure.

During the audit of the accounts of Divisional Forest Officer Galies Forest Division Abbottabad for the year 2011-12, it was noticed that government revenue amounting to Rs.8.294 million was lying in the P-Deposit and was not credited to the proper head of account, which resulted into non-deposit of government revenue as detail given below: -

S.#	Particulars	Amount (Rs)
1	Income Tax	22,443
2	Sale Tax	84,089
3	1/10 th of Lots	3,743,144
4	MFO FDC	351,122
5	JFMC	678,761
6	1261 Revenue	3,294,866
7	Rent of Timber Sale Depot Goharabad	119,283
	Total	8,293,708

Audit held that the non-clearance of P-deposit was due to weak supervisory control.

The matter was reported to the department in July, 2012. DAC in its meeting held in August, 2013, directed to produce relevant record to audit for verification within 15 days. Further Progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and expeditious clearance of P-deposit to the relevant head of account.

AP 6 (2011-12)

7.4.10 Non recovery of outstanding govt. dues - Rs.4.257 million

According to Para-26 of GFR Vol-1 all sums due to Government are properly assessed, realized and credited to Govt. accounts.

During the audit of the accounts of DFO Galies Forest Division Abbottabad for the financial year 2011-12, it was noticed that an amount of Rs. 4.257 million was outstanding against Forest Development Corporation on account of interest and fine on different lots which was not recovered despite the fact that it was outstanding since January 2001. The detail as under:

S.#	Forest/Compartment No.	Interest (Rs)	Fine etc (Rs)	Total (Rs)
1	Inderseri RF 2(i)(ii)(iii)(iv)	1,828,366	0	1,828,366
2	Lehri RF-1, 3(i)(ii)	795,305	191,693	986,998
3	Lehri RF-I (iii) Maira RF-I (iii)	957,766	4,387	962,153
4	Bagan RF 7,9(iv) II (i) 12 (ii)	458,025	0	458,025
5	Birangali Bagnotar Road	12,488	1,498	21,401
	Total:-	4,051,950	197,578	4,256,943

Audit held that non-recovery was due to weak financial control.

The matter was reported to the department in July, 2012. DAC in its meeting held in August, 2013, directed the department to produce record for verification of the within 15 days. Further, progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 4 (2011-12)

7.4.11 Unauthorized retention of government revenue in P-deposit - Rs. 10.638 million

According to Para-7 of CTR, all money received by Government on account of revenue of the Govt. should immediately be deposited into Government Treasury and shall be included in the consolidated funds. Government money should not be appropriated to meet the departmental expenditure.

During the audit of the accounts of Divisional Forest Officer Siren Mansehra, for the year 2011-12, it was noticed that government revenue amounting to Rs.10.638 million was lying in the P-Deposit and was not credited to the proper head of account, which resulted into non-deposit of government revenue.

Audit held that the non-clearance of P-deposit was due to weak supervisory control.

The matter was reported to the department in July, 2012. DAC in its meeting held on 28th August, 2013, directed to produce relevant record to audit for verification within 15 days. Further Progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility, expeditious clearance of P-deposit to the relevant head of account.

AP 35 (2011-12)

7.4.12 Irregular allotment and non auction of forest land valuing Rs. 3.860 million

According to Para 5 of the summary approved by the CM dated 02.09.2008, the valuable commercial piece of land located in the heart of business centre Shinkiari to be sold out through open auction and amount received from sale of land shall be utilized for the purchase of land at appropriate location for raising for permanent forest nursery.

During audit of the account of D.F.O Siran Mansahera, for the financial year 2011-12, it was noticed that 24 cabins were constructed on 9 kanal 13 marla of forest land bearing Khasra No.866 and 868 at Shinkiari. These cabins were rented out @ Rs.200 to Rs.500 PM. The CM approved a summary for auction of this land. The land valuing Rs. 3.860 million (193 marlas @ Rs. 20,000 per marla) was not auctioned and therefore, the objective of raising of permanent forest nursery was also not achieved in violation of the approved summary.

Audit held that non-auction was due to financial mismanagement.

The matter was reported to the department in July, 2012. DAC in its meeting held in August, 2013, directed to produce record for verification within 15 days. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility.

AP 44 (2011-12)

7.4.13 Unauthentic payment to various Chairmen JFMC and unauthorized opening of bank account - Rs.27.584 million

According to CTR 283 Each head of office is responsible for amount drawn is duly paid to person entitled to receive and obtain acquaintance on bill or TR form 28.

During the audit of the accounts of Divisional Forest Officer Siran Mansehara, for the financial year 2011-12, it was noticed that an amount of Rs.27.584 million were transferred to various bank accounts of the Chairmen's Joint Forest Management Committees. Neither approval of the competent authority for the opening of accounts in commercial banks was obtained nor the amounts were disbursed to the owners as no Actual Payee's Receipts of the disbursement were available. Thus the transfer of amount to the bank accounts and its subsequent disbursement were thus unauthorized and blockage of the government money.

Audit held that unauthorized opening of account and blockage of money was due to financial mismanagement.

The matter was reported to the department in July, 2012. DAC in its meeting held on 28th August, 2013, directed the department to provide record for verification to audit within 15 days. Further Progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility for blockage of money.

AP 37 (2011-12)

7.4.14 Blockage of government revenue due to non-auction of timber - Rs. 3.393 million

According to para 167 of GFR Vol-I, store which are reported to be obsolete surplus or un-serviceable may be disposed off by sale or otherwise under the orders of the authority competent to sanction. The writing off a loss caused by deficiencies and depreciation. Each order declaring store as un-serviceable should record the full reasons for condemnation. Then, the head of office should record full particulars regarding all condemned stores in suitable lists from which their disposal can be watched.

During the audit of accounts of Divisional Forest Officer Galies Forest Division Abbottabad, for the financial year 2011-12, it was observed that as per timber Form No. 7 Register of Goharabad Sale depot a quantity of 648 log/ scants = 6,786.42 cft timber of different species was lying in depot up till July, 2012. Non-auction resulting in blockage of government revenue amounting to Rs. 3.393 million.

Audit held that the money was blocked due to non-observance of rules.

The matter was reported to the department in July, 2012. DAC in its meeting held on 30th August, 2013, directed for verification of record within 15 days. Further progress was, however, no reported till finalization of this report.

Audit requires expeditious auction of timber and depositing of auction money to government account.

AP 1 (2011-12)

Chapter-8

Excise and Taxation Department

8.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

Excise and Taxation Department provides services for collection of various taxes and duties and suggests ways and means for additional resource mobilization in the province. The Excise and Taxation Department consists of 28 auditable formations. As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:-

- Collection of Property Tax according to the assessment of Property Units.
- Assessment and collection of Motor Vehicle Tax from the owners of vehicles.
- Issuance of Registration Marks and Certificates to Motor vehicles.
- Issuance of Duplicate Registration Certificates of the vehicles, Change of Ownership, Change of Engine Number etc.
- Assessment and collection of tax on Professions, Trades, Calling and Employments.
- Assessment and collection of Hotel Tax.
- Assessment and collection of Tobacco Development Cess.
- Collection of License Fee from Real Estate Agents and Motor Vehicle Dealers
- Assessment and collection of Provincial Excise Duty.
- To seize Intoxicant Liquors, Narcotics and Vehicles.
- Collection of Advance Income Tax on behalf of Federal Government at the time of registration of a vehicle and collection of Motor Vehicle Tax respectively.

8.2 Comments on budget & accounts (variance analysis)

Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2012-13 against the total of grants/appropriation was as follows:

Non Development

(Rs)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
7-Excise & Taxation	NC-21	115,769,000	30	115,769,030	87,091,122	(28,677,908)
Total		115,769,000		30	115,769,030	87,091,122

Development

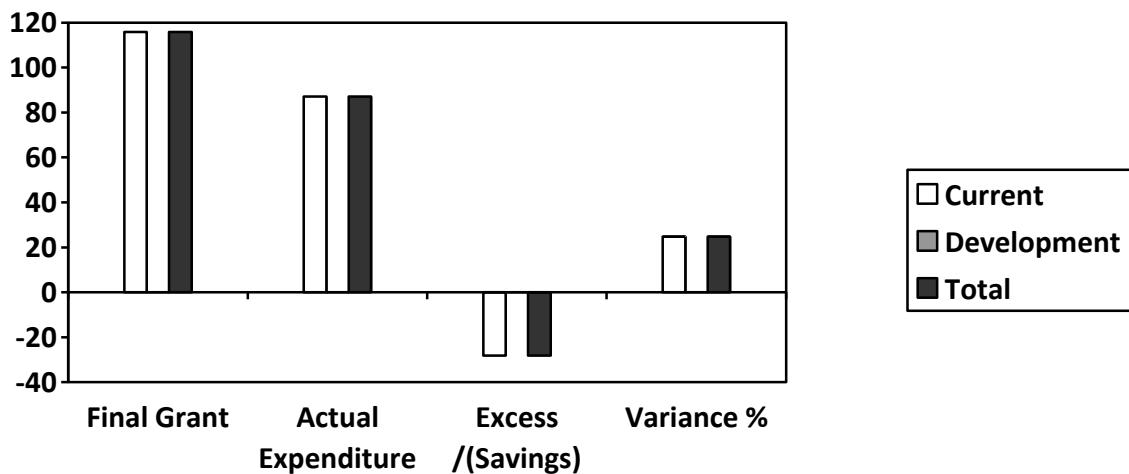
(Rs)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
Total		Nil	Nil	Nil	Nil	Nil

Overview of Expenditure against the Final Grant

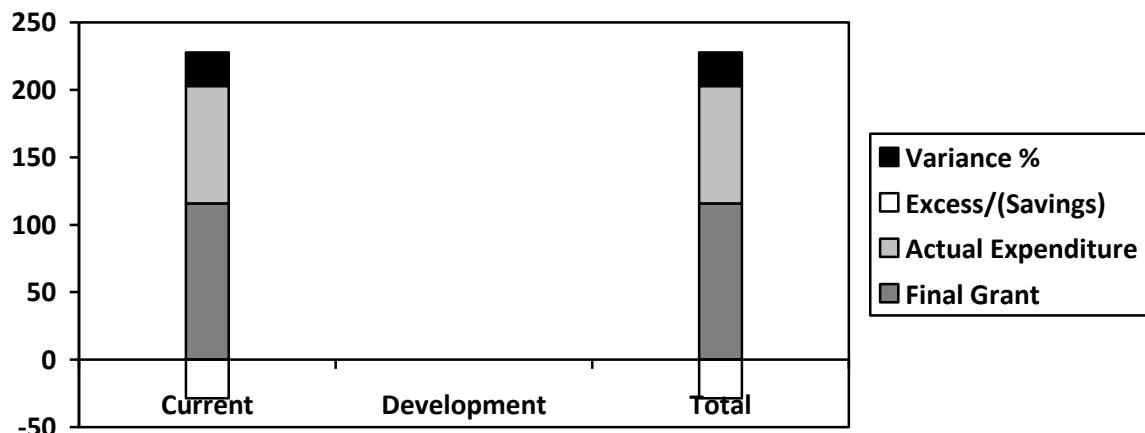
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Savings)	Variance %
Non Development	115.769	87.091	(28.678)	24.77
Development	0	0	0	0
Total	115.769	87.091	(28.678)	24.77



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.28.678 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



8.3 Brief comments on the status of compliance with PAC

SNo	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial Compliance	Nil compliance
01	2002-03	Excise & Taxation	09	-	07	01

8.4 Audit Paras

8.4.1 Loss due to non auction of confiscated vehicles - Rs.124.493 million

According to Rule 3 of the Seizure and Disposal of Motor Vehicle Rules 1999, the officer soon after taking possession of the vehicle shall immediately sent the vehicle to the officer incharge of the warehouse for safe parking and put to auction after confiscation according to Rule 5-8 of the said Rules.

During the audit of the accounts of Director General Excise & Taxation Department Peshawar, for the financial year 2011-12, it was noticed that 182 vehicles were confiscated. Some of these vehicles were allotted to non entitled persons and some vehicles are parked in warehouse. Non auction of the confiscated vehicles resulted in loss to the government of Rs.124.493 million.

Audit held that loss occurred due to violation of rules.

The matter was reported to the department April, 2013, followed by a letter to the Principal Accounting Officer dated 29th July, 2013, and dated 22nd August, 2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to fix responsibility.

AP 563 (2011-12)

8.4.2 Loss to the public exchequer by non confirmation of the confiscated parked vehicles presence in the warehouse - Rs. 18.200 million (approx)

According to Rule 3, the officer soon after taking possession of the vehicle shall immediately sent the vehicle to the officer incharge of the warehouse for safe parking and put to auction after confiscation according to Rule 5-8 of the Seizure and Disposal of Motor Vehicle Rules 1999.

During the audit of the accounts of Director General Excise & Taxation Department Peshawar, for the financial year 2011-12, it was noticed that out of the confiscated 182 vehicles, 14 Nos vehicles shown at Sr. No. 154, 161 to 165, 167, 168 and 170 to 175 of list of the confiscated vehicles valuing Rs.18.200 million were found missing on physical verification in the presence of ASI Mr. Waheed Akbar on 19th April, 13. Missing vehicles resulted in loss to government of Rs.18.200 million.

Audit held that loss occurred due to negligence and non auction of the confiscated vehicles.

The matter was reported to the department on April, 2013 and followed by a letter to the Principal Accounting Officer dated 29th July, 2013, and dated 22nd August, 2013, to arrange DAC which was not convened till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 564 (2011-12)

8.4.3 Loss to the public exchequer by unauthorized retention of confiscated vehicles in other districts - Rs. 6.60 million (approx)

According to Rule 5-8 Rules, the officer soon after taking possession of the vehicle under Rule 3 of the Seizure and Disposal of Motor Vehicle Rules 1999, shall immediately sent the vehicle to the officer incharge of the warehouse for safe parking and disposal by auction after confiscation.

During audit of the accounts of Director General Excise & Taxation Warehouse Peshawar, for the financial year 2011-12, it was noticed that 182 vehicles were confiscated out of which the following vehicles were retained by the Excise & Taxation Officers in other districts, resulting into loss of Rs. 6.60 million (approx).

Sr. No.	Vehicle No.	Class	Make/Model	District where Retained	Approximate Value (Rs)
1	M-8774 Pesh	M. Car	Corolla 1987	ETO Charsadda	398,000
2	K-5533 Pesh	Hiace	Toyota Hiace 2009	ETO Mardan	1,050,000
3	IDE-3948	M. Car	Suzuki Mehran 1991	ETO Nowshera	250,000
4	B-2714 NSR	-do-	Corolla 2008	ETO Charsadda	1,000,000
5	U-3144 Pesh	-do-	Corolla 2006	ETO Mardan	900,000
6	LEC-11-4737	-do-	Suzuki Alto	ETO Swabi	175,000
7	LZC-7085	-do-	Suzuki Cultus 2004	ETO Nowshera	330,000
8	LEE-08-4764	-do-	Suzuki Mehran 2008	ETO Mardan	400,000
9	P-8058	-do-	Suzuki Mehran 1995	ETO Nowshera	100,000
10	LO-3637	-do-	Corolla Xli	ETO Mansehra	850,000
11	LES-08-2630	Pick Up	Suzuki Pickup	ETO Abbottabad	100,000
12	APL-012	-do-	Toyota Surf	-do-	1,047,000
Total					6,600,000

Audit held that loss occurred due to negligence and non auction of the confiscated vehicles.

The matter was reported to the department on April, 2013 and followed by a letter to the Principal Accounting Officer dated 29th July, 2013, and dated 22nd August, 2013, to convene DAC meeting, which was not convened till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 565 (2011-12)

Chapter-9

Finance Department

9.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

- ❖ Finances of the Provincial Government and all financial matter affecting the province as a whole.
- ❖ Preparation of annual budget and supplementary and excess budget statement to be laid before the Provincial Assembly
- ❖ Schedule of Authorized Expenditure
- ❖ Allocation of budget
- ❖ Public Debt of the provincial Government both internal and external borrowing
- ❖ Loan and advances of the provincial Government Servants
- ❖ Issuance of sanctions for incurring expenditures to departments requiring concurrence of Finance Department
- ❖ Advice on economic and financial policies
- ❖ Proper utilization of provincial resources
- ❖ Collection of revenue and its proper allocation / utilization
- ❖ Investment policies of the government
- ❖ Framing rules on pay and allowances, recruitment, leave and conditions of services etc.

9.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2012-13 against the total of grants/appropriation was as follows:

Non developmental

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
3-Finance, Treasuries, Local Fund Audit	NC-21	644,533,000	240	644,533,240	503,913,340	(140,619,900)
Total		644,533,000	240	644,533,240	503,913,340	(140,619,900)

Developmental

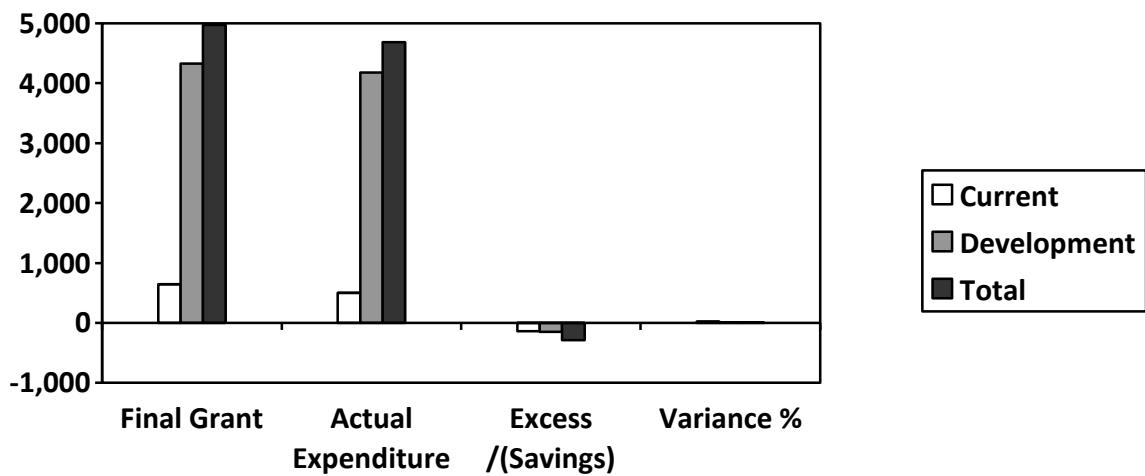
(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supply Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
06 – Finance	Voted	4,146,187,382	179,232,153	4,325,419,535	4,176,456,982	(148,962,553)
Total		4,146,187,382	179,232,153	4,325,419,535	4,176,456,982	(148,962,553)

Overview of expenditure against the final grant

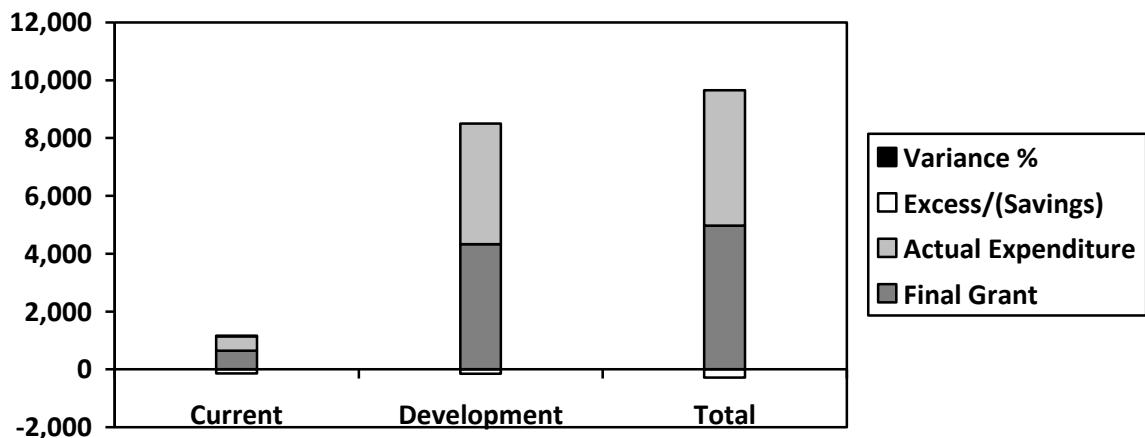
(Rs. in million)

Grant Type	Final Grant	Actual Expenditure	Excess/(Savings)	Variance %
Non Dev	644.533	503.913	(140.619)	21.82
Development	4,325.420	4,176.457	(148.963)	3.44
Total	4,969.953	4,680.37	(289.582)	5.82



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.289.582 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



9.3 Brief comments on the status of compliance with PAC

SNo	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial Compliance	Nil compliance
01	2004-05	Finance	02	-	01	01
02	2008-09	-do-	03	-	01	02
03	2010-11	-do-	02	02	-	-

9.4 Audit Paras

9.4.1 Loss due to missing principle amount of investment – Rs. 164.791 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 the Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government Officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During audit of the Secretary Finance Department for the year 2012-13, it was noticed that an amount of Rs.1,493.213 million was invested in T.Bills on 12.07.2012. On maturity Rs.1,328.421 million was reinvested on 26.07.2012 in T.Bills while the balance amount of Rs.164.791 million was neither reinvested nor transferred to Provincial Account-I which resulted into loss of Rs.164.791 million to government.

Audit held that loss was due to negligence and financial mismanagement.

The matter was reported to the department in July, 2013. DAC in its meeting held on 21st November, 2013, directed to produce complete record of investment for verification within one week. Further progress, was, however not reported till finalization of this report.

Audit requires to fix responsibility and recovery of loss.

AP 96 (2012-13)

9.4.2 Loss to Government due to hiring of private counsel - Rs. 1.650 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During audit of accounts of Secretary Finance Department for the financial year 2012-13, it was noticed that Rs.1.650 million was paid to Barrister Zahoorul Haq, private counsel, Peshawar as fee to contest the writ petition No 1098/2010 in the Peshawar high Court despite the fact that the services of Mr. Shumail Ahmad Butt Advocate Peshawar

was already hired as Legal Counsel of the Department on fixed monthly payment of Rs.300,000 and it was his duty to defend and file all cases in the Courts. Furthermore, the private council finally withdrew the case on the written apology of the Secretary Finance; therefore the hiring of private council and payment of Rs. 1.650 million resulted into loss to the government.

Audit held that the loss occurred due to the financial indiscipline.

The matter was reported to the department in July, 2013. DAC in its meeting held on 21st November, 2013, requested to settle the para however audit did not agree with the department stating that agreement clause did not provide for legal counsel, secretary finance was absolved after his unconditional apology and the petition was disposed off.

Audit requires to fix responsibility and recover the amount.

AP 81 (2012-13)

9.4.3 Un-authorized support in shape of investment - Rs.266.950 million

According to article 119 of the constitution of the Islamic Republic of Pakistan, the custody of the Provincial consolidated fund, the payment of moneys into that fund, the withdrawal of moneys therefrom, the custody of other money received by or on behalf of the Provincial Government, their payment into, and withdrawal from, the Public Account of the Province, and all matters connected with or ancillary to the matters aforesaid, shall be regulated by Act of the Provincial Assembly or, until provision in that behalf is so made, by rules made by the Governor.

During audit of accounts of the Secretary Finance Department for the year 2012-13, it was noticed that an amount of Rs.266.950 million was re-invested with HBL at markup rate of 9.54%. No competitive rates were obtained before the investment of the amount with the HBL. The amount was invested with the same bank at the markup of 12.25% during the previous year. The reinvestment with HBL without obtaining competitive rates from other institutions and approval of the competent forum resulted into unauthorized investment.

Audit held that unauthorized re-investment occurred due to weak internal controls and financial mismanagement.

The matter was reported to the department in July, 2013. DAC in its meeting held on 21st November, 2013, directed the department to produce the authority to reopen and keep the money and reinvest in the same bank on reduced markup without crediting to

provincial account-I for verification. Further progress, was however, not reported till finalization of this report.

Audit requires to fix responsibility.

AP 95 (2012-13)

9.4.4 Unauthorized payment on account of audit fee - Rs. 9.00 million

According to S.NO.5(xx) of the delegation of powers rules 2001, the Administrative Secretary is competent to accord sanction for fee amounting to Rs.2000.

During audit of accounts of Secretary Finance Department for the financial year 2012-13, it was noticed that an amount of Rs. 9.00 million was paid to M/s Yousuf Adil Saleem & Co. as audit fee for conducting audit of the grant of the 2 million Great Britain Pounds provided to provincial government in Health and Education Sectors. The Finance Department as per S.No.5(xx) of the delegation of powers was competent to accord sanction upto Rs.2000 only as fee. Thus the expenditure was un-authorized.

Audit held that un-authorized payment was due to violation of rules.

The matter was reported to the department in July, 2013. DAC in its meeting held on 21st November, 2013, directed to produce relevant record justifying the payment to audit for verification. Further progress, was however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the unauthorized expenditure.

AP 85 (2012-13)

9.4.5 Unauthorized payment of entertainment charges – Rs. 7.158 million

According to S.No.22 of the Delegation of Powers Rules 2001 regarding power to incur expenditure on other official entertainments in connection with official meetings, for light refreshment not exceeding Rs.10/- per head at meeting convened for official business and for servicing lunch boxes not exceeding Rs.150/- per head in meetings which are prolonged beyond office hours without break in the interest of government work.

During audit of accounts of the Secretary Finance Department for the year 2012-13, it was noticed that an amount of Rs 7.158 million was paid to the official as food

charges for late sitting. The entertainment charges for food are allowed for official meetings only.

Audit held that unauthorized payment occurred due to violation of rules.

The matter was reported to the department in July, 2013. DAC in its meeting held on 21st November, 2013, directed the department to approach Administration Department to waive off the expenditure on late sitting and in case of non approval, recovery may be made within 7 days. Further progress, was, however not reported till finalization of this report.

Audit requires to recover the amount.

AP 101 (2012-13)

9.4.6 Excess expenditure on account of Grant of Honoraria - Rs.1.695 million

According to Para-12 of GFR Vol-I and approval of Chief Minister, a controlling officer must see not only that expenditure is kept within the limits of the authorized appropriation but also that the funds are spent on the object for which it was provided. In the summary approved by the Chief Minister, Khyber Pakhtunkhwa on the recommendation of Minister Finance, an amount of Rs.11 million was approved for payment as Honoraria.

During audit the accounts of Secretary Finance Department for the year 2012-13, it was noticed that an amount of Rs.11.00 million was approved by Chief Minister however, instead honoraria amounting to Rs.12.695 million was drawn which resulted in excess expenditure of Rs.1.695 million.

Audit held that the excess was occurred due to non adherence to the approved summary of the Chief Minister.

The matter was reported to the department in July, 2013. DAC in its meeting held on 21st November, 2013, directed the department to approach Administration Department to waive off the expenditure on honoraria and incase of non approval to recover the amount within 7 days. Further progress, however was not reported till finalization of this report.

Audit requires to recover the amount.

AP 97 (2012-13)

9.4.7 Irregular expenditure on pay and allowances – Rs.7.00 million

According to Article 169 of the constitution of Pakistan maintenance of accounts of federation as well as provincial government is a federal subject. As per article 5(B) read with article 6(2)(C) of CGA ordinance 2001, Controller General of Accounts has to experience pre audit on the payment from consolidated fund and public account of the federal government and provincial government against approved budgetary provision.

Further as per 2.2.2.7 of APPM each accountant general is responsible for the centralized accounting and reporting functions within their respective province, under the authority of the auditor general. Additionally the Accountant General is responsible for consolidation of the summarized information prepared by the provincial self accounting entities.

They receive accounts and reports from the DAO's and PAO's and provide annual accounts to the Auditor General of Pakistan and consolidated monthly accounts to the provincial governments through the provincial finance department. In addition each Accountant General also acts as the DAO in respect of the provincial headquarters. The Provincial Accountant Generals exercise the delegated authority of Controller General of Accounts at Provincial level.

During the audit of the accounts of the Director Treasuries Peshawar for the year 2012-13, it was noticed that the post of District Accounts Officer (B-18) was upgraded to the District Comptroller of Accounts Peshawar (B-19) vide Finance department notification No. NO.SO (ESTT)FD/5-41/06 dated 10.02.2007. The post of DAO was basically created for pre-audit functions which is the mandate of Controller General of Accounts. Therefore, the upgradation of these posts was illegal and expenditure of Rs.7.00 million on its pay and allowances was irregular.

Audit held that irregularity occurred due to violation of constitution of the Islamic Republic of Pakistan and CGA Ordinance.

The matter was reported to the department in July 2013. DAC in its meeting held on 11th November, 2013, deliberated that Finance department has the authority to create posts in the provincial departments and provincial governments under article 119 of the constitution of Islamic Republic of Pakistan has the full authority to deposit into and withdraw funds from the Provincial consolidated fund. However audit did not agree with the plea of the finance department as article 119 of the constitution gives full financial authority to the Provincial Finance Department and it should not be confused with the accounting functions which under article 169-171 of the constitution (1973), Auditor General of Pakistan powers and functions Ordinance and Controller General of Accounts

Ordinance is the sole responsibility of the Auditor General of Pakistan and Controller General of Accounts. The para was placed before the PAC.

Audit requires to ensure implementation of Constitution of the Islamic Republic of Pakistan and CGA Ordinance.

AP 71(2012-13)

9.4.8 Blockage of funds - Rs. 600 million

According to para 290 of CTR Vol-I, no money should be drawn from Treasury unless required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demand or to prevent lapse of budget grant.

During audit of accounts of Secretary Finance Department, for the year 2012-13, it was noticed that Rs.200 million per year for the last three financial years amounting to Rs.600 million was released to Secretary Agriculture with the objective of the revival of the Frontier Provincial Co-operative Bank Ltd. It was further confirmed from the office of the Secretary Agriculture Department that the amount was not expended on the object to which it was provided and was invested in TDRs and saving accounts. The terms and conditions of the loan were also not settled which resulted in blockage of the government money.

Audit held that blockage of funds was due to financial mismanagement.

The matter was reported to the department in July, 2013. DAC in its meeting held on 21st November, 2013, directed that progress may be intimated to audit for verification. Further progress, was however, not reported till finalization of this report.

Audit requires to fix responsibility for blockage of funds.

AP 90 (2012-13), Finance Department
AP 478 (2011-12), Agriculture Department

Chapter – 10

Food Department

10.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

- ❖ Food procurement, rationing and distribution.
- ❖ Storage of food grain.
- ❖ Control over the price and distribution of sugar-cane.
- ❖ Control over the price and distribution of sugar and other matters under the Sugar Factories Control Act, 1950.
- ❖ Implementation of Sugarcane Development Cess Rules, 1964.
- ❖ Civil Supplies.
- ❖ Price of food items.
- ❖ Service matters, except those entrusted to the Establishment and Administration Department.

10.2 Comments on budget & accounts (variance analysis)

Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2012-13 against the total of grants/appropriation was as follows:

Non Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
49-State Trading in Food	NC-11	77,286,372,000	740	77,286,372,740	1,427,025,207	(75,859,347,533)
	NC-14	1,000,000,000	0	1,000,000,000	435,150,773	(564,849,227)
35-Subsidy	NC-21 Voted	2,500,000,000	0	2,500,000,000	2,500,000,000	0
Total		80,786,372,000	740	80,786,372,740	4,362,175,980	(76,424,196,760)

Development

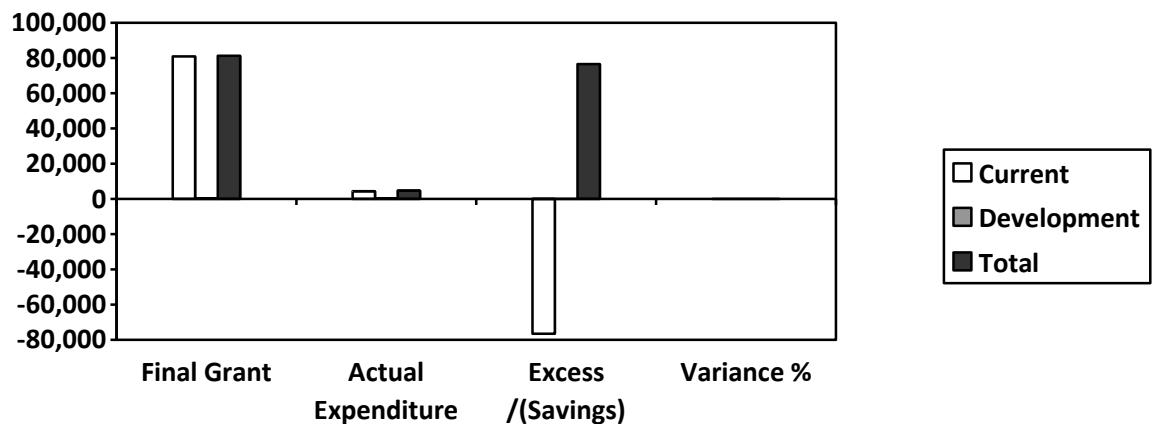
(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
07 – Food	Voted	295,241,000	48,500,000	343,741,000	307,078,788	(36,662,212)
Total		295,241,000	48,500,000	343,741,000	307,078,788	(36,662,212)

Overview of Expenditure against the Final Grant

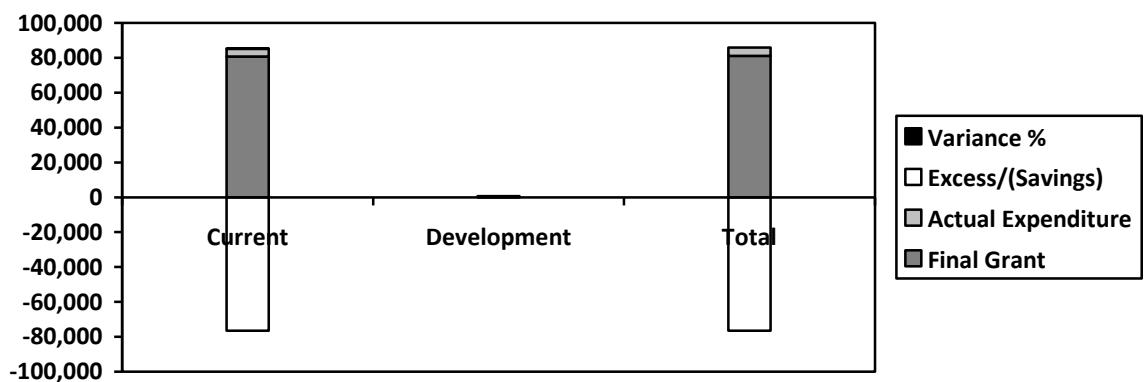
(Rs. In
million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/(Savings)	Variance %
Non Development	80,786.373	4,362.176	(76,424.197)	94.60
Development	343.741	307.079	(36.662)	10.66
Total	81,130.114	4,669.255	(76,460.859)	94.24



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.76,460.859 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



10.3 Brief comments on the status of compliance with PAC

SNo	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial Compliance	Nil compliance
01	2001-02	Food	21	-	12	09
02	2002-03	-do-	07	-	07	05
03	2003-04	-do-	02	-	-	02
04	2004-05	-do-	11	-	08	03
05	2005-06	-do	02	-	-	02
06	2007-08	-do-	05	-	04	01
07	2008-09	-do-	10	-	08	02
08	2009-10	-do-	15	-	10	05
09	2010-11	-do-	40	-	08	32

10.4 AUDIT PARAS

10.4.1 Overpayment to the carriage contractors amount to –Rs. 6.139 million

According to Para-10 of GFR Vol-I every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of the accounts of District Food Controller Abbottabad, for the financial year 2011-12, it was noticed that a sum of Rs. 6.139 million was overpaid to the carriage contractors due to payment at the enhanced rates beyond the approved rates in the contract agreements. The relevant detail record of arrears bill i.e. previous bill dispatch reports, detail statement and weigh record etc to show actual distance and weight were also not provided to audit.

Audit held that overpayment was made due to negligence and mismanagement.

The matter was reported to the department in July 2012. DAC in its held on 27th Feb, 2013, did not agree to the contention of the department and decided to place the Para before PAC.

Audit requires recovery of the amount overpaid besides fixing the responsibility.

AP 05 (2011-12)

10.4.2 Loss due non-lifting of wheat - Rs.67.654 million

According to Para 10 of GFR Vol-I, every government officer is expected to exercise the same vigilance in respect of expenditure from the public funds as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of the accounts of Director Food, Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs.3,953.908 million was paid in advance in shape of Bank Draft of Rs.2,486.155 million from Bank of Khyber and Rs.1,467.753 million from the First Women Bank to the Food Department Punjab for purchase of 150,000 metric tons indigenous wheat including cost of bags. A quantity of 2,876.466 m.ton wheat valuing Rs.67.654 million was neither lifted nor amount recovered from Food Department Punjab. Non-lifting of the wheat resulted in loss of Rs.67.654 million to government.

Audit held that loss occurred due to negligence and weak supervisory control.

The matter was reported to the Department in May, 2012. DAC in its meeting held on 2nd January, 2014, directed to conduct inquiry and submit report to audit within seven days. Further progress was however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 86 (2011-12)

10.4.3 Loss due to non-deduction of income tax - Rs.59.719 million

According to clarification issued by Revenue Division, Islamabad vide Para-3 of letter No. 9(2)/WHT/2010-11 dated 20-01-2011 and Para-2 of letter No. 1(2)WHT/2010-11 dated 04-03-2011, circulated by Director Food, Khyber Pakhtunkhwa office vide No. 9035-50 dated 18-05-2011. In case of purchases of wheat from a person other than grower / cultivator of the agriculture produce, withholding tax is deductible @3.5 % on payment made to seller.

During audit of the accounts of Storage and Enforcement Officer Peshawar and District Food Controller Bannu, for the financial year 2011-12, it was noticed that Rs. 17,062.250 million was paid to various parties/suppliers for local procurement of 65,000 metric tons of wheat, however, income tax @ 3.5% was not deducted, which resulted into loss of Rs.59.719 million.

Audit held that loss was occurred due to negligence and non-adherence to rules.

The matter was reported to the department in March and April 2012. DAC in its meeting held on 1st Jan, 2013, directed that statistical data of land under wheat crop and growers alongwith the names be submitted to audit for verification or income tax be recovered from the suppliers. Further progress, was however, not reported till finalization of this report.

Audit requires the implementation of the DAC directives.

APs 50&69(2011-12)

10.4.4 Loss due to non recovery of withholding tax - Rs.22.968 million

According to clarification issued by Revenue Division, Islamabad vide Para-3 of letter No. 9(2)/WHT/2010-11 dated 20-01-2011 and Para-2 of letter No. 1(2)WHT/2010-11 dated 04-03-2011, circulated by Director Food, Khyber Pakhtunkhwa office vide No. 9035-50 dated 18-05-2011. In case of purchases of wheat from a person other than grower / cultivator of the agriculture produce, with-holding tax is deductible @ 3.5% on the payment made to the seller.

During audit of the accounts of District Food Controller Abbottabad, for the financial year 2011-12, it was noticed that a quantity of 25000 metric tons wheat valuing Rs.22.968 million was purchased from 15 grain dealers of various area instead of growers. 3.5% withholding tax of Rs. 22.968 million was not recovered from the dealers, which resulted into loss.

Audit held that the loss occurred due to weak internal control.

The matter was reported to the department in July, 2012. DAC in its meeting held on 27th Feb, 2013, decided to produce record to audit for verification within 30 days. Further progress was however, not reported till finalization of this report.

Audit requires recovery of withholding tax.

AP 01 (2011-12)

10.4.5 Loss due shortage of wheat and empty gunny bags - Rs. 13.903 million

According to Para 23 of GFR, every Government officer should realize fully and clearly that he will be held responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of the accounts of DFC Chitral, for the financial year 2011-12, it was noticed that a quantity of 489.780 metric ton of wheat valuing Rs. 13.469 million and 3,621 empty gunny bags valuing Rs.434,520 were found short in the handing/taking over of charge at PR centre Bang Yar Khoon, which resulted into loss of Rs.13.903 million.

Audit held that loss occurred due to weak internal control.

The matter was reported to the department in November 2012, DAC in its meeting held on 27th Feb, 2013, directed to recover the amount. Further progress was however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 21(2011-12)

10.4.6 Loss to govt. due to non-deduction of stamp duty- Rs.3.310 million

According to Article 22(B) stamp duty on instrument of Finance Act. Stamp duty of 1% of the amount recovered from contractor on the procurement of store and material.

During audit of the accounts of Director Food, Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs.331.028 million was incurred on the purchase of empty gunny bags. Stamp duty @ 1% was not deducted, which resulted in loss of Rs.3.310 million to the public exchequer.

Audit held that loss occurred due to negligence and non-adherence to rules.

The matter was reported to the department in May, 2012. DAC in its meeting held on 2nd January, 2013, directed to recover the amount. Further progress, was however, not reported till finalization of this.

Audit requires to fix responsibility and recover the loss.

AP 89 (2011-12)

10.4.7 Loss due to non-utilization of A-class Empty Gunny Bags - Rs.1.47 million

According to Para 23 of GFR Vol-I, the every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part or on the part of his subordinate.

During audit of the District Food Controller D.I. Khan for the financial year 2010-11, it was noticed that a quantity of 25,524 bags valuing Rs.1.47 million were sealed in the store by the NAB being substandard of low rap and woof lying unutilized and were neither utilized nor put to auction as they were losing their value with the passage of time, resulting in loss to government.

Audit held loss occurred due to weak internal control.

The matter was reported to the department in November, 2011. DAC in its meeting held on 22nd Dec, 2011, observed that case is subjudice in the Accountability Court.

Audit requires to vigorously pursue the case.

AP 66 (2010-11)

10.4.8 Loss to public exchequer by transfer of wheat from PRC Arrandu to PRC Darosh – Rs.1.122 million

According to Para 12 of GFR Vol-I in order to maintain proper control over expenditure, the controlling officer should arrange to be informed not only of what actual been spent from appropriation but also what commitment and liabilities have been made and will be incurred against it. He must be in a position to assume before Government and the Public Accounts Committee, if necessary, complete responsibility for departmental expenditure and to explain or justify any instance of excess or financial irregularity that may be brought to notice as a result of Audit scrutiny or otherwise.

During audit of the accounts of DFC Chitral, for the financial year 2010-11, it was noticed that an expenditure of Rs.1.122 million was incurred on transportation of 340 m.ton wheat from PRC Arrandu to PRC Darosh where it got damage and re-transported back to dispatching point. The transportation rate from Darosh to Arrandu were not approved by the Director Food, which resulted into loss of Rs.1.122 million.

Audit held that loss occurred due to the ill-planning of the department.

The matter was reported to the department in October, 2011. DAC in its meeting held on 17th Jan, 2012, decided to place the para before PAC.

Audit requires to fix responsibility and recover the loss.

AP 74(2010-11)

10.4.9 Non-recovery of subsidy on wheat from Federal Government - Rs.2,819.533 million

According to Para 26 of GFR Vol-I, 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.

During the audit of the accounts of Director Food Khyber Pakhtunkhwa Peshawar, it was observed that a sum of Rs.2,819.533 million was found outstanding against Federal Government for the period from 1990 to 2011 and no serious efforts were made to recover the outstanding amount resulting into non recovery of government dues.

Audit held that non recovery was due to weak financial controls.

The matter was reported to the department in August, 2011. DAC in its meeting held on 21st Dec, 2011, directed the department to expedite the recovery from the Federal Government. Further Progress was, however, not reported till finalization of this report.

Audit requires to recover the outstanding amount.

AP 30 (2010-11)

10.4.10 Non-deposit of sale proceeds of wheat - Rs. 1.47 million

According to Para 23 of GFR, every Government officer should realize fully and clearly that he will be held responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of the accounts of DFC Chitral, for the financial year 2011-12, it was noticed that a quantity of wheat weighing 58,838 kgs valuing Rs. 1.47 million was sold by the food grain inspector incharge PR centre Drosh at various sale points. The sale proceeds amounting to Rs.1.47 million were not deposited.

Audit held that non-deposit was occurred due to financial mismanagement.

The matter was reported to the department in November 2012, DAC in its meeting held on 27th Feb, 2013, directed to recover the amount. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 22(2011-12)

Chapter – 11

Health Department

11.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

- ❖ Regulation of medical and other professional qualification and standards;
- ❖ Medical Registration including Medical Council;
- ❖ Indigenous system of medicines;
- ❖ Medical attendance of Government servants; and
- ❖ Levy of fees by Medical Officers.
- ❖ Medical and Nursing Council.
- ❖ Medical education including medical schools and colleges, and institution for dentistry.
- ❖ Control of Medical drugs, poisons and dangerous drugs (Drug Act and Rules

11.2 Comments on budget & accounts (variance analysis)

Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2012-13 against the total of grants/appropriation was as follows:

Non-Development

(Rs.)

Grant No. and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
13-Health Services	NC-21	10,330,374,000	467,514,000	10,797,888,000	10,165,541,434	(632,346,566)
Total		10,330,374,000	467,514,000	10,797,888,000	10,165,541,434	(632,346,566)

Development

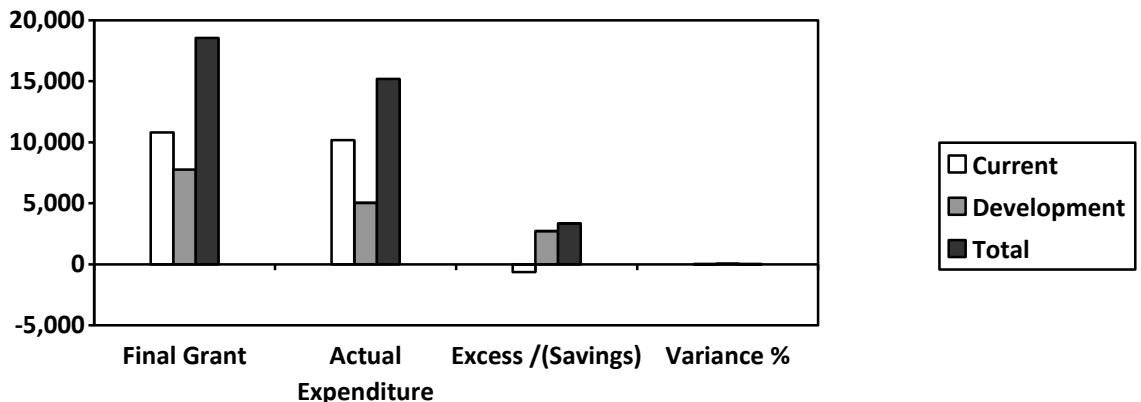
(Rs.)

Grant No. and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
54-Health	Dev	7,758,100,000	50	7,758,100,050	5,039,079,649	(2,719,020,401)
Total		7,758,100,000	50	7,758,100,050	5,039,079,649	(2,719,020,401)

Overview of expenditure against the final grant

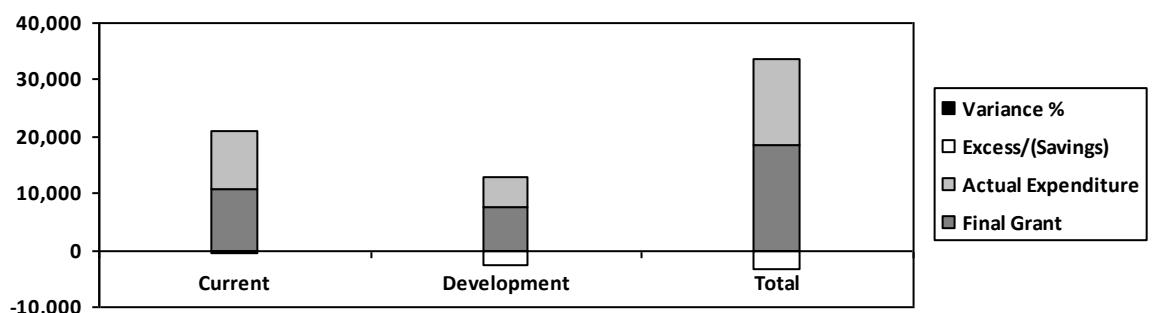
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Saving)	Variance %
Non Development	10,797.888	10,165.541	(632.346)	5.85
Development	7,758.100	5,039.080	(2,719.020)	35.05
Total	18,555.988	15,204.621	(3,351.366)	18.06



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.3,351.366 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



11.3 Brief comments on the status of compliance with PAC

11.4

SNo	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial Compliance	Nil compliance
01	2001-02	Health	31	-	21	10
02	2002-03	-do-	18	-	14	04
03	2003-04	-do-	11	-	05	06
04	2004-05	-do-	42	-	08	34
05	2005-06	-do-	12	12	-	-
06	2007-08	-do-	18	-	04	14
07	2008-09	-do-	16	-	07	09
08	2009-10	-do-	23	-	11	12
09	2010-11	-do-	19	-	06	13

11.4 AUDIT PARAS

11.4.1 Misappropriation of hospital receipts - Rs. 2.260 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During the audit of the accounts of Chief Executive Khyber Teaching Hospital Peshawar, for the financial year 2011-12, it was noticed that 1,075,500 OPD chits were issued according to the stock register, against which the user charges Rs.10.775 million was required to be deposited as these chits were used in OPD but the record showed that 849,236 patients visited the OPD counters and an amount of Rs.8.492 million was realized. The 226,049 OPD chits valuing Rs.2.260 million (@ Rs.10) was less realized, resulting into loss to the institution.

Audit held that loss occurred due to financial mismanagement and weak internal control system.

The matter was reported to the department in October, 2012. DAC in its meeting held on 26th September, 2013, directed to provide original record for verification with 15 days. Further progress, was however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 293 (2011-12)

11.4.2 Non production of auditable record – Rs.320 million

According to Para-17 of GFR Vol-I read with section 14 of Auditor General's ordinance 2001, no such information nor any books or other documents, to which the Auditor General has statutory right of access, may be withheld from audit.

During audit of the accounts of Director General Health Services Khyber Pakhtunkhwa Peshawar, for financial year 2012-13, it was noticed that an amount of Rs.320 million was incurred by the Project Director Hepatitis Control Program for Hepatitis C for the purchase of Hepatitis C vaccine. Auditable record was not produced for scrutiny.

Audit held that non production of record was occurred due to violation of Auditor General's Ordinance.

The matter was reported to the department in August, 2013, followed by reminder dated 29.10.2013 to convene arranged DAC meeting which was not arranged till finalization of this report.

Audit requires to fix responsibility and record be produced to audit for scrutiny.

AP 58(2012-13)

11.4.3 Non-production of auditable record - Rs.11.695 million

According to Para 17 of GFR Vol-I read with Section 14 of the Auditor-General's Ordinance 2001, no information nor any book or other documents, to which the Auditor-General has a statutory right of access, may be withheld from Audit.

During audit of the accounts of Chief Executive of Ayub Teaching Hospital Abbottabad for the financial year 2009-10, it was noticed that Rs.11.695 million was incurred on the activities of field services units Oghi, Swabi, and Bisham. This expenditure also includes Rs.4.000 million provided by the Relief Commissioner with the instruction to open a separate account, but contrary these funds were deposited in the reserved fund. The auditable record was not produced for detail scrutiny.

Audit held that non-production of record was due to violation of Auditor General's Ordinance.

The matter was reported to the department in April, 2011, DAC in its meeting held on 20th & 21st Feb, 2013, directed to enquire the matter within 30 days. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility for violation of Auditor General's ordinance and produce record to audit.

AP 368(2009-10)

11.4.4 Overpayment on account of housing subsidy - Rs. 4.707 million

According to Finance Department letter No.SO(R-III)FD/1-27/2008 dated 29.05.2008 housing subsidy rate for Abbottabd has been fixed.

During audit of the accounts of Chief Executive of Ayub Teaching Hospital Abbottabad, for the financial year 2009-10, it was noticed that Housing Subsidy was paid to various employees at the higher rates than the approved, which resulted into an overpayment of Rs.4.707 million as per detail given below:-

No. of employees	Scale	Rate Required (Rs)	Rate Allowed (Rs)	Difference (Rs)	Period (months)	Total (Rs)
2	19	8,988	12,840	3,852	12	92,448
42	17, 18	6,891	9,845	2,954	12	1,488,816
24	16	5,208	7,440	2,232	12	642,816
37	14, 15	5,208	7,440	2,232	12	991,008
12	15	4,119	5,885	1,766	12	254,304
58	7, 9	2,817	4,025	1,208	12	840,768
30	3, 6	1,817	2,645	794	12	285,840
17	2	1,263	1,805	547	12	110,568
Total						4,706,568

The overpayment occurred due to non-adherence to rules.

The matter was reported to the department in April, 2011. DAC in its meeting held on 21st Feb, 2013, directed to produce final outcome of the court case. Further progress was however, not reported till the finalization of this report.

Audit requires to vigorously pursue the case.

AP 374 (2009-10)

11.4.5 Overpayment due to purchase of low potency drugs – Rs.2.545 million

According to Para 144 & 145 of GFR Vol-I read with Para 15 of Procurement of Goods & Services and Execution of Works 2003, all the purchases/execution shall be made in most public and economical manners from the lowest approved dealers.

During audit of the accounts of Director General Health Services Khyber Pakhtunkhwa, for the financial year 2010-11, it was noticed that Project Director Prevention & Control of Hepatitis paid an amount of Rs.7.637 million to M/S NOVA Med Pharmaceutical Lahore for the supply of lumidin 100mg tablets @ Rs.204 per strip of 10's without inviting tenders despite the fact that MCC rates for higher potency of the 150mg was already approved @ Rs.204 per 10 tablet. The purchase of low potency drugs resulted into an overpayment of Rs.2.545 million.

Audit held that overpayment occurred due to negligence and violation of the rules.

The matter was reported to the department in July, 2012, followed by reminders dated 07th September, 2012, 10th Dec, 2012, 5th March, 2013 and 13th June, 2013 to convene DAC meeting which was not arranged till finalization of this report.

Audit requires to fix responsibility and recover the overpayment.

AP 162 (2010-11)

11.4.6 Overpayment due to purchase at higher rates – Rs.2.437 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During audit of the accounts of Director General Health Services KP, for the financial year 2010-11, it was noticed that Project Director Prevention & Control of Hepatitis purchase of hepatitis C diagnostic kits and vaccine, overpaid an amount of Rs.2.437 million in the following cases: -

1. HCV and HBV rapid kits were purchased from M/S Tahir Scientific Supplier at higher rates and lowest rate ignored, resulting into an overpayment of Rs.965,995.
2. 20 PCR genotyping kits purchased from Tahir Scientific Supplier @ Rs.147,755 per kit of 50 tests and rate of Rs.242,000 per kit of 100 tests was ignored resulting into an overpayment of Rs.899,500.
3. 20419 vials of Ravac B + IMC (20mg) @ Rs.97.95 per vail purchased from M/S Sindh Medical Store as against the approved rate of Rs.69.97 per vail by MCC resulting into an overpayment of Rs.571,323.

Audit held that overpayment occurred due to negligence and violation of the rules.

The matter was reported to the department in July, 2012, followed by reminders dated 07th September, 2012, 10th Dec, 2012, 5th March, 2013 and 13th June, 2013 to convene DAC meeting which was not arranged till finalization of this report.

Audit requires to fix responsibility and recover the overpayment.

APs 163, 164 & 166 (2010-11)

11.4.7 Overpayment due to non-deduction of utility charges and conveyance allowance - Rs. 1.247 million

According to M.S. Hayatabad Medical Complex Peshawar letter No.18037 dated 15-12-2009, all Nurses, Charge Nurses, Medical Officer etc who are provided residential accommodation in Hostel Room shall pay electricity @ Rs.300 p.m, Gas Charges @ Rs.200 p.m and Room Rent @ Rs.200 per month.

During audit of the accounts of Chief Executive Hayatabad Medical Complex Peshawar, for the financial year 2010-11, it was noticed that residential accommodation was provided to Charge Nurses and Doctors in the premises of the institution. Electricity, Gas Charges, Room Rent were not deducted from the salary and Conveyance Allowance was also allowed which was not admissible. This resulted in overpayment of Rs.1.247 million.

Audit held that the overpayment was due to financial mismanagement.

The matter was reported to the department in July, 2011. DAC in its meeting held on 16th July, 2013, directed to recover the amount within 30 days. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 97 (2010-11)

11.4.8 Loss due to purchase at higher rates – Rs.34.336 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During audit of the accounts of Director General Health Services Khyber Pakhtunkhwa, for the financial year 2010-11, it was noticed that centralized procurement of machinery & equipment was made for different RHCs and Civil Hospitals under ADP 121, 197 & 120. The lowest rates offered for supply of various X-Ray equipments, bidding items etc. by different suppliers were ignored and higher rates accepted. The purchases at higher rates resulted into loss of Rs.34.336 million as per detail given below:-

Item	Rate accepted (Rs)	Rate rejected (Rs)	Difference (Rs)	Quantity	Loss (Rs)
X-Ray MA300	2,209,000	1,987,000	222,000	21	4,662,000
Dental X-Ray	238,700	195,755	42,945	30	1,288,350
Labour room delivery table	187,000	42,990	144,010	39	5,616,390
Hydraulic OT table	463,000	299,000	164,000	39	6,396,000
OT light mobile	589,000	347,000	242,000	39	9,438,000
Binocular microscope	97,900	88,000	9,900	30	297,000
Chemistry analyzer	159,000	147,000	12,000	30	360,000
Patient bed	15,940	14,900	1,040	828	861,120
Bed side locker	3,735	3,600	135	828	111,780
Drip stand	1,340	1,200	140	150	21,000
Bench top centrifuge	79,800	40,900	38,900	30	1,167,000
Water bath	44,300	5,100	39,200	30	1,176,000
X-Ray cassettes	14,327	8,880	5,447	540	2,941,380
Total					34,336,020

Audit held that loss occurred due to negligence and violation of the rules.

The matter was reported to the department in July, 2012, followed by reminders dated 07th September, 2012, 10th Dec, 2012, 5th March, 2013 and 13th June, 2013 to convene DAC meeting which was not arranged till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 157 (2010-11)

11.4.9 Loss due to non recovery of affiliation fees – Rs.31.375 million

According to S.No.8, 9 & 10 of Khyber Medical University Fees and Other Charges Statutes 2008, Affiliation Application Processing/Inspection Fee, Affiliation Fee (One Time) and Affiliation Retention Fee (Annual) will be charged from those public and private medical/dental colleges and health institutions who opts to request KMU for affiliation.

During audit of the accounts of Khyber Medical University for financial year 2011-12, it was noticed that affiliation fees amounting to Rs.31.375 million were not recovered from various public & private medical colleges and institutions in violation of statutes of University resulting into loss of Rs.31.375 million.

Audit held that loss occurred due to financial mismanagement and violation of statutes.

The matter was reported to the University in March, 2013. DAC in its meeting held on 24th Dec, 2013, directed to recover the amount from concerned colleges/institutions. Further, progress was however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 821 (2010-11)

11.4.10 Loss due to purchase at higher rate –Rs.13.200 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During audit of the accounts of Director General Health Services Khyber Pakhunkhwa, for the financial year 2010-11, it was noticed that centralized procurement of machinery & equipment was made for different RHCs and Civil Hospitals under ADP 197 & 120. The lowest rate offered for supply of ultrasound machine by M/S Tahir Scientific Supplier & Biotech services amounting to Rs.780,000 and Rs.1,049,490 respectively were not included in the comparative statement and purchase was made from M/S Mediline Technology @ Rs.1,220,000 per ultrasound machine. The ignoring of the lowest rate resulted into loss of Rs.13.200 million on the purchase of 30 ultrasound machines.

Audit held that loss occurred due to negligence and violation of the rules.

The matter was reported to the department in July, 2012, followed by reminders dated 07th September, 2012, 10th Dec, 2012, 5th March, 2013 and 13th June, 2013 to convene DAC meeting which was not arranged till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 155 (2010-11)

11.4.11 Loss to government due to purchase of equipment on higher rates - Rs. 8.433 million

According to rule-29 of procurement rules-2003, duly circulated by Health Department notification No.2-111/SPO/PC/H/vol/2004-05, dated 6.6.2005, the officer inviting tender shall prepare detail evaluation report which shall be considered by the tender accepting authority/purchase committee and awarded it only to the tenderer qualified & whose bid has been responsive & lowest evaluated price.

During the audit of the accounts of Saidu Medical College Swat, for the financial years 2010-12, it was noticed that for the purchase of video endoscopic system lowest rate of Rs.2.007 million (Germany) quoted by M/S Junaid and Company Peshawar was ignored. The purchase was re-advertised on 19th January, 2012 and video endoscopic system (Olympus Japan) @ Rs.10.440 million quoted by M/S Faisal Scientific Traders Swat was made at higher price. The purchase at higher rate resulted into loss of Rs.8.433 million.

Audit held that loss occurred due to improper procurement planning and violation of rules.

The matter was reported to the management in October, 2012. DAC in its meeting held on 08th November, 2013, directed to regularize the expenditure within 30 days otherwise recovery may be made. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 85 (2010-12)

11.4.12 Loss due to purchase at higher rates -Rs.6.713 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During audit of the accounts of Director General Health Services Khyber Pakhunkhwa, for the financial year 2010-11, it was noticed that Technical Committee recommended the lowest rate of X-Ray cassettes from M/S Paradise Export Company Sialkot while the purchase was made at higher rate from M/S Medico Medical Peshawar. Ignoring the recommendation of Technical Committee for lowest rate resulted into loss of Rs. 6.713 million as per detail given below: -

Particular	Purchase rate (Rs)	Lowest rate (Rs)	Difference (Rs)	Quantity	Amount (Rs)
X-ray cassettes (12x15)	14,327	8,880	5,447	540	2,941,380
X-ray cassettes (10x12)	11,462	7,880	3,582	540	1,934,280
X-ray cassettes (8x10)	10,282	6,880	3,402	540	1,837,080
Total					6,712,740

Audit held that loss occurred due to negligence and violation of the rules.

The matter was reported to the department in July, 2012, followed by reminders dated 07th September, 2012, 10th Dec, 2012, 5th March, 2013 and 13th June, 2013 to convene DAC meeting which was not arranged till finalization of this report.

Audit requires to fix responsibility and recover the loss

AP 154 (2010-11)

11.4.13 Loss due to acceptance of higher rates - Rs. 5.690 million

According to PC-1 of the IBMS duly approved by the competent forum the specification, quantity and rate of the equipments were approved and according to S. No 20 (2) and 21 of the KMU financial rules, Purchase must be made in the most economical manner. The Competent authority may accept any of the tenders so made which appears to him the most advantageous.

During audit of the accounts of Vice Chancellor Khyber Medical University Peshawar, for the financial year 2011-12, it was noticed that higher rates were accepted and paid to the supplier than the rates approved in PC-1, resulting into loss of Rs.5.690 million as per detail given below: -

Cheque No	Date	Supplier	Equipment	Rate paid (Rs)	Rate as per PC-1 (Rs)	Loss (Rs)
8875725	19.06.2012	M/sVantage	Automated blood	4,260,000	700,000	3,560,000
8875725	19.06.2012	M/sVantage	-Do-	2,100,000	500,000	1,600,000
0843096	10.03.2012	M/s Chemitec	Photometer	580,000	50,000	530,000
Total						5,690,000

Audit held that loss occurred due to non observance of rules and weak financial controls.

The matter was reported to the University in March, 2013. DAC in its meeting held on 24th Dec, 2013, directed to produce record for verification within 15 days. Further, progress was however, not reported till finalization of this report.

Audit requires to recover the loss.

AP 826 (2010-11)

11.4.14 Loss due to purchase of equipment at higher rates - Rs. 5.242 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During the audit of the accounts of Chief Executive Khyber Teaching Hospital Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs.13.515 million was incurred on the purchase of 8 medical equipments by ignoring the lowest rate of Rs.8.273 million offered by different suppliers. Purchase of equipments at higher rate resulted in loss of Rs.5.242 million.

Audit held that loss occurred due to weak financial management.

The matter was reported to the department in October, 2012. DAC in its meeting held on 2nd October, 2013, directed to provide original record for verification. Further progress was however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 295 (2011-12)

11.4.15 Loss due to purchase of medicines at higher rates - Rs. 3.425 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During audit of the accounts of Chief Executive, Lady Reading Hospital Peshawar, for the financial year 2011-12, it was noticed that medicines worth Rs.52.843 million were purchased on the basis of local advertisement. However, it was observed that higher rates were accepted and paid as compare to the rates approved by the MCC, resulting into loss of Rs.3.425 million.

Audit held that loss occurred due to non-adherence to rules.

The matter was reported to the department in August, 2012. DAC in its meeting held on 27th August, 2013, observed that government directives regarding purchase from MCC were violated and referred the para to PAC.

Audit requires to fix responsibility and recover the loss.

AP 51 (2011-12)

11.4.16 Loss due to non-imposition and recovery of penalty – of Rs. 2.722 million

According to tender condition, the successful bidder shall ensure to complete the supply of the equipment up to the entire satisfaction of the tender accepting authority within 30 days in case of local and within 60 days in case of imported equipments, in case of late supply 5% penalty will be charged as fine.

During the audit of the accounts of Saidu Medical College Swat, for the financial years 2010-12, it was noticed that the supplier had failed to supply the equipment costing Rs.54.444 million as per time schedule provided in the NIT. Neither 5% penalty amounting to Rs. 2.722 million was imposed nor recovered from the supplier resulting into loss to the government.

Audit held that loss was occurred due to non observance of condition of the NIT.

The matter was reported to the management in October, 2012. DAC in its meeting held on 08th November, 2013, directed to recover the amount. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 88 (2010-12)

11.4.17 Loss due to ignoring the lowest rate - Rs. 1.806 million

According to Para 144 & 145 of GFR Vol-I read with Para 15 of Procurement of Goods & Services and Execution of Works 2003, all the purchases/execution shall be made in most public and economical manners from the lowest approved dealers.

During audit of the accounts of the Vice Chancellor Khyber Medical University Peshawar, for the financial year 2011-12, it was noticed that an amount of Rs.4.00 million was incurred on purchase of real time PCR from M/S Analytical Measuring System by ignoring the rate of Rs.2.194 million quoted by M/S Diagnostics Technologies resulting into loss. The record revealed that order for the supply of Real Time PCR with the tender cost of Rs.2.194 million was placed to M/S Diagnostics Technologies vide supply order dated 27.08.2011 which was held in abeyance and subsequently withdrawn on the plea that funds were not available despite the fact that sufficient funds were available. Purchases at higher rate resulted into a loss of Rs.1.806 million to the University.

Audit held that loss occurred due to ignoring the lowest rate.

The matter was reported to the department in March, 2013. DAC in its meeting held on 24th Dec, 2013, directed to provide complete record for verification within a week. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 825 (2011-12)

11.4.18 Loss due to non recovery of stamp duty – Rs. 1.731 million

According to S.No.22-A (b) of the government of NWFP Revenue & Estate Department (Stamps Wing) letter No.14792-14801/AS(S)/240-C-II dated 20.07.2007, one rupee for every hundred on account of stamp duty may be recovered from the suppliers of store and materials.

During audit of the accounts of Chief Executive of Hayatabad Medical Complex Peshawar, for the financial year 2010-11, it was noticed that an expenditure of Rs.173.104 million was incurred on the purchase of various store items, however, stamp duty @ 1% amounting to Rs.1.731 million was not deducted from the bills of the suppliers resulting into loss to government.

Audit held that loss was occurred due to financial mismanagement.

The matter was reported to the department in July, 2011. DAC in its meeting held on 16th July, 2013, directed to recover the loss. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 112 (2010-11)

11.4.19 Loss due to acceptance of higher rates - Rs. 1.431 million

According to S. No. 7, 28 and 29 of the Government of Khyber Pakhtunkhwa Goods, works and Services procurement Rules 2003, all contracts for estimated cost exceeding Rs. 40,000/- financial bids may be called. The lowest price may be accepted and in case of non acceptance of the lowest price proper justification/ reasons may be recorded.

During audit of the accounts of Chief Executive Lady Reading Hospital Peshawar, for the financial year 2011-12, it was noticed that various articles for the dialysis unit were purchased at higher rates and lowest were ignored without any reason, resulting into loss of Rs. 1.431 million.

Audit held that loss was occurred due to violation of rules.

The matter was reported to the department in August, 2012. DAC in its meeting held on August, 2013, directed that record may be provided for verification to audit within 15 days. Further progress was however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 27 (2011-12)

11.4.20 Loss due to purchase of medicine on higher rates – Rs. 1.424 million

According to Para-23 of GFR, every Government Officer will personally be held responsible for any loss sustained by Government through negligence or fraud on his part.

During the audit of accounts of M.S Said Group of Teaching Hospitals Swat for the financial year 2011-12, it was noticed that a sum of Rs. 1.890 million was shown paid to M/S Medisave Pharma for the supply of 10,000 each injection Ceftizoxime 1gm @ Rs.120 per injection and 500mg @ Rs.69 per injection during May, 2012. Previously the same injections were purchased from M/S Astellas Pharmaceuticals during Feb, 2012

@ Rs.27.57 and Rs.19.93 respectively, despite the fact that sufficient quantity was available in the stock. Purchases were made by 300% higher rates, which resulted into loss to government.

Audit held that loss was occurred due weak financial management.

The matter was reported to the department in October, 2012. DAC in its meeting held on 2nd Dec, 2013, directed to conduct inquiry and submit report within 15 days. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 147 (2011-12)

11.4.21 Loss due to acceptance of higher rates – Rs.1.301 million

According to Para 23 of GFR Vol-I, Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part or on the part of his subordinate.

During the audit of the accounts of Chief Executive Khyber Teaching Hospital Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs.3.650 million was incurred on the purchase of Video Bronchoscope system from M/S M.M. & Co. The lowest rate of Rs.2.349 million offered by M/S Allmed Solution was rejected on the very flimsy grounds that the equipment was not demonstrated not auto clavable and not compatible with the existing equipment. Ignoring the lowest rate resulted in a loss of Rs.1.301 million.

Audit held that loss occurred due to non-observance of rules.

The matter was reported to the department in October, 2012. DAC in its meeting held on 26th September, 2013, directed to produce relevant record to audit for verification within 15 days. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 294 (2011-12)

11.4.22 Loss due to expiry of medicines - Rs. 1.260 million

Para-23 of GFR volume-I provides that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will be also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During audit of the accounts of audit of District Head Quarter Hospital Dera Ismail Khan, for the year 2012-13, it was noticed from the scrutiny of the stock register that medicines valuing Rs.1.260 million were expired. The medicines purchased were over the required need and were short shelf life. Expiry of the medicines resulted in loss of Rs.1.260 million.

Audit held that loss occurred due to negligence and weak supervisory control.

The matter was reported to the department in Oct, 2013, followed by reminders dated 29.11.2013 to convene DAC meeting which was not arranged till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 60 (2012-13)

11.4.23 Loss due to purchase at higher rates – Rs.1.092 million

According to Para 144 & 145 of GFR Vol-I read with Para 15 of Procurement of Goods & Services and Execution of Works 2003, all the purchases/execution shall be made in most public and economical manners from the lowest approved dealers.

During audit of the accounts of Principal Gomal Medical College DIKhan, for the financial year 2010-11, it was noticed that an expenditure of Rs.5.195 million was incurred on the purchase of 3 generators (27 KVA) with installation charges from M/S Mediline Peshawar. The rate of Rs.1.444 million per generator with imported canopy was accepted and the lowest rates of Rs.1.080 million offered by M/S Lakha Trading Corporation Peshawar were ignored on the plea that it has local made canopy. However, the supplier also provided a local made canopy with generators. Thus ignoring the lowest rate resulted into a loss of Rs.1.092 million.

Audit held that loss occurred due to negligence and weak supervisory control.

The matter was reported to the department in March, 2012. DAC in its meeting held on 25th Feb, 2013, directed to submit record to audit for verification. Further progress was, however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 430 (2010-11)

11.4.24 Loss to the institution due to acceptance of higher rates - Rs.1.006 million

According to S. No. 7, 28 and 29 of the Government of Khyber Pakhtunkhwa Goods, works and Services procurement Rules 2003, all contracts for estimated cost exceeding Rs. 40,000/- financial bids may be called. The lowest price may be accepted and in case of non acceptance of the lowest price proper justification/ reasons may be recorded.

During audit of the accounts of Chief Executive Lady Reading Hospital Peshawar, for the financial year 2011-12, it was noticed that 40 Air Conditioners were purchased from M/S Ays Electronics at the rate of Rs.65,500/- and lowest rate of Rs.40,340/- quoted by the same supplier was ignored without any reason, resulting into loss of Rs.1.006 million.

Audit held that loss was occurred due to violation of rules.

The matter was reported to the department in August, 2012. DAC in its meeting held on August, 2013, directed that record may be provided for verification to audit within 15 days. Further progress was however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 28 (2011-12)

11.4.25 Non recovery of 10% share of MRI - Rs.4.12 million

According to Clause-8 of the Agreement executed with the Doctor Manzoor Ejaz for MRI 10% share of the total income shall be paid to the local Institution.

During audit of the accounts of Chief Executive of Ayub Teaching Hospital Abbottabad for the financial year 2009-10, it was noticed that an agreement was executed between the Chief Executive and Dr. Manzoor Ejaz for installation and

operation of MRI System in the premises of the institute. 10% share of the institution amounting to Rs.4.12 million was not recovered from the 2nd party.

Audit held that non-recovery was due to violation of contract agreement.

The matter was reported to the department in April, 2011, DAC in its meeting held on 21st Dec, 2013, directed to recover the amount. Further progress was however, not reported till the finalization of this report.

Audit requires to recover the amount.

AP 384 (2009-10)

11.4.26 Non deposit of user charges – Rs. 3.977 million

According to Para 26 of GFR Vol.I, 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.

During audit of the accounts of Chief Executive Hayatabad Medical Complex Peshawar, for the financial year 2010-11, it was noticed that an amount of Rs.55.739 million was realized as user charges from various units of the institution. Out of which an amount of Rs.51.762 million was deposited in the Reserve Fund, Research & Training and Revolving Fund Accounts of the institution. The remaining amount of Rs.3.977 million was not deposited.

Audit held that non deposit was due to financial mismanagement.

The matter was reported to the department in July, 2011. DAC in its meeting held on 16th July, 2013, directed to recover the amount from the person(s) at fault within 30 days. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 83 (2010-11)

11.4.27 Non-recovery of rent of pharmacy shop - Rs. 3.927 million

According to para-17(2) of NWFP Medical Institutions Rules 2001, all receipts of an Institution shall be deposited in the bank in the name of Institution concerned.

During audit of the accounts of Chief Executive of Ayub Teaching Hospital Abbottabad, for the financial year 2009-10, it was noticed that the Pharmacy Shop situated in the premises of Hospital was allotted to a contractor @ Rs. Rs.740,000 per month. Only a sum of Rs.4.953 million was deposited into Reserved Fund of the hospital against the due amount of Rs.8.880 million, which resulted in non-recovery of Rs.3.927 million.

Audit held that non-recovery occurred due to weak financial management.

The matter was reported to the department in April, 2011, DAC in its meeting held on 21st Feb, 2013, directed the department to provide the enquiry report of Provincial inspection team and action taken thereon. Further progress was however, not reported till finalization of this report.

Audit requires to recover the amount.

AP 405 (2009-10)

11.4.28 Non-deposit of receipt – Rs. 2.384 million

According to para-26 of GFR, it is the duty of the controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in public account.

During audit of the account of the Chief Executive Hayatabad Medical Complex for the financial year 2011-12, it was noticed that an amount of Rs. 2.984 million was realized on account of HCV/HBS procedure through microbiology Laboratory/Blood Bank during the period from 7/2011 to 4/2012, however the amount of Rs.2.384 million was not deposited into the fund of the hospital, resulted into non-deposit of receipts.

Audit held that non deposit was occurred due to weak financial management.

The matter was reported to the department in January 2013. DAC in its meeting held on 17th July, 2013, directed to produce the relevant record for verification. Further progress was however, not reported till finalization of this report.

Audit requires to fix responsibility and recovery of amount

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AP 700 (2011-12)

11.4.29 Non-recovery on account of rent of canteen - Rs. 1.575 million

According to Rule-7 of FTR Vol-I, all moneys received by or tendered to government officers on account of revenue shall without undue delay be paid in full into Government Treasury.

During audit of the accounts of Chief Executive of Ayub Teaching Hospital Abbottabad for the financial year 2009-10, it was noticed that the contract of Main Canteen was awarded to the contractor, Muhammad Fayaz S/O Ghulam Rabani at a monthly rent of Rs.240,100. The contractor has deposited Rs.1.785 million for the period May, 2009 to June, 2010. Thus Rs.1.575 million remained un-recovered.

Audit held that non-recovery occurred due to weak internal control.

The matter was reported to the department in April, 2011, DAC in its meeting held on 21st Feb, 2013, directed the department to conduct enquiry within one month. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 397 (2009-10)

11.4.30 Non recovery of outstanding fees - Rs.1.427 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 into Public Account.

During audit of the accounts of Vice Chancellor Khyber Medical University Peshawar for the financial year 2011-12, it was noticed that an amount of Rs.1.427 million was outstanding against 37 students of different disciplines/programs. No strenuous efforts for its recovery were made, resulting into non recovery of outstanding dues amounting to Rs.1.427 million.

Audit held that non recovery was occurred due to financial mismanagement.

The matter was reported to the University in March, 2013. DAC in its meeting held on 24th Dec, 2013, directed to produce record for verification within 15 days. Further, progress was however, not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 822 (2010-11)

11.4.31 Non deposit of user charges – Rs.1.421 million

According to Para 26 of GFR Vol.I, 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.

During audit of the accounts of Chief Executive Hayatabad Medical Complex Peshawar, for the financial year 2010-11, it was noticed that a sum of Rs.63.420 million was received as user charges by the institution, however, the cash book and treasury challans revealed that Rs.61.999 million has been deposited while the remaining amount of Rs.1.421 million was not deposited.

Audit held that non deposit was due to financial mismanagement.

The matter was reported to the department in July, 2011. DAC in its meeting held on 16th July, 2013, directed to recover the amount from the person(s) at fault within 30 days. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 82 (2010-11)

11.4.32 Unauthorized expenditure on foreign training – Rs. 20.975 million

According to the PC-1 of the project titled “development of Khyber Medical University, Peshawar”, it was mentioned that 20 scholars will be sent to technologically advanced countries for Ph.D in the subject of Anatomy, Physiology, Biochemistry, Pathology, Forensic Medicines, Public Health and Ophthalmology so as to strengthen the faculty of KMU.

During audit of the accounts of Vice Chancellor Khyber Medical University Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs. 20.975 million was incurred on the foreign studies of scholars in the disciplines not provided in the PC-1, resulting into unauthorized expenditure of Rs.20.975 million

Audit held that unauthorized expenditure was due to violation of PC-1.

The matter was reported to the University in March, 2013. DAC in its meeting held on 24th Dec, 2013, did not decide the fate of observation till the revision of the PC-1. Further, progress was however, not reported till finalization of this report.

Audit requires to fix responsibility for incurrence of unauthorized expenditure.

AP 836 (2010-11)

11.4.33 Unauthorized payment of Basic Science and Special allowance worth Rs. 8.118 million

According to Finance Department & Health Department letters No.FD(SOSR-II)8-18/99/Vol-II dated 20.02.2008 and No.SOH (V)1-48/98 dated 24.11.1998, the special allowance at the prescribed rate was allowed to KMC Peshawar, AMC Abbottabad and PGMI Peshawar w.e.f. 01.07.2008. Basic science allowance was admissible to teaching cadre of Anatomy, Physiology, Pharmacology, Biochemistry, Pathology, Community medicines, and Forensic medicines Rs. 7,000/- pm.

During audit of the accounts of Vice Chancellor Khyber Medical University Peshawar, for the financial year 2011-12, it was noticed that an amount of Rs.8.118 million was allowed to the employees as Basic Science and Special Allowance who were not entitled, resulting into unauthorized payment of Rs.8.118 million.

Audit held that unauthorized payment was due to violation of rules.

The matter was reported to the University in March, 2013. DAC in its meeting held on 24th Dec, 2013, directed that opinion of Finance Department be obtained within one week. Further, progress was however, not reported till finalization of this report.

Audit requires to fix responsibility for unauthorized payment.

AP 843 (2010-11)

11.4.34 Unauthorized retention of income tax & stamp duty - Rs. 7.051 million

According to Rule 7(1) CTR Vol-I and S.No.22-A (b) of the government of NWFP Revenue & Estate Department (Stamps Wing) letter No.14792-14801/AS(S)/240-C-II dated 20.07.2007, all moneys received by Government on account of revenue of the Government should immediately be deposited into Government Treasury and shall be included in the consolidated fund. One rupee for every hundred on account of stamp duty may be recovered from the suppliers of store and materials.

During audit of the accounts of Chief Executive of Ayub Teaching Hospital Abbottabad, for the financial year 2009-10, it was noticed that a sum of Rs.11.568 million was deducted from various contractors on account of income tax, out of which a sum of Rs.6.837 million was credited to Income Tax Department and the remaining amount of Rs.4.731 million was unauthorily retained by the institution. Further a sum of Rs.2.445 million was deducted from various contractors on account of stamp duty, out of which a sum of Rs.124,660 was credited to Provincial Treasury and the remaining amount of Rs.2.320 million was unauthorily retained by the institution.

Audit held that unauthorized retention was due to financial mismanagement.

The matter was reported to the department in April, 2011. DAC in its meeting held on 21st Feb, 2013, directed to provide the confirmation certificate from Income Tax department and bank reconciliation certificate and to transfer the amount to its proper head of account. Further progress was, however, not reported till finalization of this report.

Audit requires the implementation of DAC decision.

APs 373 & 381 (2009-10)

11.4.35 Un-authorized drawl of Conveyance Allowance - Rs. 1.161 million

According Finance Division O.M No.F.1/(i) imp:i/77, dated 28.4.1977, no conveyance allowance be allowed to those incumbents provided Government residential accommodation within the office/college premises.

During the audit of accounts of M.S Saidu Group of Teaching Hospitals Swat for the financial year 2011-12, it was noticed that 39 staff Nurses draw conveyance allowance despite the fact that they were provided rooms in the 2 hostels. They were not entitled to draw conveyance allowance which resulted in unauthorized drawl of Rs.1.161 million.

Audit held unauthorized drawl occurred due to non-observance Government instruction.

The matter was reported to the department in October, 2012. DAC in its meeting held on 2nd Dec, 2013, directed to recover the amount from the concerned staff. Further progress was however, not reported till the finalization of this report.

Audit requires to recover the amount.

AP 166 (2011-12)

11.4.36 Excess payment of medical allowance - Rs. 2.432 million

According to Govt. of Khyber Pakhtunkhwa Finance Department regulation wing Notification No. FD(PRC) 1-1/2011 dated 14.07.2011 Medical Allowance @ 15% of the basic pay be allowed to the employees in BPS 16 and above.

During audit of the accounts of Vice Chancellor Khyber Medical University Peshawar, for the financial year 2011-12 it was noticed that the employees were allowed medical allowance in excess of the rates admissible to them resulting into excess payment of Rs.2.432 million.

Audit held that excess payment was due to violation of rules.

The matter was reported to the University in March, 2013. DAC in its meeting held on 24th Dec, 2013, directed that opinion of Finance Department be obtained within one week and relevant record be produced to audit for verification. Further, progress was however, not reported till finalization of this report.

Audit requires to fix responsibility for excess payment.

AP 849 (2011-12)

11.4.37 Irregular expenditure due to over exercising financial delegated powers - Rs. 10.885 million

According to S.No.17 (1) (a) of the Medical Institution Rules, 2001 the Chief Executive K.T.H was empowered to accord sanction for the purchase of Equipments up to Rs. 2.000 Million.

During the audit of the accounts of Chief Executive Khyber Teaching Hospital Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs.10.885 million was incurred on the purchase of following equipments without the approval of Management Council. The expenditure was thus unauthorized.

Cheque No	Date	Particular	Value (Rs.)
152025	16.02.2012	Video Bronchoscope	3,650,000
149425	19.08.2011	Doppler Ultrasound Machine	2,500,000
149936	22.10.2011	C.Arm Image Intensifier Radius S.9 Italy	4,735,000
Total			10,885,000

Audit held that the unauthorized expenditure was due to violation of financial rules and over exercising of financial powers.

The matter was reported to the department in October, 2012. DAC in its meeting held on 26th September, 2013, directed to provide original record within 15 days. Further progress was however, not reported till the finalization of this report.

Audit requires the implementation of the DAC directives.

AP 292 (2011-12)

11.4.38 Irregular expenditure on the purchase of equipments - Rs.10.305 million

According to procurement Rule-2004, advertisement should be floated in 2 National News Papers i.e. One in English & Urdu.

During audit of the accounts Chief Executive of Ayub Teaching Hospital Abbottabad, for the financial year 2009-10, it was noticed that an expenditure of Rs.10.305 million was incurred on the purchase of equipments. Endoscopy system valuing Rs.5.700 million was purchased on propriety basis without advertisement. Similarly, Ophthalmology Instruments valuing Rs. 4.605 million were purchased without publishing detail specification of the equipments. Neither approval of Management Council nor the report of Technical Advisory Committee was available. The expenditure was thus irregular.

Audit held that irregularity was occurred due to violation of the rules.

The matter was reported to the department in April, 2011. DAC in its meeting held on 20th Feb, 2013, directed to regularize the expenditure. Further progress was however, not reported till the finalization of this report.

Audit requires to inquire the matter, fix responsibility and regularize the expenditure.

AP 372 (a) (2009-10)

11.4.39 Irregular expenditure on medical gases – Rs. 3.564 million

According to Para-148 of the GFR Vol-I, all materials received should be examined, counted, measured or weighted as the case may be, when delivery is taken and properly entered into stock register.

During the audit of accounts of M.S Saidu Group of Teaching Hospitals Swat for the financial year 2011-12, it was noticed that an expenditure of Rs. 3.564 million was incurred on the purchase of Medical Gas without inviting tenders. The purchases were made on hand collected local quotations. Moreover, neither the supplied items were taken on the stock of the hospital nor its consumption account was available. Thus the expenditure was irregular.

Audit held that irregular expenditure was due to weak internal control.

The matter was reported to the department in October 2012. DAC in its meeting held on 7th Dec, 2013, directed to conduct inquiry and submit report within 15 days. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility.

AP 150 (2011-12)

11.4.40 Non-accountal of medicines in stock - Rs.3.044 million

According to Para-148 of the GFR Vol-I, all materials received should be examined, counted, measured or weighted as the case may be, when delivery is taken and properly entered into stock register.

During audit of the accounts of MS Naseerullah Khan Babar Memorial Hospital Peshawar, for the financial year 2012-13, it was noticed that medicine valuing Rs.3.044 million were procured on local purchase basis (LP). The medicines purchased were neither accounted for in the relevant stock register nor further consumption thereof was available on record. This resulted into non-accountal of medicines valuing Rs.3.044 million.

Audit held that non-accountal was due to negligence and weak supervisory control.

The matter was reported to the department in Sep, 2013, followed by reminder dated 28.11.2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to investigate the matter and fix responsibility.

AP 90(2012-13)

11.4.41 Blockage of funds – Rs.407.29 million

According to Rule-290 of CTR, no money should be drawn from treasury unless required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demand or to prevent laps of budget grants.

During audit of accounts record of Director General Health Services Khyber Pakhtunkhwa, for financial year 2012-13, it was noticed that an amount of Rs. 407.29 million meant for Polio Eradication Program in KP was drawn and kept in the designated account No.19602-0 in the name DG Health without its utilization in the purpose resulting into blockage of government money.

Audit held that blockage of funds was due to negligence and financial indiscipline.

The matter was reported to the department in August, 2013, followed by reminder dated 29.10.2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to fix responsibility and deposit funds back to government revenue.

AP 30(2012-13)

11.4.42 Blockage of funds - Rs.149.104 million

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

During audit of the accounts of Chief Executive Lady Reading Hospital Peshawar for the financial year 2011-12, it was noticed that a sum of Rs.149.104 million released by the Finance Department during 2010-11, for two ADP Schemes was lying unutilized in the revolving fund upto August, 2011, resulting into blockage of funds

Audit held that the blockage of fund was due to financial mismanagement.

The matter was reported to the department in July 2011. DAC in its meeting held in January, 2013, directed the institution to provide record for verification. An Audit officer was deputed on 13.12.2013 for verification of record but no record was produced.

Audit requires to fix responsibility for non production of record.

AP 38(2010-11)

11.4.43 Blockage of funds - Rs. 32.447 million

According to the PC-1 of the Project titled “Hakim Abdul Jalil Nadvi Research Centre for Herbal Medicines” the project implementation schedule was from July 2010 to June 2011.

During audit of the accounts of Vice Chancellor Khyber Medical University Peshawar for the financial year 2011-12, it was noticed that fund amounting to Rs.30 million were provided to the University by Senator Haji Adeel for establishment of the Hakim Abdul Jalil Nadvi Research Centre for Herbal Medicines during 2010-11. Instead of utilization of the funds, it was deposited into commercial bank account, resulting into blockage of funds of Rs. 32.447 million (including profit).

Audit held that blockage of fund was due to financial mismanagement.

The matter was reported to the University in March, 2013. DAC in its meeting held on 24th Dec, 2013, directed that record may be produced for verification within one week. Further, progress was however, not reported till finalization of this report.

Audit requires to fix responsibility for non production of record.

AP 830 (2011-12)

11.4.44 Blockage of funds due to un-necessary drawl – Rs. 15.280 million

According to Rule 290 of CTR provides that no money should be drawn from treasury unless required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demand or to prevent lapse of budget grant.

During the audit of the accounts of Saidu Medical College Swat, for the financial years 2010-12, it was noticed that a sum of Rs.15.280 million was drawn from the treasury for the purchase of equipment in the name of principal and instead of paying to the supplier, converted into bank draft and retained. The funds were drawn on the AC bill having stock taking certificate duly recommended by the Inspection Committee. The funds were drawn in anticipation of supply on fake certificates which not only resulted in unnecessary drawl but blockage of funds as well.

Audit held that the blockage of fund was due to financial mismanagement.

The matter was reported to the department in October, 2012. DAC in its meeting held on 08th November, 2013, directed to conduct inquiry and submit report within 15 days. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility for blockage of money.

AP 86 (2010-12)

11.4.45 Blockage of funds – Rs.7.423 million

According to rule 290 of CTR, no money should be drawn from treasury unless required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demand or to prevent lapse of budget grant.

During the audit of accounts of M.S Saidu Group of Teaching Hospitals Swat for the financial year 2011-12, it was noticed that a sum of Rs.7.423 million was drawn for payment to the suppliers for the purchase of medicines. The amount was converted and retained as a bank draft and was not disbursed to the suppliers, which resulted into blockage of funds amounting to Rs.7.423 million.

Audit held that blockage of funds was due to non-observing of rules.

The matter was reported to the department in October, 2012. DAC in its meeting held on 2nd Dec, 2013, directed to conduct inquiry and submit report within 15 days. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and transfer funds to treasury.

AP 163 (2011-12)

11.4.46 Blockage of funds due to un-necessary drawl – Rs. 3.220 million

According to Rule 290 of CTR provides that no money should be drawn from treasury unless required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demand or to prevent lapse of budget grant.

During the audit of the accounts of Saidu Medical College Swat, for the financial years 2010-12, it was noticed that a sum of Rs.3.220 million was drawn from the treasury for the purchase of equipment in the name of principal and instead of paying to the supplier, kept in the College fund account. The funds were drawn on the AC bills having stock taking certificate duly recommended by the Inspection Committee. The amount was drawn in anticipation of supply on fake certificates which not only resulted in unnecessary drawl but blockage of funds as well.

Audit held that the blockage of fund was due to financial mismanagement.

The matter was reported to the department in October, 2012. DAC in its meeting held on 08th November, 2013, directed to conduct inquiry and submit report within 15 days. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility for blockage of money.

AP 87 (2010-12)

Chapter – 12

Home & Tribal Affairs Departments

12.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

- ❖ Public Order and internal security.
- ❖ Political intelligence and censorship.
- ❖ Administration of Justice, constitution and organization of courts except the High Court.
- ❖ Criminal Law and Criminal
- ❖ Arms, ammunition and military stores.
- ❖ Crime report.
- ❖ Prisons, reformatories and similar institutions, classification and transfer of prisoners, state, political prisoners, Good Conduct Prisoners and Probationer Release Act.
- ❖ Extradition and Deportation.
- ❖ Question of domicile and application for Nationality certificates
- ❖ Registration of aliens.

12.2 Comments on budget & accounts (variance analysis)

Summary of the Appropriation Accounts:

The Summarized position of actual expenditure 2012-13 against the total of grants/appropriation was as follows:

Non-Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
8-Home & TA	NC-21	1,407,579,000		70	1,407,579,070	869,041,257 (538,537,813)
9-Jail, Convict & Settlement	NC-21	913,010,000	355,505,000	1,268,515,000	1,068,812,869 (199,702,131)	
10-Police	NC-21	23,355,613,000	159,299,000	23,514,912,000	23,495,519,079 (19,392,921)	
		25,676,202,000	514,804,070	26,191,006,070	25,433,373,205	(757,632,865)

Development

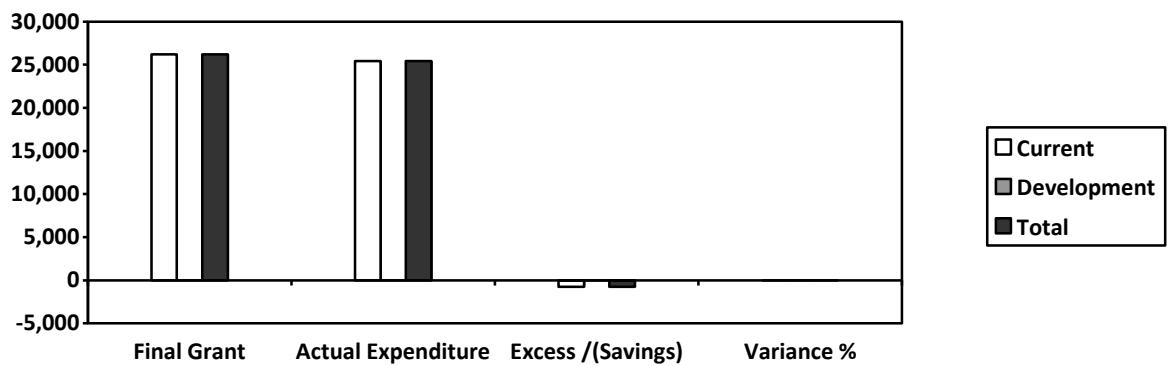
(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
Nil	Nil	Nil	Nil	Nil	Nil	Nil

Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Savings)	Variance %
Non-Development	26,191.006	25,433.373	(757.633)	2.89
Development	0	0	0	0
Total	26,191.006	25,433.373	(757.633)	2.89



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.757.633 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



12.3 Brief comments on the status of compliance with PAC

SNo	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial Compliance	Nil compliance
01	2001-02	Home & TA	36	-	28	08
02	2002-03	-do-	18	-	07	11
03	2003-04	-do-	12	-	09	03
04	2004-05	-do-	37	-	23	14
05	2005-06	-do-	04	-	03	01
06	2007-08	-do-	04	-	03	01
07	2008-09	-do-	12	-	05	07
08	2009-10	-do-	13	-	06	07
09	2010-11	-do-	39	-	-	39

12.4 AUDIT PARAS

12.4.1 Non production of record of secret service charges – Rs.11.253 million

According to Para 17 of GFR Vol-1 read with section 14 of the Auditor General's Ordinance, no such information nor any books or other documents to which the Auditor General has statutory right of access may be withheld from the Director General Audit.

During the audit of the accounts of Provincial Police Officer for the financial year 2012-13, it was noticed that an amount of Rs.11.283 million was drawn on account of Secret Services charges, however, auditable record was not produced to audit for scrutiny.

Audit held that non production of record was violation of Auditor-General's Ordinance.

The matter was reported to the department in January, 2013, followed by reminders dated 06th March, 15th April and 17th May, 2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to carry out the audit of the accounts and fixing responsibility against the person(s) responsible for non production of record.

AP 120 (2012-13)

12.4.2 Non-production of record – Rs. 2.788 million

According to Para 17 of GFR Vol-1 read with section 14 of the Auditor General's Ordinance, no such information nor any books or other documents to which the Auditor General has statutory right of access may be withheld from the Director General Audit.

During audit the accounts of Commandant Frontier Reserve Police, during 2011-12, it was noticed that Rs.2.788 million was paid on account of Regimental Store and Mess. However, auditable record was not produced for scrutiny.

Audit held that non-production of record was the violation of Auditor General's Ordinance.

The matter was reported to the department in January, 2013, followed by reminders dated 06.03, 15.04 and 17.05.2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires production of auditable record for audit and disciplinary action against the responsible staff.

AP 236(2011-12)

12.4.3 Overpayment due to allowing higher rates – Rs.5.445 million

According to Para 144 & 145 of GFR Vol-I read with Para 15 of Procurement of Goods & Services and Execution of Works 2003, all the purchases/execution shall be made in most public and economical manners from the lowest approved dealers.

During the audit of the accounts of the Provincial Police Officer Khyber Pakhtunkhwa, for the financial year 2011-12, it was noticed that an expenditure of Rs.22.275 million was incurred on purchases of 495 strobe lights dated 21.06.2012. The lowest rate offered @ Rs.34,000 each was ignored without recording any reason on the comparative statement and the purchases were made at higher rates of Rs.45,000 each . This resulted into overpayment of Rs.5.445 million.

Audit held that the overpayment was due to ignoring the lowest rates without assigning any reason.

The matter was reported to the department in January, 2013, followed by reminders dated 06.03, 15.04 and 17.05.2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to fix responsibility and recover the overpayment.

AP 462(2011-12)

12.4.4 Overpayment due to allowing excess rates – Rs.3.528 million

According to Paras 144 & 145 of GFR Vol-I read with Para 15 of Procurement of Goods & Services and Execution of Works 2003, all the purchases/execution shall be made in most public and economical manners.

During the audit of accounts of the Director General Project Coordination Unit (PCU), Police Department, for the financial year 2010-11, it was noticed that an expenditure of Rs.43.791 million was incurred on construction of Police Station Kanju Swat upto 7th running bill on the basis of item rate instead of CSR 2009. The difference in rate resulted into overpayment of Rs.3.528 million to the contractor.

Audit held that the overpayment was due to non-observance of CSR 2009.

The matter was reported to the department in October, 2011. DAC in its meeting held on 5th September, 2012, directed the department to recover the amount. Further progress was, however, not reported till finalization of this report.

Audit requires to recover the amount.

AP 9(2010-11)

12.4.5 Overpayment due to allowing excess quantity than actual work done Rs.3.517 million

According to Para-209 (d) of CPWA Code, all payment for work are based on the quantities recorded in the MB, it is incumbent upon the person taking the measurement to record the quantities clearly and accurately.

During the audit of the accounts of Director General PCU Police Peshawar for the financial year 2010-11, incurred an expenditure of Rs.27.694 million on construction of police station Gagra District Buner upto 4th running bill vide voucher No 79 dated 02-02-2011. A scrutiny of the bill with reference to IPC No 3 & 4 revealed that payment was made in excess of the quantity actually executed under the following items of work. This resulted into overpayment of Rs.3.517 million.

(Rs.)							
S No	IPC No & Date	Item of Work	Quantity paid	Quantity executed	Difference	Rate	Amount
1	3/37,42	Excav: in foundation	722.91 M3	290.662 M3	432.48 M3	133.56 M3	57,762
2	3/19	RCC (1:2:4) in foundation	241.35 M3	186.47 M3	54.88 M3	4,695.95 M3	257,713
3	3/Nil	Excav: undressed	2870 M3	Nil	2870 M3	246.32 M3	706,938
4	4/10,11	RCC (1:2:4) in roof, slab, beam column etc	543.559 M3	200.770 M3	342.789 M3	5,261.51 M3	1,803,588
5	4/14	RCC (1:1.5:3) in roof slab and other structural work	77.69 M3	41.38 M3	36.31 M3	5,986.87 M3	217,383
							Sub Total 3,043,573
							Cost Factor 1.09 273,922
							Sub Total 3,317,495
							Add 6% above 199,050
							Grand Total 3,516,645

Audit held that overpayment was due to mismanagement and weak internal control.

The matter was reported to the department in October, 2011. DAC in its meeting held on 5th September, 2012, directed the department to make adjustment and recover the amount within a month. Further progress was, however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 11 (2010-11)

12.4.6 Loss due to non recovery - Rs.176.160 million

According to Para 26 GFR Volume-I, it is the duty of the department concerned to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the public Account.

During the audit of the accounts of Provincial Police Officer for the financial year 2012-13, it was found that 734 police guards were provided to 169 non-entitled persons/political workers in 18 districts of Khyber Pakhtunkhwa and pay & allowances of Rs.675.84 million were paid from government exchequer, however, recoveries were not made from the persons/political workers to whom the services of police guards were provided.

(Rs.)

District	Nos of Persons To whom Guard Provided	Nos of gauards	Average Pay Per constable	Period	Amount
Peshawar	29	131	20,000	07.2012 to 06.2013	31,440,000
Charsadda	45	133	20,000	-do-	31,920,000
Nowshera	9	39	20,000	-do-	9,360,000
Kohat	14	30	20,000	-do-	7,200,000
Upper Dir	9	35	20,000	-do-	8,400,000
Mardan	13	211	20,000	-do-	50,640,000
Bannu	5	15	20,000	-do-	3,600,000
Tank	6	13	20,000	-do-	3,120,000
Swat	12	38	20,000	-do-	9,120,000
Chitral	3	5	20,000	-do-	1,200,000
Karak	2	9	20,000	-do-	2,160,000
Hariput	2	16	20,000	-do-	3,840,000
Mansehra	1	2	20,000	-do-	480,000
Abbottabad	3	5	20,000	-do-	1,200,000
Battagram	3	7	20,000	-do-	1,680,000
Lakki	4	4	20,000	-do-	960,000
D.I.Khan	1	11	20,000	-do-	2,640,000
Shangla	8	30	20,000	-do-	7,200,000
Total	169	734			176,160,000

Audit held that loss was occurred due to financial indiscipline.

The matter was reported to the department in October, 2013 for convening DAC meeting as the issue was of very emergent nature involving huge amount and required immediate attention of the government to stop illegal deployment of government resources, however, DAC meeting could not be arranged till finalization of this report.

Audit requires to recover the amount and stop the practice.

AP 121 (2012-13)

12.4.7 Loss due to allowing higher rates – Rs.109.981 million

According to letter No.BO-I/FD/9-1/2011-12/Police dated 03.12.2011, Finance Department advised the provincial police officer to purchase locally manufactured items from Wah Industries Ltd (WIL)/POF Wah and may import only those items which are not produced by them.

During the audit of the accounts of Provincial Police Officer Khyber Pakhtunkhwa Peshawar for the financial year 2011-12, it was noticed that Wah Industries Ltd (WIL) offered the rate of Rs.33,000 and Rs.30 for pistol PK-9 CAL9x19mm and ammunition 9x19mm respectively, which was ignored and purchase was made on import basis @ Rs.53,487.32 and Rs.42.58 for the same items. The non-acceptance of local rate resulted into loss of Rs.109.981 million as per detail given below:-

S.No	Item	WIL rate (Rs)	Import rate (Rs)	Difference (Rs)	Quantity	Amount (Rs)
1	Pistol 9x19 mm	33,000	53,486.32	20,486.32	5,000	102,431,600
2	Ammunition 9x19mm	30	42.58	12.58	600,000	7,549,200
						Total 109,980,800

Audit held that loss was due to weak financial management.

The matter was reported to the department in January, 2013, followed by reminders dated 06.03, 15.04 and 17.05.2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 461(2011-12)

12.4.8 Loss due to non deduction of Stamp Duty – Rs.14.092 million

According to Government of Khyber Pakhtunkhwa Revenue & Estate Department (Stamps Wing) vide No.14792- 14801/AS(s)3/240-C-II dated 20-07-2007, Stamp Duty to procure Stores and materials should be deducted at the rupee on for every Rs.100.00

During the audit of accounts of Provincial Police Officer for the financial years 2011-12 & 2012-13, it was noticed that Stamp Duty amounting to Rs.14.092 million was not deducted from the bills of suppliers, which put the Government into loss.

Audit held that loss occurred due to weak financial management.

The matter was reported to the department in January and October, 2013, followed by reminders dated 6th March, 15th April, 17th May and 06th Dec, 2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to fix responsibility and recovery of the amount.

APs 440 & 129 (2011-12 & 2012-13)

12.4.9 Loss due to non-imposition and non recovery of penalty – Rs.4.397 million

According to NIT read with supply order issued, penalty equal to 2% per month shall be imposed on articles supplied beyond the stipulated period.

During the audit of the accounts of Provincial Police Officer for the financial year 2012-13, it was noticed that an expenditure of Rs.127.522 million was incurred on the purchase of different items from various suppliers and supply orders were accordingly issued with the specified dates for completion of supply which was required to be completed within the stipulated period of time. However, the firms failed and delayed the supply as such penalty ranging from 2% to 8% on different suppliers amounting to Rs.4.397 million was neither imposed nor recovered from the defaulters/suppliers.

The matter was reported to the department in October 2013, followed by reminders dated 06th Dec, 2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to fix responsibility and recovery of fine.

AP 124 (2012-13)

12.4.10 Loss due to ignoring the lowest rate – Rs.2.119 million

According to Paras 144 & 145 of GFR Vol-I read with Para 15 of Procurement of Goods & Services and Execution of Works 2003, all the purchases/execution shall be made in most public and economical manners from the lowest approved dealers.

During the audit of accounts of Central Police Officer Khyber Pakhtunkhwa, for the financial year 2011-12, it was noticed that two suppliers offered bids. M/S Sami & Sami has offered rate of Rs.22,786 for base wireless set which was incorporated in the comparative statement and minutes of the purchase committee meeting dated 28.12.2011 as Rs.62,786 bringing M/S Micro Electronics as lowest whose rate was Rs.43,979, resulting into loss of Rs.2.119 million on the supply of 100 base wireless set (Rs.43,979 – Rs.22,786 = Rs.21,193).

Audit held that loss occurred due to weak financial management.

The matter was reported to the department in January, 2013, followed by reminders dated 06.03, 15.04 and 17.05.2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 455(2011-12)

12.4.11 Non-recovery of dues from Government organizations – Rs.14.266 million

According to Para 28 of GFR Vol-I no government dues should be outstanding without any solid reason.

During audit of accounts of DPO D.I.Khan, for the financial year 2011-12, it was noticed that Rs.14.266 million was not recovered from various government organizations for providing security guards.

Audit held that non-recovery was due to the weak internal control.

The matter was reported to the department in October, 2012. DAC in its meeting held on 30th August, 2013, the department was directed for recovery from the concerned organizations. Further progress was, however, not reported till finalization of this report.

Audit requires to recover the amount.

AP 155(2011-12)

12.4.12 Non-imposition and recovery of penalty – Rs.14.618 million

According to clause-3 of contract agreement under LC No.342/343 LL/Doll-12, supplier will provide all derivable goods from their manufacturer within delivery period of 150 days after receipt of supply order issued and under clause-10.3, penalty equal to 2% per month shall be imposed on articles supplied beyond the stipulated period.

During the audit of the accounts of Provincial Police Officer, for the financial year 2011-12, it was noticed that Rs. 730.903 million was paid to M/S Good Asia Perfect Rifted Hong Kong through LC No.342,343 & 344/LC/2011-12 (Import). According to letter of credit the supply was to be completed upto 19.10.2012 and 18.11.2012. The supplier failed to complete his contractual obligation till Dec, 2012. Penalty of Rs.14.618 million was required to be imposed and recovered from the defaulter, which was not done.

Audit held that non-imposition and recovery of penalty was due to weak internal control.

The matter was reported to the department in January, 2013, followed by reminders dated 06.03, 15.04 and 17.05.2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to impose and recover the penalty.

AP 456(2011-12)

12.4.13 Non-imposition and recovery of penalty – Rs.8.452 million

According to NIT read with supply order issued, penalty equal to 2% per month shall be imposed on articles supplied beyond the stipulated period.

During the audit of the accounts of Provincial Police Officer for the financial year 2011-12, it was noticed that an expenditure of Rs.268.760 million was incurred on purchases of clothing uniform and various koth articles. The supply was required to be completed within 90 days of the issue of supply order but it was delayed beyond the stipulated period. As such, penalty amounting to Rs.8.452 million was required to be imposed and recovered from the defaulting supplier, which was not done.

The matter was reported to the department in January, 2013, followed by reminders dated 06th March, 15th April and 17th May, 2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires fixing responsibility and to recover the penalty.

AP 457 (2011-12)

12.4.14 Unauthorized payment of conveyance allowance - Rs.11.489million

According to S.No.(iv) of Finance Department letter No.FD(SR-II) B-2/70 dated 6.6.1977, conveyance allowance is not admissible to Government servants who reside in the office premises.

During the audit of the accounts of DPO Shangla, for the financial year 2011-12, it was noticed that conveyance allowance amounting to Rs.11.489 million was paid to Sub Inspectors, Assistant Sub Inspectors, Head Constables and Constables despite the fact that they were residing in the office premises and were not entitled for the conveyance allowance, thus the payment was unauthorized.

Audit held that unauthorized payment was due to non-observance of the instruction of Finance department.

The matter was reported to the department in January, 2013. DAC in its meeting held on 13th Dec, 2013, directed the department that recovery may be made. Further progress was, however, not reported till finalization of this report.

Audit requires to recover the amount.

AP 648(2011-12)

12.4.15 Unauthorized payment of conveyance allowance - Rs.1.149 million

According to S.No.(iv) of Finance Department letter No.FD(SR-II) B-2/70 dated 6.6.1977, conveyance allowance is not admissible to Government servants who reside in the office premises.

During the audit of the accounts of Superintendent of Police (Investigation) Kohistan, for the financial year 2011-12, it was noticed that conveyance allowance amounting to Rs.1.149 million was paid to Sub Inspectors, Assistant Sub Inspectors, Head Constables and Constables despite the fact that they were residing in the office premises and were not entitled for the conveyance allowance, thus the payment was unauthorized.

Audit held that unauthorized payment was due to non-observance of the instruction of Finance department.

The matter was reported to the department in September, 2012. DAC in its meeting held on 30th August, 2013, the department was directed for recovery. Further progress was however, not reported till the finalization of this report.

Audit requires to recover the amount.

AP 99(2011-12)

12.4.16 Excess payment due to allowing sale tax – Rs.4.544 million

According to SRO No.283 (1)/2011 dated 1.4.2011, the textile should be charged at the rate of zero percent.

During the audit of the accounts of Provincial Police Officer for the financial year 2011-12, it was noticed that an expenditure of Rs.95.416 million was incurred on the purchases of Khaki drill cloth vide cheque No.0714486 dated 11.6.2012. The rates paid include 5% sale tax while the particular item was exempted under FBR circular quoted above. As such the excess payment of Rs.4.544 million was made to the supplier.

Audit held that excess payment was due to weak financial controls.

The matter was reported to the department in January, 2013, followed by reminders dated 06th March, 15th April and 17th May, 2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires fixing responsibility and to recover the amount.

AP 444 (2011-12)

12.4.17 Irregular expenditure on purchase of generators – Rs.15.304 million

According to Para 144 & 145 of GFR Vol-I read with Para 15 of Procurement of Goods & Services and Execution of Works 2003, all the purchases/execution shall be made in most public and economical manners from the lowest approved dealers.

During the audit of accounts of Provincial Police Officer Khyber Pakhtunkhwa Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs.15.304 million was incurred on purchases of generators. The evaluation committee recommended the specification other than that mentioned in the NIT. The supplier did

not supply the generators according to the specification approved by the committee as well. Moreover, the lowest rates quoted were also ignored without assigning any reason. The purchases were thus made below specification and by ignoring the lowest rates, resulting into irregular expenditure of Rs.15.304 million as per detail given below:

Specification approved by the committee	Specification of item supplied	Rate per Generator (Rs)	Quantity	Amount (Rs)
Honda Elimax Model SHX1000 Japan	1 KVA Elimax Japan	105,880	50	5,294,000
Honda Elimax Model SH3900EX Japan	2.8 KVA Elimax Japan	147,418	10	1,474,180
Honda Elimax Model SH6500EX Japan	5 KVA Elimax Japan	243,885	35	8,535,975
			Total	15,304,155

Audit held that the loss was due to weak internal controls.

The matter was reported to the department in January, 2013, followed by reminders dated 06th March, 15th April and 17th May, 2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to fix responsibility.

AP 458 (2011-12)

12.4.18 Irregular payment on non-supplied items - Rs.61.543 million

According to Rule 29(2) of the Federal Treasury Rule Vol:1 the head of the office shall be responsible for all money drawn from the government treasury until an adjustment account of the amount has been rendered to the satisfaction of audit.

During the audit of the accounts of Provincial Police Officer for the financial year 2012-13, it was noticed that an expenditure of Rs.61.543 million was incurred as advance payment to M/S DESTO Chaklala Cantonment for supply of Anti Riot and Tear Gas vide cheque No. 0824061 & 0824063 dated 17.06.2013. However, the items valuing Rs.61.543 million were not supplied till the date of audit. The payment was thus irregular.

Audit held that irregularity occurred due to weak financial management.

The matter was reported to the department in August, 2013, followed by a letter to Principal Accounting Officer dated 6th Dec, 2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to fix responsibility.

AP 126 (2012-13)

12.4.19 Blockage of public money - US\$ 1745000 (Rs.174.500 million)

According to Clause 3.1 of the Agreement the supplier will provide all deliverable goods within delivery period (150 days) after receipt of export license from US Government.

During audit of the accounts of Provincial Police Officer, it was noticed that a letter of Credit (LC) against contract agreement No.Logistic/342/LC(IMPORT)Arms and Ammunition/2011-12 dated 19-03-2012 was opened for the supply of 5000 glock-17 9mm pistol amounting to US\$ 1745000 , but the supply was not made till August, 2013, resulting into blockage of public money.

Audit held that blockage of public money occurred due to financial mismanagement.

The matter was reported to the department in October 2013, followed by a letter to Principal Accounting Officer dated 6th Dec, 2013 to convene DAC meeting, which was not arranged till finalization of this report.

Audit requires to fix responsibility.

AP 136 (2012-13)

Chapter-13

Housing Department

13.1 Introduction

The department has been assigned the business of:

- ❖ Administration and Development of sites, construction, of housing schemes.
- ❖ Establishment & Coordination of Civil works of Government owned housing schemes.
- ❖ Acquisition of land for housing schemes
- ❖ Development of land

13.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

The Summarized position of actual expenditure 2012-13 against the total of our grants/appropriation was as follows:

Non-Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
41-Housing	NC-21	22,294,000		20	22,294,020	19,701,359 (2,592,661)
Total		22,294,000		20	22,294,020	19,701,359 (2,592,661)

Development

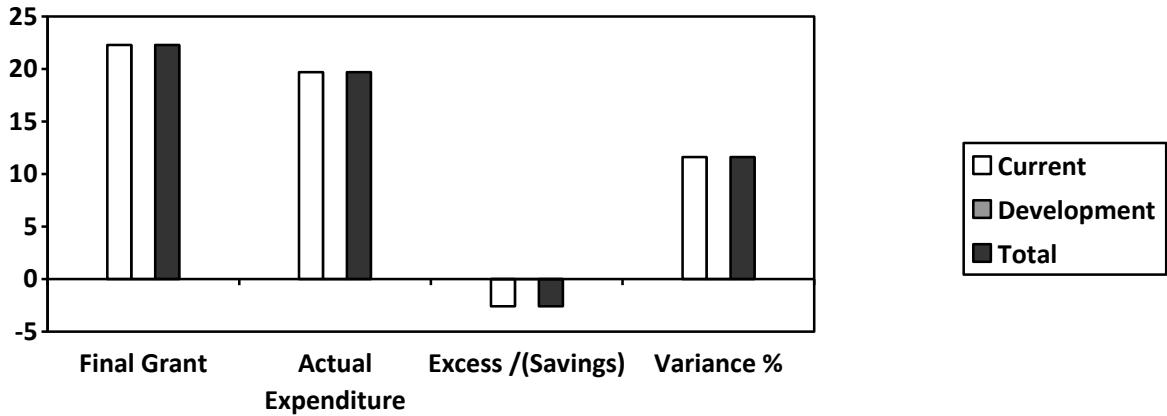
(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Expenditure	Excess/ (Savings)
Nil	Nil	Nil	Nil	Nil	Nil	Nil

Overview of expenditure against the final grant

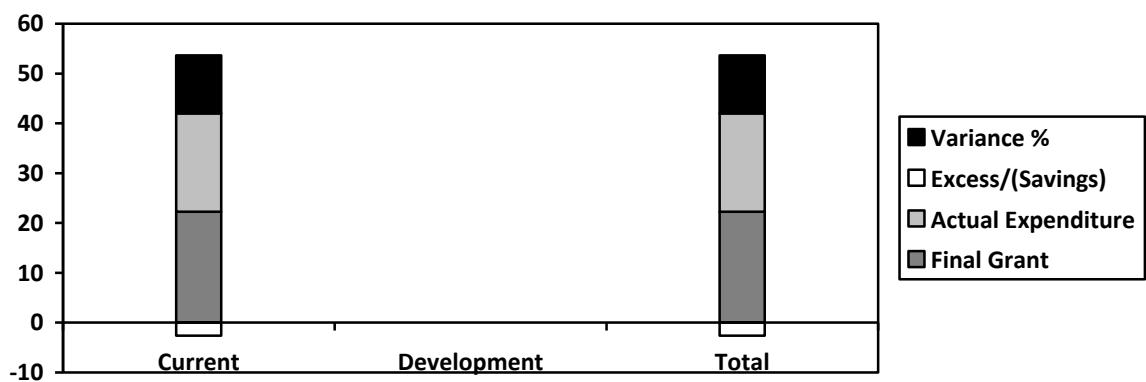
(Rs.)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
Non-Development	22.294	19.701	(2.593)	11.63
Development	0	0	0	0
Total	22.294	19.701	(2.593)	11.63



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.2.593 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



13.3 Brief comments on the status of compliance with PAC

SNo	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial Compliance	Nil compliance
01	2001-02	Housing	40	-	17	23

13.4 Audit Paras

13.4.1 Overpayment on allowing incorrect rates - Rs.1.401 million

According to Para-23 of GFR, every Government Officer will personally be held responsible for any loss sustained by Government through negligence or fraud on his part.

During the audit of the accounts of D.G Provincial Housing Authority Peshawar for the financial year 2006-07 to 2010-11, it was noticed that a sum of Rs.1.401 million was overpaid to contractors in the Balance Work of Nasapa Payan due to allowing different rates to different contractors for the same item of work which resulted into overpayment of Rs.1.401 million.

Audit held that overpayment was due to extending undue benefit to the contractors.

The matter was reported to the department in February, 2012. DAC in its meeting held on 23rd May, 2012, directed for verification of record. The record was further verified on 11th June, 2013 it was confirmed that different rates for the same item of work were paid to the contractors

Audit requires to fix responsibility and recovery of overpayment.

AP 96 (2006-07 to 2010-11)

13.4.2 Loss to the government - Rs. 9.578 million

According to the objective of PC-I of the scheme, the scheme was to develop indigenous and cost effective approaches particularly for the low income group and to provide the residential accommodation to the Government servants who are on the verge of retirement on subsidized rates.

During the audit of the accounts of D.G Provincial Housing Authority Peshawar for the financial years 2006-07 to 2010-11, it was noticed that a scheme for construction of High Rise Flats was sanctioned with estimated cost of Rs.270.00 million and a consultant firm was hired for preparation of feasibility study @ 4% of the project cost. The consultant was paid Rs.9.578 million but the report prepared was not accepted and the project was abandoned which resulted into loss to the government.

Audit held that loss occurred due to financial mismanagement.

The matter was reported to the department in February, 2012. DAC in its meeting held on 23rd May, 2012, directed for verification of record. The record was further verified on 10th June, 2013 it was found that the project was not feasible due to high cost and abandoned.

Audit requires to fix responsibility and recovery of loss.

AP 98 (2006-07 to 2010-11)

13.4.3 Loss due to non supply of satellite images - Rs.5.87 million

According to Para 23 of GFR Vol-I, Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part or on the part of his subordinate.

During the audit of the accounts of Project Management Unit of D.G Provincial Housing Authority Peshawar for the financial years 2006-07 to 2010-11, it was noticed that payment of Rs.5.87 million was made to a consultant on 27.06.2011 for the provision of “Satellite Land Images” but the required land images were not provided till February, 2012.

Audit held that the lapse occurred due to extending undue benefits to the consultant.

The matter was reported to the department in February, 2012. DAC in its meeting held on 23rd May, 2012, directed for verification of record. The record was further verified on 11th June, 2013 it was found that the required satellite images were not provided and the supplied images were declared to be copied from Google Images and not accepted as per minutes of the meeting 11th January, 2012.

Audit requires to fix responsibility and recover the amount.

AP 129 (2006-07 to 2010-11)

13.4.4 Wasteful expenditure - of Rs. 14.150 million

According to Para-23 of GFR vol-I, every Government Officer will personally be held responsible for any loss sustained by Government through negligence or fraud on his part.

During audit of accounts of the Director General Provincial Housing Authority Peshawar for the financial years 2009-10 and 2010-11, it was noticed that an expenditure

of Rs.14.150 million was incurred on developmental works like fencing of Poles, Barbed wire and Road Construction in the Mulazai Housing Scheme measuring 190 kanal. Land was transferred to PHA. NHA has already marked the said land for construction of Northern Bypass. The expenditure was thus wasteful.

Audit held that wasteful expenditure was due to poor planning.

The matter was reported to the department in February, 2012. DAC in its meeting held on 25th May, 2012, directed the department to produce the NHA certificate showing that the said scheme was not covered in NHA road. Verification of record was carried on 11.06.2013 however no certificate was available on record.

Audit requires to fix responsibility.

AP 106 (2010-11)

Chapter – 14

Irrigation Department

14.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

- ❖ Implementation of irrigation policies
- ❖ Maintenance of irrigation channels
- ❖ Construction of small dams
- ❖ Maintenance of small dams

14.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2012-13 against the total of grants/appropriation was as follows:

Non Development

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	(Rs.) Excess /(Savings)
24-Irrigation	NC-21	2,799,913,000	99,187,000	2,899,100,000	2,679,830,921	(219,269,079)
Total		2,799,913,000	99,187,000	2,899,100,000	2,679,830,921	(219,269,079)

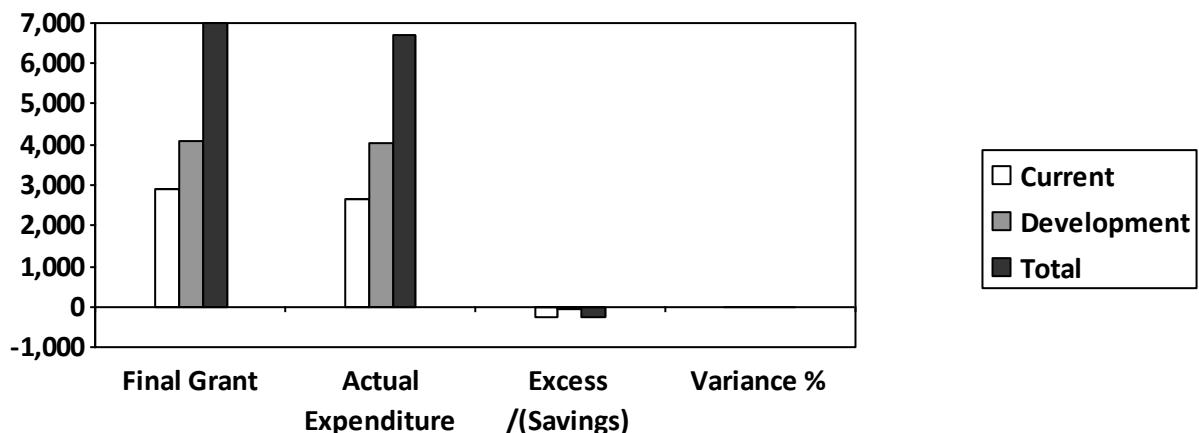
Development

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	(Rs.) Excess /(Savings)
Construction of works irrigation	55	3,995,685,000	69,673,000	4,065,358,000	4,024,499,300	(40,858,700)
Total		3,995,685,000	69,673,000	4,065,358,000	4,024,499,300	(40,858,700)

Overview of expenditure against the final grant

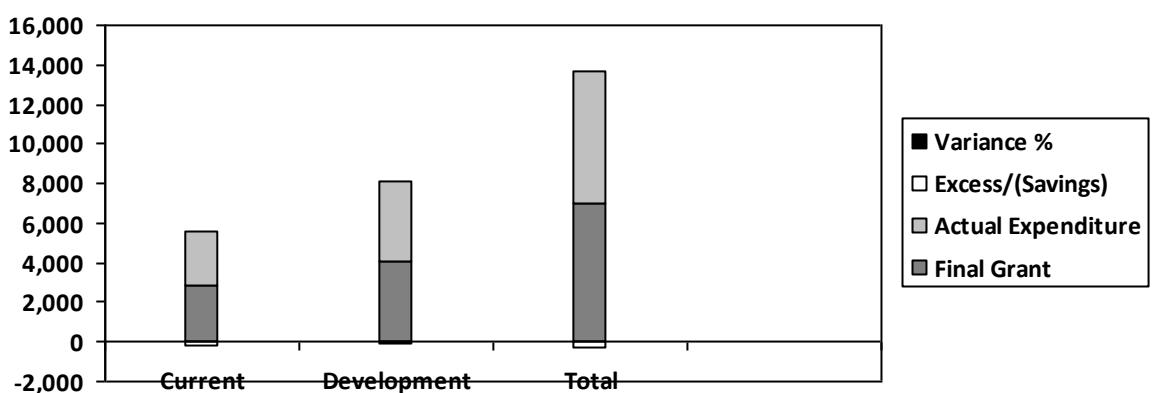
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess / (Savings)	Variance %
Non Development	2,899.100	2,679.831	(219.269)	7.56
Development	4,065.358	4,024.499	(40.859)	1.00
Total	6,964.458	6,704.33	(260.128)	3.74



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.260.128 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



14.3 Brief comments on the status of compliance with PAC

SNo	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial Compliance	Nil compliance
01	2001-02	Irrigation	31	-	12	19
02	2002-03	-do-	17	-	08	09
03	2003-04	-do-	07	-	05	02
04	2004-05	-do-	40	-	19	21
05	2005-06	-do-	07	-	02	05
06	2007-08	-do-	09	-	03	06
07	2008-09	-do-	08	-	04	04
08	2009-10	-do-	09	-	05	04
09	2010-11	-do-	16	-	11	05

14.4 AUDIT PARAS

14.4.1 Overpayment due to allowing higher rates – Rs.3.032 million

According to BOQ which is a part of the contract agreement, rate of the item of work underground excavation in rock requiring blasting type C&D including scalping, is Rs.2192/- per cubic meter which is the market rate quoted by the client and agreed by the contractor.

During the audit of the accounts of Project Manager Bazai Irrigation Project Mardan for the financial years 2008 to 2011, it was noticed that higher rates of Rs.7,885 PM² instead of approved rate of Rs.2,192 PM² was paid to M/S Karcon Pvt Ltd in the package-A Tunnel and Canal System from RD 0+00 to 14+00 KM, which resulted in overpayment of Rs.2.902 million. Similarly, according to measurement sheet, a quantity of 88.102 M² of underground excavation in rock requiring blasting type-E was executed but payment was made of type “C & D” to same contractor, which also resulted into overpayment of Rs.0.130 million. Thus an overpayment of Rs.3.032 million was made to the contractor.

Audit held that overpayment was made due to non-adherence to the BOQ.

The matter was reported to the department in January, 2012. DAC in its meeting held on 28th to 30th September, 2012, directed the department to submit record to audit for verification. On verification the overpayment was established for recovery. Further progress was however, not intimated till finalization of this report.

Audit requires to recover the amount.

AP 227 (2010-11)FAP

14.4.2 Overpayment due to allowing higher rates-Rs.1.32 million

According to Para-220 of CPWA Code, payment shall be made for work done duly measured in accordance with quality, quantity and rates approved in detailed estimate.

During the audit of the accounts of Executive Engineer Paharpur Irrigation Division D.I.Khan for the financial year 2010-11, it was noticed that an expenditure of Rs.11.977 million was incurred on the scheme Extension Down Stream Nose of Auxiliary T-head of spur No.20. An item of work Supply and Dumping at site was executed @ Rs.1,219.62 PM³ instead of the approved rate of Rs.1,016.35 PM³, which resulted in overpayment of Rs.1.32 million.

Audit held that overpayment occurred due to non-adherence to the approved rates.

The matter was reported to the department in November 2011. DAC in its meeting held on 18th Dec, 2012, directed the department to conduct inquiry. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the overpayment.

AP 95 (2010-11)

14.4.3 Loss due to acceptance of higher rates – Rs.3.271 million

According to para 11 of GFR Vol I, Each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

During audit of the accounts of the Executive Engineer Warsak Canal Division Peshawar for the financial year 2010-11, it was found that the rate of Rs.20% below offered by M/S Raja Muhammad Nawaz & Sons was ignored and work was awarded AT PAR offered by M/S CEMCON Pvt Ltd, resulting into a loss of Rs.3.271 million.

Audit held that the loss was due to acceptance of higher rates in violation of rules and procedure.

The matter was reported to the department in December 2011. DAC in its meeting held on 19th Dec, 2012, directed to constitute joint enquiry and submit enquiry report within 15 days. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the loss.

AP 101 (2010-11)

14.4.4 Non-imposition and recovery of penalty – Rs.38.437 million

According to the clause-47.1 of the bid documents, liquidated damages for every day which shall elapse between the relevant time for completion, deduct the amount of such damages @ 10% from any monies due or to become due to the contractor.

During audit of the accounts of Executive Engineer Swat Irrigation Division for the financial year 2011-12, it was noticed that works were awarded to various contractors but the contractors failed to complete the works within stipulated time. However, the penalty amounting to Rs.38.437 million was neither imposed nor recovered from the contractors.

Audit held that the lapse occurred due to extending undue favour to the contractors and non-implementation the clauses of the bid documents.

The matter was reported to the department in October, 2012. DAC in its meeting held on 5th Dec, 2013, directed the department that recovery may be made. Further progress was, however, not reported till finalization of this report.

Audit requires the recovery of amount.

AP 53 (2011-12)

14.4.5 Un-authorized retention of funds - Rs.18.967 million

According to Para 7 of GFR Vol-I, unless otherwise expressly authorized by any law or rules or order having the force of law, money may not be removed from the public account for investment or deposit elsewhere without the consent of Finance Department.

During audit of the accounts record of the Executive Engineer Swat Irrigation Division Swat for the financial year 2011-12, it was noticed that the cheques in the name of various contractors amounting to Rs.18.967 million were drawn from FDRD in the month June without execution of any work and were kept in Deposit-III to avoid lapse of funds. The drawl from the FDRD account and its retention in deposit-III was thus unauthorized.

Audit held that the retention of funds to avoid lapse was in violation in the rules.

The matter was reported to the department in October, 2012. DAC in its meeting held on 5th Dec, 2013, directed the department to conduct detail inquiry and fix responsibility. Further progress was however not reported till finalization of this report.

Audit requires to conduct inquiry and fix responsibility.

AP 52 (2011-12)

14.4.6 Unauthorized expenditure on work contrary to approved specification and design - Rs.8.409 million

According to clause-5 read with specification reflected at page-27 of the agreement, the contractor shall execute the work in accordance with bided design, specification & drainages.

During audit of the account of the Executive Engineer Paharpur Irrigation Division D.I.Khan for the financial year 2010-11, it was noticed that an expenditure of Rs.8.409 million was incurred on the restoration of flood damage to Spur No.21,21-A,24,29,30 and Guide Bund (RD 6400 to 8175). The work was not executed according to the approved design, specifications. The expenditure was thus unauthorized.

Audit held that unauthorized expenditure was due to weak internal control.

The matter was reported to the department in November 2011. DAC in its meeting held on 18th Dec, 2012, directed for verification. Further progress was however, not reported till the finalization of this report.

Audit requires fixing of responsibility and recovery of unauthorized expenditure.

AP 91 (2010-11)

14.4.7 Unauthorized expenditure – Rs.1.745 million

According to Para 19(iv) of GFR Vol-I, the terms of a contract once entered into should not be materially varied without the previous consent of the authority competent to enter into the contract as so varied. No payments to contractors by way of compensation, or otherwise, outside the strict terms of the contract or in excess of the contract rates may be authorized without the previous approval of the Finance Department.

During the audit of the accounts of XEN Irrigation Swat for the financial year 2008-09, it was noticed that in Dir Sub Division the expenditure of Rs.1.945 million was incurred on annual maintenance and repair against the tender cost of Rs.0.200 million. Excess expenditure over the tender cost resulted into unauthorized expenditure of Rs.1.745 million.

Audit held that the unauthorized expenditure was due to weak financial controls.

The matter was reported to the department in April, 2010, DAC in its meeting held on 2nd December, 2013, directed to recover the amount. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 236 (2008-09)

14.4.8 Unauthorized expenditure without provision in PC-1 - Rs.1.026 million

According to para-89(e) of CPWA code the contract agreement must indicate/describe clearly the quantity and quality of work to be done and the specification to be complied with.

During audit of the accounts of XEN Hazara Irrigation Division Abbottabad for the financial year 2010-11, incurred expenditure of Rs.1.026 million on various item not approved in the PC-1 and BOQ of the work, resulting into unauthorized expenditure.

Audit held that unauthorized expenditure was due to non-adherence to PC-1 and BOQ.

The matter was reported to the department in June, 2012. DAC in its meeting held on 17th December, 2013, directed the department that to recover the amount. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 266 (2010-11)

14.4.9 Excess expenditure over approved cost – Rs.6.566 million

According to para-89 of CPWD code, the contract agreement shall be executed in writing and should state the quantity & quality of work to be done and the terms of contract shall not be materially varied.

During audit of the accounts of the Executive Engineer Paharpur Irrigation Division D.I.Khan for financial year 2010-11, it was noticed that an expenditure of Rs.7.565 million was incurred on Emergency Protection of Spur No.24 & Guide Bund up to 3rd running bill against the approved cost of Rs.1 million, which resulted in excess expenditure of Rs.6.566 million.

Audit held that expenditure was due to weak internal controls and financial mismanagement.

The matter was reported to the department in November 2011. DAC in its meeting held on 18th Dec, 2012, directed the department to conduct inquiry and to submit report. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the excess expenditure.

AP 92 (2010-11)

14.4.10 Excess expenditure over approved PC-I cost – Rs.6.021 million

According to para-89 of CPWD code, the contract agreement shall be executed in writing and should state the quantity & quality of work to be done and the terms of contract shall not be materially varied.

During audit of the accounts of Executive Engineer Paharpur Irrigation Division D.I.Khan, for the financial year 2010-11, it was noticed that an expenditure of Rs.11.021 million was incurred on Construction of lining of Puran minor RD-00 to tail in reach upto 1st running bill vide voucher No.2 dated 21.2.2011 against the approved PC-I cost of Rs.5 million resulting into excess expenditure of Rs.6.021 million.

Audit held that excess expenditure was due to weak internal control.

The matter was reported to the department in November, 2011. DAC in its meeting in 18th Dec, 2012, directed the department to obtain the approval for the revised PC-I from ECNEC. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover the excess expenditure.

AP 85(2010-11)

14.4.11 Excess payment to contractors - Rs.2.486 million

According to para-89(e) of CPWA code the contract agreement must indicate/describe clearly the quantity and quality of work to be done and the specification to be complied with.

During audit of the accounts of XEN Mardan Irrigation Division Mardan for the financial year 2011-12, it was noticed that excess payment of Rs.2.486 million was made to various contractors due to allowing payment of excess quantity of stone as compared to the quantity required in BOQ of works.

Audit held that excess payment was due to non-adherence to BOQ.

The matter was reported to the department in October, 2012. DAC in its meeting held on 26th November, 2013, directed to recover the excess payment. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recover excess payment.

AP 111 (2011-12)

14.4.12 Excess payment to contractor - Rs.1.77 million

According to para-89(e) of CPWA code the contract agreement must indicate/describe clearly the quantity and quality of work to be done and the specification to be complied with.

During audit of the accounts of XEN Mardan Irrigation Division Mardan for the financial year 2011-12, it was noticed that in the project “Construction of Canal Patrol Road Phase-III” an excess payment of Rs.1.77 million was made to M/s Royal Builders Contractor in 2 BOQ items of the work for carrying excess quantities than provided in the BOQ.

Audit held that excess payment was due to non-adherence to BOQ.

The matter was reported to the department in October, 2012. DAC in its meeting held on 26th November, 2013, directed to recover the amount from the contractor. Further progress was however, not reported till the finalization of this report.

Audit requires to fix responsibility and recovery of amount.

AP 110 (2011-12)

14.4.13 Wasteful expenditure on non feasible project - Rs.140.311 million

According to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

During audit of accounts of Executive Engineer Irrigation Division Chitral, for the financial year 2010-2011, it was noticed that an expenditure of Rs.140.311 million was incurred on the scheme construction of “Trichan to Attahk Irrigation Schemes Tehsil Molkow District Chitral” during the period from 2001 to 2009 including the cost of Rs.1.757 million of feasibility study of the scheme carried out through a consultant M/S M.M Pakistan Ltd. Later on the scheme was abandoned and declared as not feasible by the department. P&D Department has also inquired the project and declared expenditure of Rs.140.311 million wasteful.

Audit held that the wasteful expenditure occurred due to faulty design and feasibility report.

The matter was reported to the department in October, 2011, DAC in its meeting held on 21st November, 2013, the department told that revised feasibility study is in process w.e.f. 1.7.2013. The feasibility study when completed, the work will be started. DAC did not agree and referred the para to PAC.

Audit requires to fix responsibility.

AP 49 (2010-11)

14.4.14 Wasteful expenditure - Rs. 6.314 million

According to PC-I the main objective of the scheme was to provide quick relief to the poor and distressed irrigator at tail effected intensive paucity of irrigation supplies by constructing tube wells.

During audit of the accounts of XEN Tube well Irrigation Division Peshawar for the financial year 2010-11, it was noticed that 02 tube wells installed at the cost Rs.6.314 million were not made functional even after a lapse of two years and the objectives of installing the tube wells were not achieved which resulted in wasteful expenditure.

Audit held that wasteful expenditure was due to negligence and ill planning.

The matter was reported to the department in September, 2012. DAC in its meeting held on 18th November, 2013, observed that the Tube wells were not functional due to non-energizing by PESCO and decided to place the para before PAC.

Audit requires to fix responsibility for wasteful expenditure.

AP 30 (2011-12)

Chapter-15

Law department

15.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:-

- ❖ To give advice on all legal questions arising out of any case;
- ❖ To give advice on the interpretation of any law;
- ❖ To give advice before instituting criminal or civil proceedings in a court of law in which Government is involved; and
- ❖ To give advice whenever criminal or civil proceedings are instituted against Government.
- ❖ Vetting of contract agreements of all the departments.

15.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2012-13 against the total of grants/appropriation was as follows:

Non Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess /(Savings)
11 – Admin of Justice	Charged	696,905,000	293,968,000	990,873,000	841,896,710	(148,976,290)
	NC-21	2,245,020,000	389,437,000	2,634,457,000	2,500,739,630	(133,717,370)
Total		2,941,925,000	683,405,000	3,625,330,000	3,342,636,340	(282,693,660)

Development

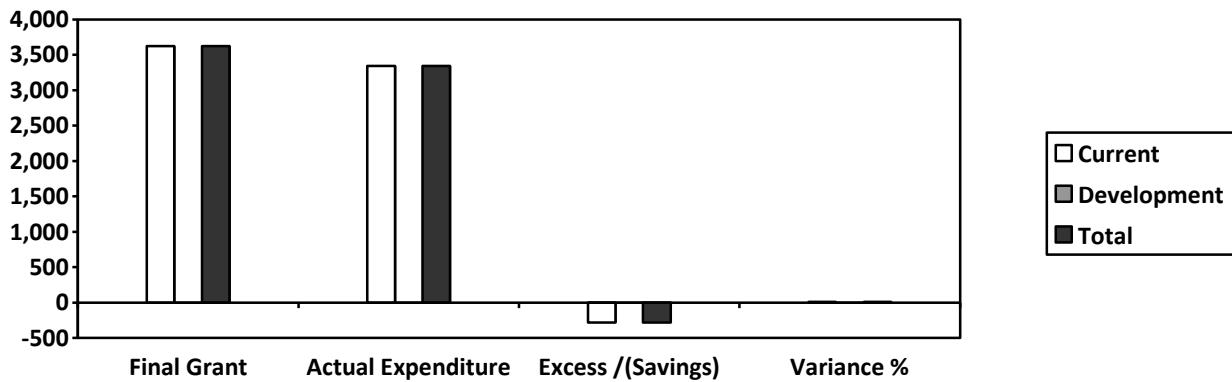
(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess /(Savings)
		Nil	Nil	Nil	Nil	Nil

Overview of expenditure against the final grant

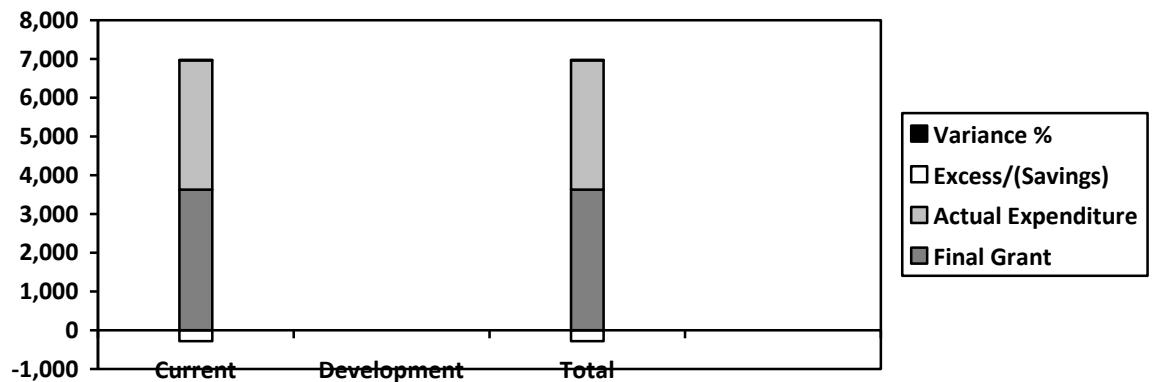
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/(Savings)	Variance %
Non Development	3,625.330	3,342.636	(282.694)	7.80
Development	0	0	0	0
Total	3,625.330	3,342.636	(282.694)	7.80



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.282.694 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



15.3 Brief comments on the status of compliance with PAC

SNo	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial Compliance	Nil compliance
01	2004-05	Law	04	-	02	02
02	2009-10	-do-	01	-	-	01

15.4 AUDIT PARAS

15.4.1 Non production of record of grant-in-aid – Rs. 10.700 million

According to para 17 of GFR vol-1 read with Section 14 of the Auditor General's Ordinance 2001, no such information nor any books or other documents, to which the Auditor General has a statutory right of access, may be withheld from the Director General Audit.

During the audit of the accounts of the Secretary Law, Parliamentary Affairs and Human rights department Peshawar for the year 2010-2011, it was noticed that a sum of Rs 10.700 million was drawn on simple receipts from the government exchequer and shown paid to District bars on accounts of Grant in aid but no detail account in support of payment was available.

Audit held that non production of record was violation of Auditor General's Ordinance.

The matter was reported to the department in April 2012. DAC in its meeting held on 15th November, 2012, the department replied that letters have been issued to the concerned bar associations but their replies are still awaited. No progress however was intimated till finalization of this report.

Audit requires fixing of responsibility and production of auditable record.

AP 01 (2010-11)

Chapter – 16

Planning & Development Department

16.1 Introduction

- ❖ Preparation of comprehensive plan of Development for the economic and social development of the Province.
- ❖ Formulation within the framework of provincial plan of an annual plan and annual development plan (ADP).
- ❖ Recommendation concerning orderly adjustment therein in light of new needs.
- ❖ Monitoring the implementation of ADP.
- ❖ Identification of bottlenecks and its timely remedial action.
- ❖ Evaluation of completed and ongoing schemes, projects.
- ❖ Review of progress of ADP.

16.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2012-13 against the total of grants/appropriation was as follows:

Non Development

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	(Rs.) Excess /(Savings)
4-P&D, Bureau & Statistics	NC-21	212,268,000	30	212,268,030	176,388,272	(35,879,758)
Total		212,267,979	30	212,268,060	176,388,272	(35,879,758)

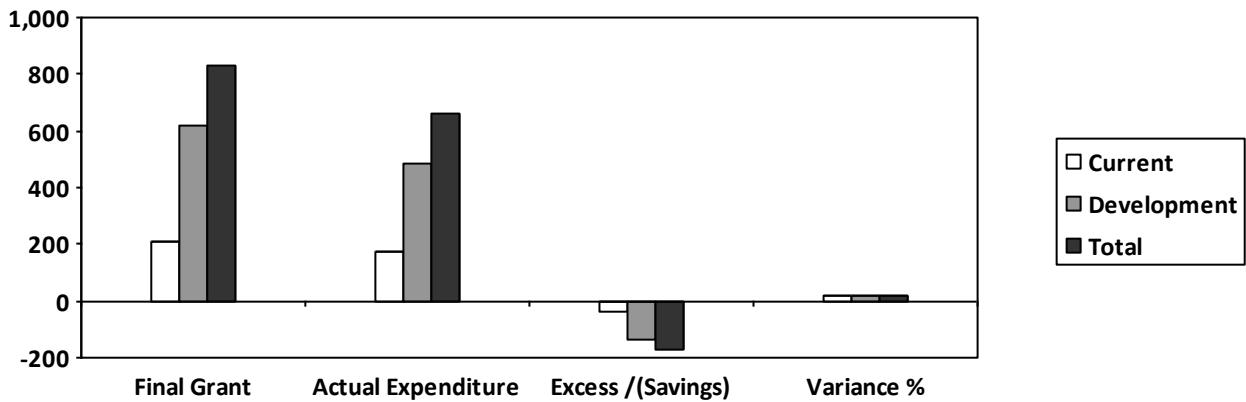
Development

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	(Rs.) Excess /(Savings)
17 – P&D Deptt	Voted	618,798,671	2,000,000	621,798,671	485,441,282	(136,357,389)
	Total	618,798,671	2,000,000	621,798,671	485,441,282	(136,357,389)

Overview of expenditure against the final grant

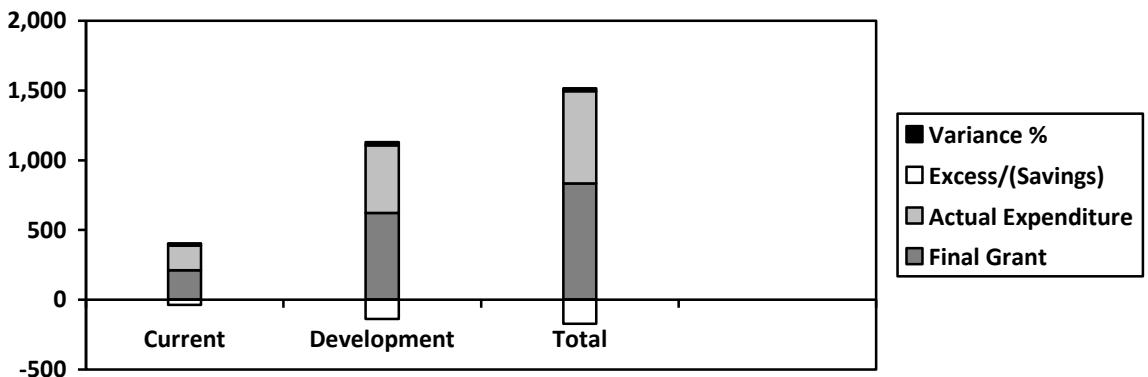
(Rs. in million)

Grant Type	Final Grant	Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	212.268	176.388	(35.780)	16.8
Development	621.799	485.441	(136.357)	21.93
Total	834.067	661.829	(172.137)	20.64



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.172.137 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



16.3 Brief comments on the status of compliance with PAC

SNo	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial Compliance	Nil compliance
01	2001-02	P&D	09	-	05	04
02	2003-04	-do-	04	-	03	01
03	2004-05	-do-	08	-	02	06
04	2007-08	-do-	05	-	02	03
05	2008-09	-do-	08	-	04	04

16.4 AUDIT PARAS

16.4.1 Loss due to missing of the project assets - Rs. 1.340 million

During the audit of the accounts of Secretary Planning and Development Department for the financial year 2011-12, it was noticed that the project (PRSP) operated by P&D Department closed on 30.06.2012. During handing/taking over of the project assets valuing Rs.1.340 million were found missing resulted into loss to the government as per detail given below:

S.No	Name	No	Status	Cost Approximate (Rs)
1	Toyota Corolla 2009 Model	01	Missing from the date of purchase	1,200,000
2	Computer (Core 2 Duo)	01	-do-	50,000
3	Printer (HP Laser Jet 2055)	01	-do-	30,000
4	Monitor (Dell 17 inches LCD)	01	-do-	20,000
5	Centre Tables	04	-do-	40,000
Total				1,340,000

Audit held that loss occurred due to weak internal controls.

The matter was reported to the department in January, 2013. DAC in its meeting held on 17th September, 2013, it was decided that recovery may be made within a month. Further progress, however was not reported till finalization of this report.

Audit requires to fix responsibility and recover the assets.

AP 298 (2011-12)

16.4.2 Unauthorized payment of entertainment charges - Rs. 11.150 million

According to S.No.22 of the Delegation of Powers Rules 2001, regarding power to incur expenditure on other official entertainments in connection with official meetings, for light refreshment not exceeding Rs.10/- per head at meeting convened for official business and for servicing lunch boxes not exceeding Rs.150/- per head in meetings which are prolonged beyond office hours without break in the interest of government work.

During audit of accounts of the Secretary Planning and Development Department for the year 2011-12, it was noticed that an amount of Rs 11.150 million was paid to the officers/officials as food charges for late sitting. The entertainment charges are allowed for official meetings only.

Audit held that unauthorized payment occurred due to violation of rules.

The matter was reported to the department in July, 2012. DAC in its meeting held on 17th September, 2013, directed to produce relevant record for verification to audit within a month. Further progress, however was not reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 281 (2011-12)

Chapter -17

Provincial Disaster Management Authority

17.1 Introduction

- ❖ Assessment of Relief activities.
- ❖ Monitoring of relief, rehabilitation and settlement activities
- ❖ Coordination among donors.
- ❖ Identification of areas of rehabilitation.
- ❖ Watching progress of rehabilitation activities.

17.2 Comments on budget & accounts (variance analysis)

Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2012-13 against the total of our grants/appropriation was as follows:

Provincial Disaster Management Authority

Non Development

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	(Rs.) Excess/ (Savings)
47-Rehabilitation Relief Affairs	NC-21 Voted	4,018,622,000	2,587,413,000	6,606,035,000	4,667,929,643	(1,938,105,359)
Total		4,018,622,000	2,587,413,000	6,606,035,000	4,667,929,643	(1,938,105,359)

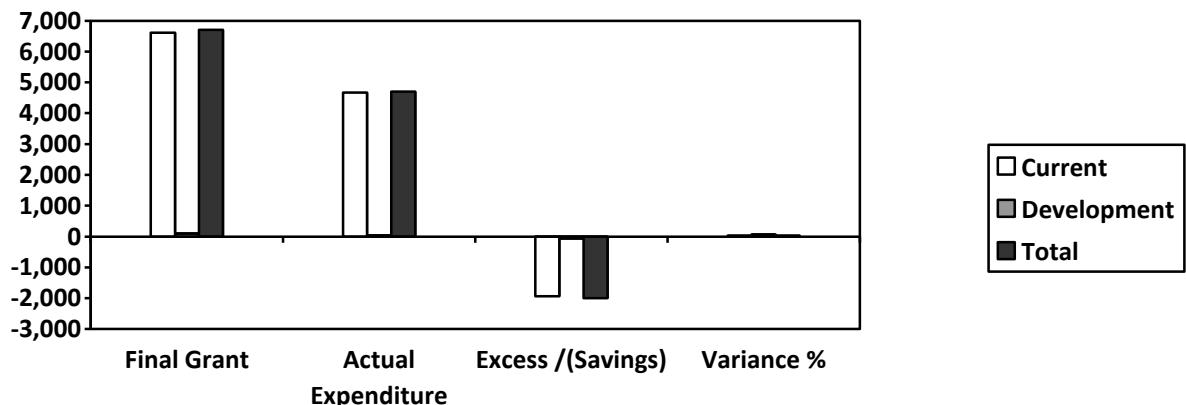
Development

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	(Rs.) Excess/ (Savings)
Rehabilitation Relief Affairs	NC-21 Voted	97,586,000	0	97,586,000	33,712,463	(63,873,537)
Total		97,586,000	0	97,586,000	33,712,463	(63,873,537)

Overview of Expenditure against the Final Grant

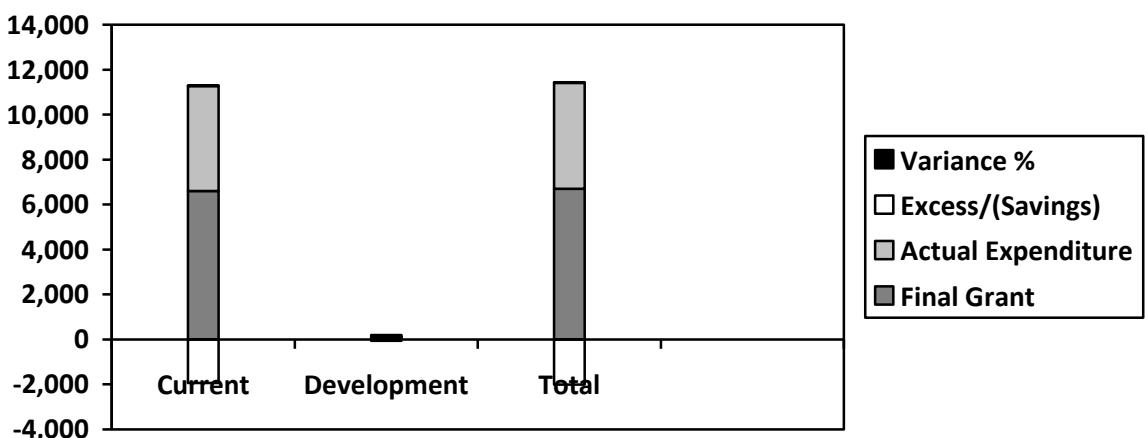
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/(Savings)	Variance %
Non Development	6,606.035	4,667.930	(1,938.105)	29.33
Development	97.586	33.712	(63.874)	65.45
Total	6,703.621	4,701.642	(2,001.979)	29.86



Anticipated savings were not surrendered and lapsed

According to Para 95 of GFR Vol I, that all anticipated saving should be surrendered to the government immediately but not later than 30th June of each year in any case. In the above grant, savings of Rs.2,001.979 million were not surrendered to the Finance Department and were lapsed. The position of savings as well as percentage variance is shown in the following graphs.



17.3 Brief comments on the status of compliance with PAC

Compliance with PAC's directives

S.No.	Audit Report year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1.	Nil	Nil	Nil	Nil	Nil

17.4 AUDIT PARAS

17.4.1 Loss to government exchequer - Rs.1.118 million

According to Para 10 (i) and 162 of GFR Vol-I, every public officer incurring expenditure from public funds is expected to exercise the same vigilance in respect of expenditure incurred from public money as a persons of ordinary prudence would exercise in respect of expenditure of his own money. Balance of store should not be held in excess of the requirement of a reasonable period or in excess of a prescribed limit, unless there are any good reasons to treat them otherwise. Store remaining in stock for over a year be considered as surplus.

During audit of the accounts of PDMA Peshawar, it was noticed that 10,000 Nos sand bags @ Rs.150 per bag were purchased from Azmat Khan & Brothers. Out of which 3750 bags were shown issued to various offices on 23.06.2010 while according to stock register the 10,000 bags were received and taken on charge on 19.07.2010. The issuance of sand bags before their receipts was fake. On physical verification of the stock it was found that 4,450 bags were badly damaged and not fit to be transported. The fake issue of 3,750 bags and damaged of 4450 bags put the government to a loss of Rs.1.230 million.

Audit held that loss was due to weak internal controls.

The matter was reported to department in August, 2012. DAC in its meeting held on 31st Dec, 2012, directed that enquiry may be conducted and its findings be intimated to audit within one month. Further progress, however has not been reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 55 (2011-12)

17.4.2 Loss due to non recovery of stamp duty, professional tax and income tax - Rs. 1.133 million

According to Article 22 (A) of schedule of stamp of Finance Act 2007 to procure stores and materials, 1% duty was to be recovered & Excise & Taxation department letter No. S.O (Tax) EXT/2-3/2005/Vol-IV/1123-24 dated 05.05.2006 read with Finance Department letter No. BO (Res)FD/2-4/2002/Vol-III dated 11.05.2006 & section-II of the appendix of the Khyber Pakhtunkhwa Ordinance NO. XXII dated 29.06.2003 “D” all contractors/who suppliers, good commodities or rendered services are liable to pay professional tax.

During audit of the accounts of Director General Provincial Disaster Management Authority Peshawar for the financial year 2011-12, it was revealed that various items were supplied by various suppliers to Director General Provincial Disaster Management Authority Peshawar. But no stamp duty, professional tax and income tax deducted resulting into loss to government worth Rs. 1.133 million.

Audit held that the loss was due to non adherence of prescribed rules.

The matter was reported to the department in August, 2012. DAC in its meeting held on 31st Dec, 2012, directed that relevant record be produced for verification within 7 days. Further progress, however has not been reported till finalization of this report.

Audit requires to fix responsibility and recover the amount.

AP 57 (2011-12)

PARAs FOR MFDAC

Rs. in million

S#	Title of para	Amount	Nature of audit observation
1.	AP 121 (2012-13) CM Sect	0.680	Non-deposit of receipts
2.	AP 31 (2011-12) Energy & power	0.358	Loss due to unauthorized use of vehicles
3.	AP 15(2011-12) Energy & Power	1.480	Fictitious expenditure
4.	AP 468 (2011-12) CPO	0.481	Non-deposit of tender fee
5.	AP 454 (2011-12) CPO	0.643	Overpayment due to allowing higher rates
6.	AP 453 (2011-12) CPO	0.759	Overpayment –do-
7.	AP 130 (2012-13) PPO	0.889	Loss due to non-deduction of tax
8.	AP 282 (2011-12) VC BBWU	0.777	Irregular expenditure on purchase of furniture
9.	AP 283 (2011-12) VC BBWU	0.857	Irregular payment
10.	AP 292(2011-12) VC BBWU	0.827	Doubtful expenditure
11.	AP 327 (2011-12) –do-	0.819	Doubtful payment
12.	AP 266 (2010-11) VC Hazara Uni	0.640	Loss due to acceptance of higher rates
13.	AP 82 (2011-12) Food	0.472	Overpayment
14.	AP 87 (2011-12) Food	0.868	Non-recovery
15.	AP 92(2011-12) Food	0.200	Loss
16.	AP 20(2012-13) Food	0.111	Loss due to non-deduction of s/tax
17.	AP 301 (2011-12) KTH	0.479	Unauthorized payment
18.	AP 303 (2011-12) KTH	0.435	Irregular & Unauthorized advance payment
19.	AP 379 (2009-10) ATH	0.685	Misappropriation
20.	AP 391 (2009-10) ATH	0.753	Non-deduction of income tax
21.	AP 392 (2009-10) ATH	0.518	Irregular expenditure
22.	AP 406 (2009-10) ATH	0.767	Loss due to purchase of medicines
23.	AP 478 (2009-10) KMU	0.689	Fictitious/doubtful expenditure
24.	AP 36 (2010-11) LRH	0.360	Loss due to purchase on higher rates
25.	AP 39 (2010-11) LRH	0.445	Loss on account of income tax
26.	AP 42 (2010-11) LRH	0.414	Less deduction of income tax
27.	AP 90 (2010-11) HMC	0.386	Misappropriation of government money
28.	AP 98 (2010-11) HMC	0.480	Less recovery of income tax
29.	AP 698 (2011-12) HMC	0.501	Misappropriation of medicines
30.	AP 153 (2011-12) STH Swat	0.456	Non-deduction of stamp duty
31.	AP 784 (2011-12) PGMC DIkhan	0.750	Unauthorized drawl of allowances
32.	AP 786 (2011-12) PGMC DIkhan	0.449	Non-adjustment/recovery of advance
33.	AP 101 (2010-11) VC GU DIKhan	0.161	Non-recovery
34.	AP 91 (2010-11) –do-	0.797	Unauthorized payment
35.	AP 95 (2010-11) –do-	0.182	Non-recovery
36.	AP 104(2011-12) –do-	0.164	Non-recovery
37.	AP 107 (2011-12) –do-	0.491	Non-recovery
38.	AP 138 (2010-11) VC Univ Pesh	0.230	Unauthorized payment
39.	AP 122 (2010-11) –do-	0.334 0.589	Overpayment and non-deposit
40.	AP 138 (2011-12) DFO A.T Mans	0.934	Irregular retention
41.	AP 150 (2010-11) DFO –do-	0.226	Irregular advance payment
42.	AP 8 (2010-11) –do-	0.376	Loss
43.	AP 45 (2010-11) DG ® Agri	0.180	Non-deduction of sales tax

44.	AP 198 (2010-11) -do-	0.568	Loss due to less production of wheat
45.	AP 250 (2010-11) Dir Agr Baffa	0.145	Loss due to less production of wheat
46.	AP 231 (2010-11) Agri ® Swat	0.225	Unauthorized appointment
47.	AP 302 (2011-12) DG OFWM	0.307	Non-recovery of govt dues
48.	AP 366 (2011-12) ARI Tarnab	0.295	Non-recovery of conveyance allowance
49.	AP 444 (2011-12) Agri ® DIKhan	0.645	Non-recovery of HRA
50.	AP 532 (2011-12) DG Agri (Ext) KP	0.212	Unauthorized payment of conveyance allowance