



AUDIT REPORT

ON

THE ACCOUNTS OF

GOVERNMENT OF KHYBER PAKHTUNKHWA

AUDIT YEAR 2024-25

AUDITOR-GENERAL OF PAKISTAN

SERVING THE NATION BY PROMOTING ACCOUNTABILITY, TRANSPARENCY AND
GOOD GOVERNANCE IN THE MANAGEMENT AND USE OF PUBLIC RESOURCES

FOR THE CITIZENS OF PAKISTAN

PREFACE

Articles 169 and 170 of the Constitution of Islamic Republic of Pakistan 1973 read with Sections 8 and 12 of the Auditor-General (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 require the Auditor-General of Pakistan to conduct audit of the accounts of the Province and the accounts of any authority or body established by the Province.

The report is based on audit of the accounts of the Government of Khyber Pakhtunkhwa for the Financial Year 2023-24 and the accounts of some formations for previous financial years. The Directorate-General Audit Khyber Pakhtunkhwa conducted the audit during the Audit Year 2024-25 on a test check basis, with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes systemic issues and audit findings carrying value of Rs. 1.000 million or more only. Relatively less significant issues are listed in the Annexure-A of the Audit Report. The audit observations listed in Annexure-A shall be pursued with the Principal Accounting Officers (PAOs) at the DAC level and in all cases where the PAO does not initiate appropriate action, the audit observations shall be brought to the notice of the Public Accounts Committee (PAC) 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 replies and discussions in the DAC meetings.

There are certain audit paras having similar nature observations reported in the last year's Audit Report for the Financial Year 2022-23 and 2021-22. Recurrence of such irregularities is matter of concern and needs to be addressed.

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

(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

Islamabad

Dated:

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ABBREVIATIONS & ACRONYMS

AA	Administrative Approval
ABC	Asphaltic Base Course
ACS	Additional Chief Secretary
AD	Assistant Director
ADF	Assistant Director Finance
ADP	Annual Development Program
AG	Accountant General
AIP	Accelerated Implementation Program
AIR	Annual Inspection Report
AOM&R	Annual Operations Maintenance and Repair
APPM	Accounting Policies and Procedures Manual
APUG	All Pakistan Unified Group
AWC	Asphaltic Wearing Course
AWKUM	Abdul Wali Khan University
AY	Audit Year
BCA	Building Control Agency
BHU	Basic Health Unit
BISE	Board of Intermediate and Secondary Education
BOG	Board of Governors
BOK	Bank of Khyber
BOP	Bank of Punjab
BOQ	Bill of Quantities
BOT	Belt Operate Transfer
BPC	Bituminous Prime Coat
BPS	Basic Pay Scale
BT	Black Topping
BTAP	Billion Tree Afforestation Program
BTR	Black Top Road
BTTP	Billion Tree Tsunami Project
CCI	Council of Common Interests
CCPO	Capital City Police Office
CDA	Capital Development Authority
CDR	Call Deposit Receipt
CDWP	Central Development Working Party
CEO	Chief Executive Officer
CGA	Controller General of Accounts
CIU	Communication Interface Unit
CLS	Chartered Legal Secretaries

CM	Chief Minister
CNG	Compressed Natural Gas
CNIC	Computerized National Identity Card
COVID	Corona Virus Disease
CPEC	China Pakistan Economic Corridor
CPO	Capital Police Officer
CPPA-G	Central Power Purchase Agency – Government of Pakistan
CPW	Central Public works
CPWA	Central Public Works Accounts
CPWD	Central Public Works Department
CRBLC	Chashma Right Bank Lift Canal
CSR	Composite Schedule of Rates
CTD	Counter Terrorism Department
CTR	Click Through Rate
DAC	Departmental Accounts Committee
DAO	Divisional Accounts Officer
DC	Deputy Commissioner
DDO	Drawing and Disbursing Officer
DEO	District Education Officer
DFO	Divisional Forest Officer
DG	Director General
DGHS	Director General Health Services
DHO	District Health Officer
DHQ	District Headquarter
DIG	Deputy Inspector General of Police
DMG	District Management Group
DPO	District Police Officer
DPR	Disabled Persons Rehabilitation
DSP	Deputy Superintendent of Police
DSL	Digital Subscriber Line
ECC	Economic Coordination Committee
ECNEC	Executive Committee of the National Economic Council
EMU	Energy Monitoring Unit
EPC	Engineering, Procurement and Construction
EPI	Expanded Program on Immunization
E&SE	Elementary & Secondary Education
FAP	Foreign Aided Project
FATA	Federally Administered Tribal Areas
FBR	Federal Board of Revenue
FD	Finance Department

FDC	Forest Development Corporation
FIDIC	Federation Internationale Des Ingenieurs Conseils
FIR	First Information Report
FMD	Foor and Mouth Vaccine
FMIU	Financial Management Information Unit
FTR	Funds Transfer Regulation
FWO	Frontier Works Organization
FY	Financial Year
GBP	Great Britain Pound
GC	Grid Company
GFR	General Financial Rules
GHPL	Government Holding Private Limited
GHQ	General Headquarters
GI	Galvanized Iron
GPS	Global Positioning System
GST	General Sales Tax
HD	Hospital Director
HEC	Higher Education Commission
HED	Higher Education Department
HERA	Higher Education Regularity Authority
HMC	Hayatabad Medical Complex
HMIS	Health Management Information System
HPA	Health Professional Allowance
HPP	Hydro Power Project
HRA	House Rent Allowance
HRF	High Rise Flats
HSD	High Speed Diesel
IBP	Institutional Based Practice
IESCO	Islamabad Electric Supply Company
IFC	Insaf Food Card
IKD	Institute of Kidney Disease
IMC	Intermediate Care Unit
IPC	Interim Payment Certificate
IPD	Inpatient Department
IPP	Independent Power Producer
IT	Information Technology
JV	Joint Venture
KCM	Kazi Committee Methodology
KITE	Khyber Pakhtunkhwa Integrated Tourism Development Project
KM	Kilometer

KMU	Khyber Medical University
KP	Khyber Pakhtunkhwa
KPCTA	Khyber Pakhtunkhwa Culture and Tourism Authority
KPHF	Khyber Pakhtunkhwa Health Foundation
KPPRA	Khyber Pakhtunkhwa Public Procurement Regulatory Authority
KPRA	Khyber Pakhtunkhwa Revenue Authority
KPRAP	Khyber Pakhtunkhwa Rural Accessibility Project
KTH	Khyber Teaching Hospital
LC	Letter of Credit
LPG	Liquefied Petroleum Gas
LPS	Late Payment Surcharges
LRH	Lady reading Hospital
MCC	Medicine Coordination Cell
MD	Managing Director
MDA	Mardan development Authority
MDD	Mineral Development Department
MERF	Medical Emergency Resilience Foundation
MIS	Management Information System
ML	Management Letter
MMBTU	Metric Million British Thermal Units
MMCFD	Metric Million Cubic Feet per Day
MMD	Mines and Minerals Department
MMS	Multi Media Service
MO	Medical Officer
MOU	Memorandum of Understanding
MPA	Member Provincial Assembly
MRI	Magnetic Resonance Imaging
MRS	Market Rate System
MS	Medical Superintendant
MTI	Medical Teaching Institution
MW	Mega Watt
NAB	National Accountability Bureau
NADRA	National Database Regulatory Authority
NDV	Newcastle Disease
NEPRA	National Electric Power Regulatory Authority
NESPAK	National Engineering Services Pakistan
NGO	Non-Governmental Organization
NHP	Net Hydel Profit
NIT	Notice Inviting Tender
NMA	Newly Merged Areas

NMD	Newly Merged Districts
NSI	Non-Scheduled Item
NWFP	North West Frontier Province
OEM	Original Equipment Manufacturer
OGFU	Oil and Gas Facilitation Unit
OPD	Out Patient Department
OPS	Own Pay Scale
OSD	On Special Duty
PAC	Public Accounts Committee
PAF	Pakistan Air Force
PAO	Principal Accounting Officer
PAR	Performance Audit Report
PARD	Pakistan Academy for Rural Development
PAS	Pakistan Administrative Service
PASSCO	Pakistan Agriculture Storage & Services Corporation
PATA	Provincially Administrative Tribal Areas
PBMC	Provincial Building Maintenance Cell
PC-I	Planning Commission Proforma-I
PCC	Plan Cement Concrete
PCRDP	Provincial Council for Rehabilitation of Disabled Persons
PCS	Provincial Civil Service
PD	Public Domain
PDA	Peshawar Development Authority
PDP	Proposed draft Para
PDWP	Provincial Development Working Authority
PEC	Pakistan Engineering Council
PEDO	Pakhtunkhwa Energy Development Organization
PERN	Pakistan Education & Research Network
PESCO	Peshawar Electric Supply Company
PHA	Provincial Housing Authority
PHE	Public Health Engineering
PHED	Public Health Engineering Department
PIT	Provincial Inspection Team
PKHA	Khyber Pakhtunkhwa Highways Authority
PKR	Pakistani Rupee
PLS	Profit and Loss Saving
PMC	Planning & Monitoring Cell
PMS	Provincial Management Services
PMU	Project Management Unit
POL	Petroleum, Oil & Lubricants

PPA	Power Purchase Agreement
PPRV	Pneumococcal Polysaccharide Vaccine
PPSA	Pakistan Provincial Services Academy
PRIP	Pakhtunkhwa Road Improvement Project
PSDP	Public Sector Development Program
PSO	Pakistan State Oil
PTDC	Pakistan Tourism Development Corporation
PVT	Private Limited
PWD	Persons with Disabilities
RBDC	Retirement Benefits and Death Compensation
RCC	Reinforced Cement Concrete
RPO	Regional Police Officer
RHC	Rural Health Clinic
RMI	Rehman Medical Institute
RMM	Remote Monitoring and Management
RRM	Random Rubble Masonry
SAP	systems Applications and Products in Data Processing
SBDs	Standard Bidding Documents
SBP	State Bank of Pakistan
SCC	Standard Contractual Clause
SDA	Special Deposit Account
SDFO	Sub Divisional Forest Officer
SDO	Sub Divisional Officer
SLIC	State Life Insurance Corporation
SMS	Short Message Service
SN	Serial Number
SNGPL	Sui Northern Gas Pipeline Limited
STS	Sales Tax on Services
TA	Travelling Allowance
TCKP	Tourism Corporation of Khyber Pakhtunkhwa
TDR	Term deposit Receipt
TEE	Transesophageal Echocardiogram
TOR	Term of Reference
UADA	Urban Area Development Authority
UAP	University of Agriculture Peshawar
UET	University of Engineering & Technology
UHPLC	Ultra High-Performance Liquid Chromatography
UK	United Kingdom
UNICEF	United Nations International Children's Emergency Fund
UOP	University of Peshawar

USAID	United States Agency for International Development
USD	United State Dollar
VRF	Variable Refrigerant Flow
VRI	Veterinary Research Institute
WACOG	Weighted Average Cost of Gas
WAPDA	Water and Power Development Authority
WB	World Bank
WBM	World Business Management
WHO	World Health Organization
WHT	Withholding Tax
WLL	Wireless Local Loop
WLO	Windfall Levy on Crude Oil
WSSP	Water and Sanitation Services Peshawar
XEN	Executive Engineer

EXECUTIVE SUMMARY

The Directorate-General Audit Khyber Pakhtunkhwa carries out audit of the accounts of Government of Khyber Pakhtunkhwa and organizations established by it. The Government of Khyber Pakhtunkhwa performs its functions under the Rules of Business, 1985. The Provincial Government conducts its business through 34 Principal Accounting Officers (PAOs) responsible for their respective departments. Financial provisions of the Constitution provide for Provincial Consolidated Fund and Public Account for which Annual Budget Statement is authorized by the Provincial Assembly. The Directorate-General Audit has a human resource of 76 officers and staff with a total of 19,000 available man days. The annual budget for the Financial Year 2023-24 amounts to Rs. 281.931 million. The office is mandated to conduct regularity (financial attest audit & compliance with authority audit) and other types of specialized audits of the provincial government and its entities.

During the Audit Year 2024-25, this Directorate-General Audit conducted the Compliance with Authority Audit of 31 PAOs; the Financial Attest Audit of the accounts of Government of Khyber Pakhtunkhwa, Environment Department and 50 Foreign Aided Projects and Thematic Audit of Utilization of DPR Fund for Physically Disabled Persons. In addition, this office has to conduct Impact Audit of Reduction in Rates of KP Salest Tax on Services on Revenue Collection in the Province; Citizen Participatory Audit of On-Farm Water Management and two Special Audits i.e. Sasta Atta Ramzan Package and Funds Received from Federal Government under 7th NFC Award on account of 1% War on Terror. The reports of the specialized audits are also being published separately but significant paras from financial attest audit reports of some of the foreign aided projects, special audits and performance audits have also been included in this report.

a. Scope of Audit

This office is mandated to conduct audit of 3085 formations working under 34 PAOs. Total actual expenditure of these formations for the Financial Year 2023-24 was Rs. 1,199.640 Billion against the total receipts of Rs. 1,184.926 Billion.

Audit coverage relating to expenditure for the current audit year comprises 322 formations under 31 PAOs having a total expenditure of Rs. 250.074 Billion for the Financial Year 2023-24. In terms of percentage, the audit coverage for expenditure is 20.84% of the auditable expenditure. Similarly, 71 formations were planned out of 228 for revenue receipts audit, the report of which is being printed separately.

This audit report includes audit observations resulting from the audit of:

1. Expenditure of Rs. 121.474 Billion for the Financial Year 2023-24 pertaining to 46 formations of 18 PAOs and
2. Expenditure of Rs. 143.107 Billion pertaining to previous financial years.

b. Recoveries at the instance of audit:

As a result of audit, a recovery of Rs. 9,541.962 million was pointed out in this report. Recovery affected from January to December 2024 was Rs. 776.663 million which was verified by Audit.

c. Audit Methodology:

The Audit Year 2024-25 witnessed intensive application of desk audit techniques in the Directorate-General Audit Khyber Pakhtunkhwa. This was facilitated by real time access to SAP/R3 data, internet facility and availability of permanent and planning files. Desk review helped auditors understanding the systems, procedures and environment of the audited entity before starting field activity thereby facilitating identification of high-risk areas for substantive testing, tests of controls and other analytical procedures during the field audit activity.

d. Audit Impact

Audit, through Financial Attest Audit, has facilitated the Government in preparation of correct Financial Statements and Appropriation Accounts. Third Party Payments which were not reflected in the Financial Statements and Finance Accounts of the Government have now been reflected in the accounts.

Moreover, on the recommendations of Audit;

- The Environment, Forestry and Wildlife Department KP is updating its operational manuals in the light of Public Financial Management Act 2019 and Cash Management & Single Treasury Account Rules 2020. Previously, the department was engaged in cash disbursements of Billions of rupees which resulted into serious audit observations.
- The works departments have started executing developmental schemes in the light of properly framed estimates, technical sanctions and agreements executed on standard bidding documents duly approved by the competent authorities.
- M/S Daewoo (the parent company of M/S North South Travel) agreed to transfer ownership of the buses to the Trans Peshawar Company once its 12 years contract is expired. The matter was pointed out during special audit of Bus Rapid Transit Corridor Project, wherein it was observed that the Company has executed a Lease-to-Own agreement for the contract of bus operation and maintenance to transfer the legal title and ownership of all BRT fleet to the bus operator against a payment of Rs.144 for each 12-meter bus and Rs.288 for each 18-meter bus in a period of 12 years.
- The Elementary & Secondary Education Department KP directed all the chairmen of the Boards of Intermediate and Secondary Education (BISEs) in KP to reconstitute and notify their investment committees with Deputy Secretary (Budget) from E&SE Department and Deputy Secretary (Funds / Loans) from Finance Department as members in light of the recommendations of the Director General Audit KP. Previously, the management of different Boards invested their funds through their investment committees with no representation from the E&SE Department and Finance Department in violation of the Investment Policy.

- An amount of Rs. 776.663 million has been recovered and duly verified by Audit during the period from January to December 2024.

e. Comments on Internal Controls

Internal Controls are tools for management to prevent losses, detect irregularities & non-compliances, control mismanagement of public money, safeguard government assets and improve performance by applying corrective measures.

For effective management and achievement of the objectives, various types of internal controls are needed to be put in place. Accounting controls ensure completeness, accuracy, timeliness and reliability of accounts for provision of timely and correct information for making informed decisions. Financial controls help in estimation of receipts and expenditures, adequate disclosures, proper utilization of resources and judging institutional viability and buoyancy. Administrative controls help in preventing misuse of authority, physical losses, inappropriate sanctions of expenditures, dis-ordered deployment of personnel and ineffective control on the affairs of institutions to name a few.

In most of the provincial government departments, weak internal controls were in place as evident from the following shortcomings in the key audit findings.

f. Key audit findings of the report:

- Administrative / non-delivery of services and other issues amounting to Rs. 9,267.818 million were reported in 7 cases.¹
- Fictitious expenditure, fraudulent payments and suspected misappropriation amounting to Rs. 982.821 million were reported in 22 cases.²
- Irregular budgeting and releases amounting to Rs. 14,644.074 million were reported in 3 cases.³
- Irregular, unauthorized and unjustified expenditure amounting to Rs. 4,323.425 million were reported in 23 cases.⁴
- Irregular / non-transparent awarding of contracts amounting to Rs. 147,183.520 million were reported in 8 cases.⁵
- Irregular / over-payment in construction and works amounting to Rs. 2,838.018 million were reported in 36 cases.⁶
- Loss to the government amounting to Rs. 11,649.749 million were reported in 40 cases.⁷

¹ 11.4.11, 11.4.21, 12.4.4, 14.4.1, 15.4.3, 17.4.3 & 18.4.6

² 3.4.18, 3.4.27, 3.4.37, 5.4.1, 6.4.6, 10.4.1, 10.4.3, 10.4.6, 10.4.12, 10.4.23, 10.4.32, 11.4.29, 12.4.5, 12.4.8, 12.4.12, 15.4.8, 16.4.2, 17.4.4, 17.4.5, 17.4.6, 20.4.3 & 21.4.10

³ 8.4.1, 8.4.2 & 8.4.3

⁴ 1.3.2, 1.3.3, 2.4.4, 3.4.3, 3.4.35, 4.4.2, 4.4.3, 4.4.6, 5.4.3, 5.4.5, 7.4.3, 7.4.4, 9.4.5, 10.4.2, 10.4.8, 10.4.14, 10.4.17, 10.4.33, 11.4.5, 12.4.1, 17.4.2, 21.4.4 & 21.4.9

⁵ 3.4.10, 3.4.17, 3.4.26, 5.4.2, 9.4.2, 11.4.1, 11.4.31 & 20.4.6

⁶ 3.4.2, 3.4.4, 3.4.5, 3.4.8, 3.4.9, 3.4.11, 3.4.12, 3.4.13, 3.4.19, 3.4.20, 3.4.21, 3.4.22, 3.4.24, 3.4.25, 3.4.28, 3.4.29, 3.4.30, 3.4.31, 3.4.32, 3.4.33, 3.4.34, 3.4.36, 10.4.22, 11.4.2, 11.4.3, 11.4.4, 11.4.13, 11.4.14, 11.4.15, 11.4.17, 11.4.22, 15.4.4, 15.4.6, 19.4.2, 20.4.5 & 21.4.15

- Non-recovery / realization of the government receipts and their deposit into the government treasury amounting to Rs. 41,321.005 million were reported in 50 cases.⁸
- Overpayment of pay and allowances and irregular appointment of staff amounting to Rs. 950.913 million were reported in 17 cases.⁹
- Irregular procurement, missing and unauthorized retention of physical assets amounting to Rs. 2,945.375 million were reported in 15 cases.¹⁰

g. Recommendations:

- Non-achievement of objectives and non-delivery of services may be investigated and necessary corrective actions taken.
- Fictitious expenditure and fraudulent withdrawal of funds may be inquired into, amount recovered and disciplinary action taken against the persons at fault.
- Irregular budgeting and releases of funds may be justified by the Finance Department.
- Irregular, unauthorized and unjustified expenditure may be inquired and corrective measures taken.
- Non-transparent awarding of contracts may be investigated and action taken against the persons at fault besides cancellation of such contracts.
- Overpayments to the contractors and suppliers may be investigated and amounts recovered besides taking disciplinary action against the persons at fault.
- Losses to the government may be made good from the persons at fault.
- Taxes and other government dues may be recovered from the contractors, employees and suppliers wherever not deducted and be deposited into the government treasury.
- Making payments to employees in contravention of rules and disregard of the employees' entitlement may be inquired into and amount recovered besides inquiring appointments made in contravention of rules and regulations for taking action against the persons at fault.
- Unauthorized retained vehicles and other physical assets may be recovered and allotted to the officers entitled for use of these assets.

⁷ 2.4.5, 3.4.1, 3.4.16, 5.4.6, 6.4.5, 7.4.2, 8.4.4, 8.4.5, 8.4.6, 8.4.7, 10.4.4, 10.4.5, 10.4.7, 10.4.9, 10.4.10, 10.4.13, 10.4.18, 10.4.20, 10.4.21, 10.4.28, 10.4.29, 10.4.30, 11.4.6, 11.4.10, 12.4.3, 12.4.6, 15.4.1, 15.4.5, 16.4.4, 16.4.6, 17.4.1, 18.4.3, 18.4.7, 20.4.1, 20.4.4, 21.4.1, 21.4.2, 21.4.6, 21.4.8 & 21.4.14

⁸ 1.3.1, 2.4.2, 2.4.3, 3.4.6., 3.4.7, 3.4.14, 3.4.15, 3.4.23, 3.4.38, 4.4.1, 4.4.4, 4.4.5, 4.4.8, 6.4.3, 6.4.4, 7.4.1, 9.4.4, 9.4.6, 10.4.15, 10.4.16, 10.4.24, 10.4.25, 10.4.26, 10.4.31, 11.4.7, 11.4.8, 11.4.20, 11.4.24, 11.4.25, 11.4.26, 11.4.28, 12.4.2, 12.4.7, 12.4.9, 12.4.13, 13.4.1, 13.4.2, 18.4.1, 18.4.2, 18.4.4, 18.4.5, 18.4.8, 18.4.9, 18.4.10, 18.4.11, 19.4.1, 20.4.2, 21.4.7, 21.4.12 & 21.4.13

⁹ 6.4.1, 10.4.11, 10.4.19, 11.4.9, 11.4.12, 11.4.16, 11.4.19, 11.4.23, 11.4.27, 11.4.30, 12.4.10, 12.4.11, 15.4.7 & 21.4.11

¹⁰ 2.4.1, 4.4.7, 5.4.4, 6.4.2, 6.4.7, 7.4.5, 9.4.1, 9.4.3, 10.4.27, 11.4.18, 16.4.1, 16.4.3, 16.4.5, 19.4.3 & 21.4.5



Chapter-1

PUBLIC FINANCIAL MANAGEMENT ISSUES PERTAINING TO APPROPRIATION ACCOUNTS AND FINANCE ACCOUNTS COMPILED BY THE ACCOUNTANT GENERAL KHYBER PAKHTUNKHWA

1.1 Sectoral Analysis

The Provincial Assembly of Khyber Pakhtunkhwa passed annual budget for the Financial Year 2023-24 with an estimated expenditure of Rs. 1,471,119.000 million and estimated receipts of Rs. 1,744,547.000 million leading to a surplus of Rs. 273,428.000 million.

Against the estimated receipts of Rs. 1,744,547.000 million, the provincial government realized a sum of Rs. 1,184,926.000 million which included Rs. 191,927.000 million through own sources by collecting tax, non-tax and other receipts. An amount of Rs. 809,599.000 million was received as transfer from Federal Government. The remaining amount of Rs. 183,400.000 million was generated through Grants-in-Aid and Foreign Debts. Table 1.1.1 below shows the breakup of head-wise receipts and its comparison with the previous year;

(Rs. in million)

Head of Receipt	2023-24	2022-23	Var in %age
Taxation - Transfers from Federal Government	809,599	658,312	23
Taxation - Provincial Government's own collection	53,579	41,727	28
Non-Tax Revenue and Other Receipts	80,358	70,396	14
Grants and Aid – Receipts	119,546	115,756	3
Trading Activities – Receipts	55,782	63,126	(12)
District Governments – Receipts	2,028	2,202	(8)
Recovery of Loans and Advances	180	164	10
Debt Financing	63,854	292,437	(78)
Total	1,184,926	1,244,120	(5)

Source: Financial statements of GoKP for the FY 2022-23 and 2023-24

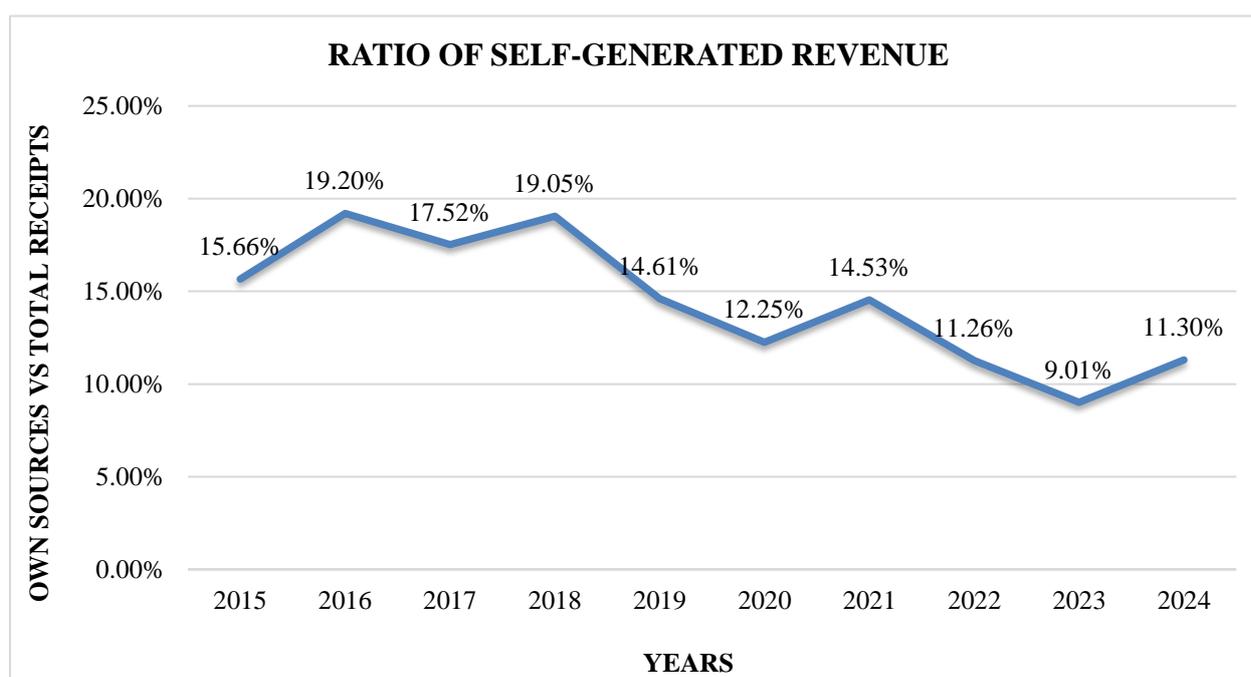


Further comparison of the self-generated revenues (Government of Khyber Pakhtunkhwa) with the total receipts shows that it is not increasing according to the trend line of the total revenues as tabulated below;

(Rs. in million)

Year	Total Receipts	Self-generated revenue	Ratio of self-generated revenue
2015	333,169	52,171	15.66%
2016	399,119	76,634	19.20%
2017	410,476	71,916	17.52%
2018	496,218	94,523	19.05%
2019	520,298	76,036	14.61%
2020	665,473	81,536	12.25%
2021	906,296	131,729	14.53%
2022	1,101,621	124,111	11.26%
2023	1,244,120	112,123	09.01 %
2024	1,184,926	133,937	11.30 %

Source: Financial statements of GoKP



The downward slope of the trend line shows a decrease of the self-generated revenues viz-a-viz total receipts. The own source receipts of the Government of Khyber Pakhtunkhwa declined since COVID-19, making the province heavily dependent on foreign debt financing. The provincial foreign debt portfolio has increased from Rs. 294,097.000 million in June 2021 to Rs. 679,547.000 million in June 2024. The 131% increase in three years was due to additional loan disbursement of Rs. 212,640.000 million over three years and Rs. 172,810.000 million due to currency devaluation.

The above-mentioned deteriorating financial position of the province is due to increase in debt. It could have been avoided had the provincial government taken appropriate steps for resolution of the following long outstanding issues with the Federal Government;

Food Security:

The population of Khyber Pakhtunkhwa including the newly merged districts is approximately 40 million as per Census 2023. The annual wheat requirement of the province is 5.16 million ton. The province produces 1.30 million ton (25%) of its wheat requirements, with the difference requirement of 3.86 million tons of wheat being either purchased from Punjab or imported.

Khyber Pakhtunkhwa has periodically faced food shortages as a result of restrictions on inter-provincial movement of wheat. As a result, the province has to import wheat which put pressure on the already fragile financial position of the province. Restrictions by any provincial government on the free movement of goods and inter-provincial trade imposed without approval of Parliament is illegal and unconstitutional in the light of Article 151 of the Constitution.

Reference (Article 151)

Water Apportionment Accord 1991:

A Water Apportionment Accord was signed among the federating units of Pakistan on 16th March 1991. In order to enable the provinces to utilize their due share of water, the Federal Government provided one scheme to each province in the Public Sector Development Program. The requisite infrastructure was constructed in each province except Khyber Pakhtunkhwa. As a result of lack of infrastructure, the province is sustaining a loss in the shape of under-utilization of its due share of water. Therefore, KP should be compensated for its un-utilized water share used by other provinces since 1992. An area of around 800,000 acres can be irrigated through construction of Chashma Right Bank Lift Canal (CRBLC) project, Gomal Zam Dam, Tank Zam Dam and Kurram Tangi Dam projects which will help the province to overcome its acute food shortages.

Reference (Water Apportionment Accord 1991)

Net Hydel Profit:

Net Hydel Profit (NHP) is payable to the provinces under Article 161(2) of the Constitution. According to the explanation which follows Article 161, the CCI has been entrusted with the exclusive role to determine NHP. Despite numerous decisions of CCI, payment of NHP to the provinces has not been made as per Constitution so far. Noteworthy here, is the fact that, two Committees were constituted by the federal government to propose a methodology for determination of NHP. The first Committee under Mr. A.G.N Kazi, Deputy Chairman Planning Commission recommended a workable formula, commonly known as the Kazi Committee Methodology (KCM), which was approved by the CCI in 1991. The 2nd Committee under Mr. Jehanzeb Khan, Deputy Chairman Planning

Commission, in his report presented to the CCI in December, 2019, recommended that an amount of Rs.52 billion and Rs.128 billion, calculated on the basis of KCM for 2016-17 respectively, were the NHP shares of Punjab and Khyber Pakhtunkhwa respectively and that the federal government, the guarantor, must now ensure payment of the due amounts to both provinces to fulfill the requirements of Article 161(2) of the Constitution. The principled stance of Khyber Pakhtunkhwa is that, the KC methodology and amounts calculated are settled matters and the only action which the federal government has to take now is to make actual payments to both the provinces.

Reference (Article 161(2))

Wheeling of Electricity:

Due to its locational disadvantage in terms of proximity to major markets and ports, lack of affordable electricity and in-adequacy of infrastructure, many industrial units in the province are sick and non-operational which has caused massive un-employment. To overcome this situation, Pakhtunkhwa Energy Development Organization (PEDO) launched an innovative initiative of wheeling of electricity to provide cheap and affordable hydropower to the industrial sector at competitive rates for boosting industrialization in the province. Wheeling of 18 MW power from Pehur Hydropower Station was carried out through an open competitive bidding and transparent process to five industrial units of the province. Phase-II of Wheeling also needs to be launched wherein additional 148 MW of electricity will be provided to the industrial sector of the province.

Reference (NEPRA (Wheeling of Electric Power) Regulations, 2016)

Khyber Pakhtunkhwa Transmission & Grid Company (KPT&GC)

The hydropower potential of Khyber Pakhtunkhwa is mainly available in Swat and Chitral valleys. An important issue being faced by KP is evacuation of power generated from these projects. PEDO has to rely on the National Transmission and Grid Company of the federal government for evacuation of power from these areas which has inordinately delayed commissioning of the projects. In order to overcome these delays, offset locational disadvantage being faced by the province and ensure smooth transmission and distribution of power from PEDO projects, the KP Transmission & Grid Company (KPT&GC) was established to provide reliable and affordable electricity to the industrial sector of the province. The Company needs to be made functional immediately to enable it to meet its objectives.

Reference (Article 157 (C))

Weighted Average Cost of Gas (WACOG)

Pakistan faces an acute shortage of gas which is being met through import of RLNG. ECC in 2019, decided to divert the expensive re-gasified liquefied natural gas (RLNG) to meet the demand of domestic sector by selling it at cheap indigenous gas price rate. The estimated cost of indigenous locally produced gas in KP stands at US\$ 4 / MMBTU as

compared to imported RLNG price of approximately US\$ 22 / MMBTU which has resulted into a circular debt of approximately Rs.117 billion during FY 2018-19 to FY 2020-21. Efforts are being made for merger of the rates of indigenously produced cheap gas and expensive RLNG into a Weightage Average Cost of Gas (WACOG). Khyber Pakhtunkhwa produces about 430 MMCFD gas while its requirement is approximately 216 MMCFD thereby injecting about 200 MMCFD cheap gas into the national network. According to Article 158 of the Constitution, the province in which a well-head of natural gas is situated, shall have the first right to meet its gas requirements from the wellhead.

Adding the price of RLNG into indigenous gas will increase the average price of gas for all categories of consumers in KP including industrial consumers despite being a gas surplus province which will discourage industrial growth and investment opportunities in the province and shift a portion of burden of expensive RLNG to KP consumers which would be a violation of Article 158.

Reference (Article 158)

Excise Duty on Natural Gas and Mineral Oil

Article 161(1) of the Constitution provides that Federal Excise Duty (FED) on natural gas and oil will be paid to the province in which the well-head of natural gas and oil is situated. FED on natural gas was last fixed at Rs.10 per MMBTU through Federal Finance Act, 2010 which amounts to Rs1.3 billion per annum to KP government. There has been no increase in this rate since then. In view of the inflationary trends during the last ten years, there is a need to increase the existing FED on natural gas from Rs.10 to Rs.22 per MMBTU. FED on oil was last levied in 1982 which was discontinued in 1995. There is a need to revive the FED on oil in light of Article 161(1)(b) of the Constitution. Since Mineral Oil and Natural Gas falls in Part-II of Federal Legislative List, therefore, in light of Article 154 of the Constitution, the matter comes under the exclusive jurisdiction of CCI to decide. The matter of increase in the existing FED on natural gas and imposition of FED on crude oil needs to be placed before the CCI in accordance with the provisions of Article 161(1)(b).

Reference (Article 154 & 161 (1)(b))

Windfall Levy on Crude Oil (WLO)

Windfall Levy on Crude Oil (WLO) is an obligation placed upon Oil & Gas Companies to pay a certain amount when the international market price of crude oil exceeds a certain benchmark. As per 2012 Policy, WLO amount is to be shared equally between Federal and Provincial Governments. Tal and Nashpa blocks situated in KP, were awarded under the 1997 Petroleum Policy. Tal Block JV partners applied for conversion to Petroleum Policy 2012 to get a higher gas price incentive. While the JV Partners succeeded in getting the high gas price incentive, the Windfall Levy on Oil clause was unilaterally omitted in the concession agreement/Package signed by the Federal Government with the Operator without taking the KP Government into confidence. This resulted in a financial loss of Rs.45 billion each to KP and Federal Government for the period 2012-2021. The matter of imposition of

windfall levy on oil was decided on 27th December, 2017 by the CCI in favour of KP. The decision of CCI needs to be implemented in letter and spirit.

Reference (Petroleum Policy 2012)

Royalty on Liquefied Petroleum Gas (LPG)

Clause 4.1 (1) of the Petroleum Policy 2012 states that Royalty will be payable at the rate of 12.5% of the value of petroleum at the field gate. Khyber Pakhtunkhwa is producing 430 MMCFD Natural gas, 800 Tons of LPG and 40,000 barrels oil per annum. Exploration & Production companies are not paying royalty on LPG at the rate of LPG rather they are paying it at the rate of natural gas. Since natural gas is about ten times cheaper than LPG, therefore, Khyber Pakhtunkhwa is losing about Rs. 2 Billion / annum on account of nonpayment of royalty at the rate of LPG. The Expert Committee of the Public Accounts Committee (PAC) in its report submitted to PAC in 2012 concluded that Royalty on LPG is payable at the “sale value”. The Peshawar High Court in its order dated 30.05.2013 also directed for immediate payment of royalty on LPG to the Provincial Government on periodical basis.

Reference (Petroleum Policy 2012)

Provincial Holding Companies’ share with GHPL

Article 172 (3) introduced by the 18th Amendment to the constitution states that, mineral oil and natural gas within the province shall vest jointly and equally in that Province and the Federal Government. Earlier, only the Federal Government held exclusive ownership of oil and gas through Government Holding Private Limited (GHPL). Fifty percent shares held by GHPL in Tal and Nashpa blocks may now be transferred to GoKP or its Provincial Holding Company. In conclusion, the provisions of the 1973 Constitution must be implemented in letter and spirit to ensure smooth functioning of the federation, safeguard the rights of the federating units and strengthen the state structure for the benefit of the people of Pakistan.

Reference (Article 172 (3))

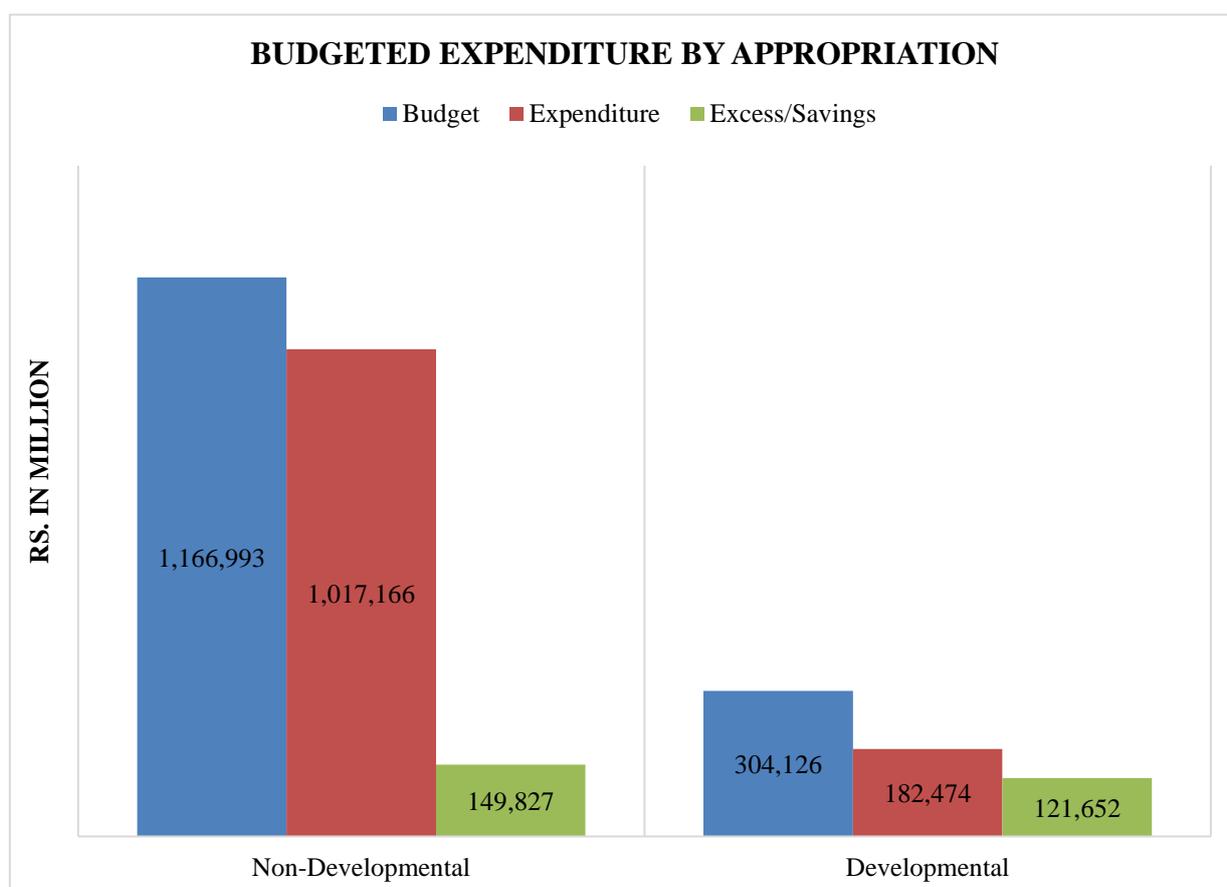
Audit held that a federation can prosper and flourish if it functions in accordance with the principles of the Constitution of the Islamic Republic of Pakistan which is based on consensus of all the federating units. It enshrines an inclusive mechanism and institutional arrangements for ensuring equitable distribution of national resources among the provinces and their balanced growth. It is earnestly hoped that the political leadership, academia, and policy experts of the province would further develop and advocate these issues at all relevant fora at the federal and provincial levels. They would also take steps to resolve these issues in light of the provisions of the Constitution.

The government was allocated original budget of Rs. 1,463,451 million for the financial year 2023-24 followed by a supplementary grant of Rs. 7,668 million totaling to Rs. 1,471,119 million. The government surrendered an amount of Rs. 292,816 million leaving a

balance allocation of Rs. 1,178,303 million. However, against the total provision the provincial government incurred an expenditure of Rs. 1,199,640 million which is 18 % below the budget provision as tabulated below;

(Rs. in million)					
S. No.	Expenditure Head	Budget	Expenditure	(Excess) / Savings	Variance %
1	Non-Developmental	1,166,993	1,017,166	149,827	13%
2	Developmental	304,126	182,474	121,652	40%
Total		1,471,119	1,199,640	271,479	18%

Source: Appropriation Accounts of GoKP for the FY 2023-24



1.2 Significant issues

The following issues have been witnessed in the public financial management while conducting certification;

- The government estimates its revenue and expenditure without a careful and scientific approach, resulting in significant variations between planned and actual figures of receipts and expenditure.
- Planned activities were not completed due to the non-release of budget to the implementing departments, leading to a surrender of approximately 40% of the developmental budget.

- The government relies heavily on receipts from third-party sources, such as international donors and lenders, to meet cash requirements leading to an increase of in the debt of the Government.
- Accounting registers are not updated, leading to non-accountal of assets and liabilities of the Government.
- The government struggles with proactive cash management, forecasting inflows and outflows, and creating fiscal space for uninterrupted development activities.

1.3 Audit Paras

1.3.1 Loss to the government due to non-deduction of income tax - Rs. 10.915 million

According to Section 148 of the Income Tax Ordinance 2001, updated till 30th June 2023, income tax @ 5% is applicable on medicine and pharmaceutical products.

During certification audit of the Accountant General Khyber Pakhtunkhwa (Payroll-9 Section) Peshawar for the Financial Year 2023-24, it was observed that M/S The Searle Co. was allowed payment of Rs. 210,500,000/- for purchase of medicine and payment of Rs. 28,852,617/- to the Secretary Health Department (DDO) for Honoraria. However, income tax amounting to Rs. 10,915,131/- was not deducted from the claim vouchers, as detailed below;

(Amount in Rs.)

Doc. No.	Description	Center	G/L Acct.	Payment	Payee	Income Tax
5100000321	DGHS	PR4309	A03927	210,500,000	The Searle Co.	9,472,500
1900555987	P&D	PR4058	A01273	28,852,617	DDO for P&D	1,442,631
Total						10,915,131

The lapse occurred due to violation of the income tax ordinance.

The department was requested vide letter dated 02.09.2024, followed by a reminder dated 11.10.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the amount.

PDP No. 129 (2023-24)

1.3.2 Irregular payment of pay and allowances to employees with incorrect CNIC - Rs. 159.735 million

According to the Controller General of Accounts (CGA) Islamabad letter No. CGA/FABS/CGA/21B/2023/90 dated 25.09.2024, regarding the mandatory provision of IBAN numbers and CNICs, the CGA has directed that system checks for IBAN and CNICs in the payee's master record must be updated in the SAP system.

During certification audit of the Accountant General Khyber Pakhtunkhwa (Payroll-9 and 10 Sections) Peshawar for the Financial Year 2023-24, it was observed in the data extracted from SAP that an amount of Rs. 159,734,928/- (Rs. 74,817,757 + Rs. 84,877,171) was paid to 62 employees of different departments on account of pay and allowances (**Annexure-I**). However, further scrutiny of record revealed that these employees were having incorrect CNIC numbers, as evident from the fact that the characters in the CNICs were not equal to the standard 13 digits.

Moreover, due to non-access to NADRA data, Audit could not verify the exact numbers of employees with incorrect CNIC numbers.

The lapse occurred due to feeding of incorrect CNIC numbers in the master data in SAP by violating the CGA directives.

The department was requested vide letter dated 02.09.2024, followed by a reminder dated 11.10.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiring the matter for fixing of responsibility against the person(s) at fault besides stoppage of the pay and allowances of the employees with incorrect CNIC numbers.

PDP No. 140 (2023-24)

1.3.3 Irregular payment of salaries to employees having position codes - Rs.1,229.434 million

According to the Standard Operating Procedures for creating position IDs circulated vide No. FMIU/FD/4-2/99/PIFRA/Vol-XIV dated 19.03.2018, the Financial Management Information Unit (FMIU) of the Finance Department utilizes the SAP Organizational Management (OM) Module to integrate payroll strength with budgeted posts through position codes. This process aims to eliminate discrepancies in Basic Pay Scale (BPS), designation, and sanctioned strength. Each position code represents a single sanctioned post, which may be regular, project-based, supernumerary, or held by an employee On Special Duty (OSD) or temporarily suspended. The Finance Department is responsible for creating and modifying position codes, while the respective Accounts Offices oversee the allotment of these codes for payroll processing purposes.

During certification audit of the Accountant General Khyber Pakhtunkhwa (Payroll-9 and 10 Sections) Peshawar for the Financial Year 2023-24, it was observed in the data extracted from SAP that an amount of Rs. 1,229,434,120/- was paid to 303 employees of different departments on account of pay and allowances. However, further scrutiny of record revealed that position codes were not assigned to their personnel numbers or they were assigned dummy position IDs i.e. 99999999.

Audit held that the very concept of introduction of position codes was to ensure that only those employees may get salaries who are posted against vacant positions and to avoid multiple employees working against a single post. Assigning dummy position codes killed the very purpose of introduction of position codes.

The lapse occurred due to incorrect feeding of HR data in the SAP by violating the SOPs of the Finance Department for creation of position codes.

The department was requested vide letter dated 02.09.2024, followed by a reminder dated 11.10.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends stoppage of salaries of the employees with dummy position IDs, reconciliation of filled posts with the departments and assigning proper position IDs to the employees besides ensuring proper system controls to process salaries of only those cases who have been assigned with proper position IDs.

PDP No. 141 (2023-24)



Chapter-2

AGRICULTURE DEPARTMENT

2.1A Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of managing agricultural education and research, establishment of experimental and demonstration farms, bringing improvements in agricultural methods including evaluating pest control, soil conservation and mechanized cultivation initiatives. The department has also been tasked with conducting research on plant varieties, soil fertility and nutrition etc. for proper resource allocation and utilization. Additionally, the department is responsible for the management of government gardens as well.

Audit Profile of Agriculture Department:

(Rs. in Million)

S. No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue / Receipts Audited FY 2023-24
1	Formations	37	3	1,249	-
2	<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP)	Nil	Nil	Nil	Nil
3	Authorities / Autonomous bodies etc. under PAO	Nil	Nil	Nil	N/A
4	Foreign Aided Projects (FAP)	2	2	9,000	N/A

2.1B Comments on budget and accounts (variance analysis)

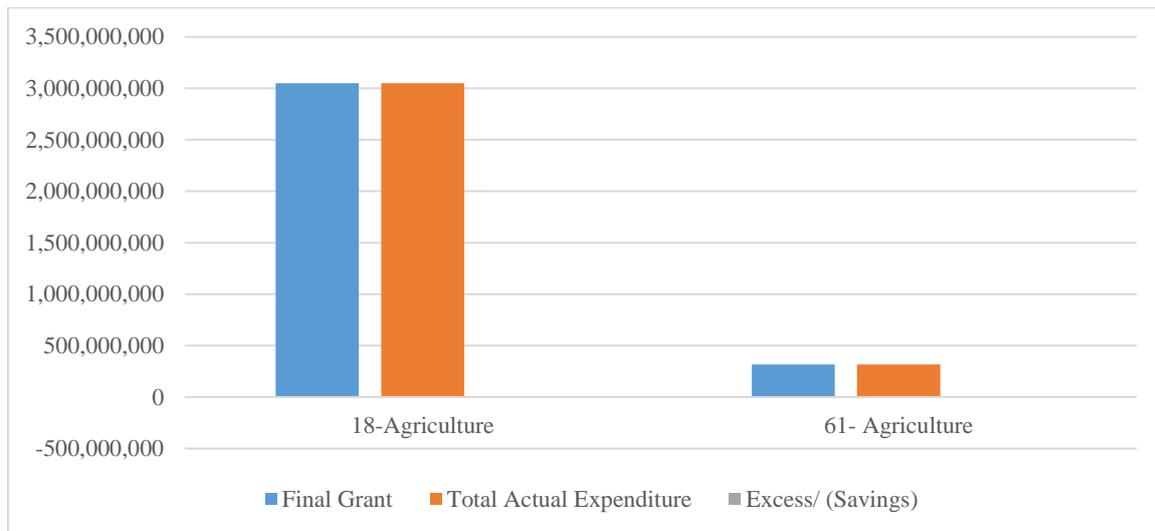
Summary of the Appropriation Accounts:

A summary of grants/appropriations and actual expenditure in the Financial Year 2023-24 is given below:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

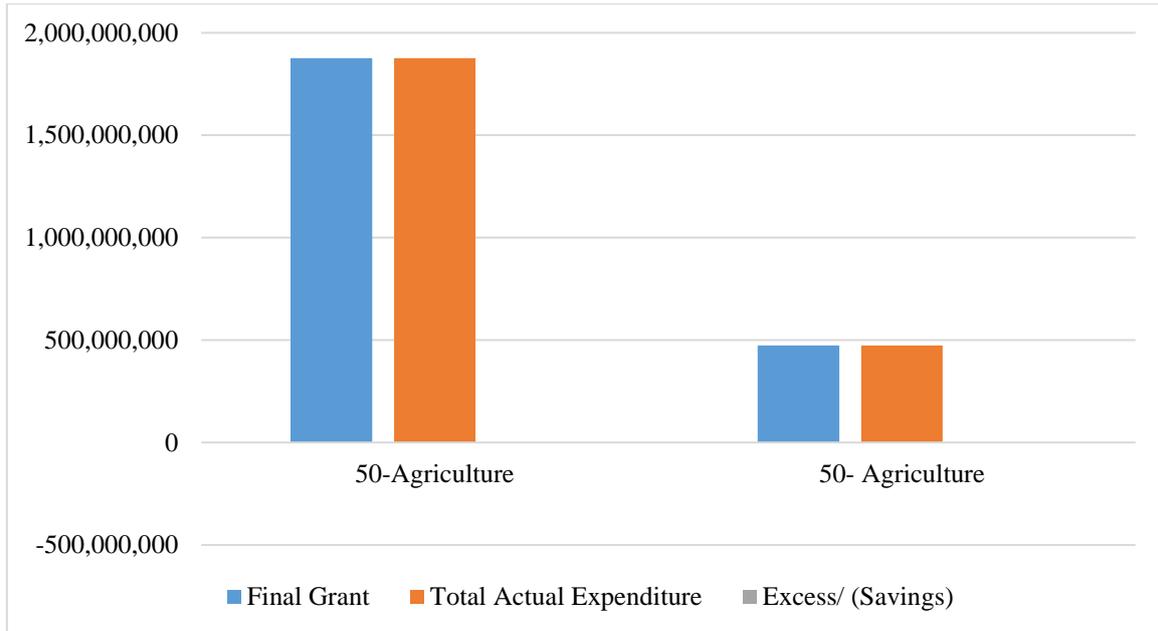
Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
18-Agriculture	NC21	3,049,594,162	3,049,568,661	(25,501)
61- Agriculture	NC21	315,412,242	315,380,416	(31,826)
Total		3,365,006,404	3,364,949,077	(57,327)



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
50-Agriculture	NC22	1,875,621,763	1,875,609,063	(12,700)
50- Agriculture	NC12	473,929,954	473,929,954	0
Total		2,349,551,717	2,349,539,017	(12,700)



2.1C Issues in Agriculture Department

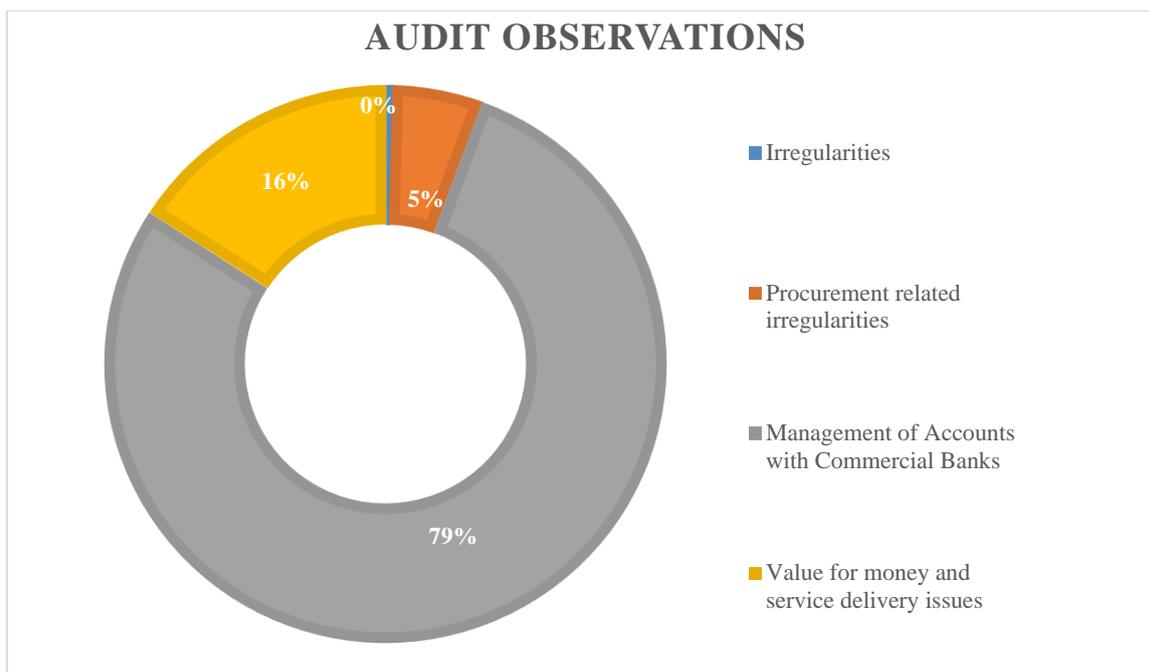
The department has retained a huge amount of unutilized funds in their bank accounts instead of surrendering the same to Finance Department. Unfair awarding of contracts and uneconomical procurement of fruit plants were made. Bank profits realized by the department were not deposited into the government kitty. Sale proceeds of wheat seeds were not recovered from the officials involved and some of the receipts realized from the sale were expended instead of depositing the same into the government treasury. The department also noticed the drawal of pay and allowances in excess of the sanctioned strength. The department could neither furnish initial management replies at the time of exit meetings nor convene DAC meetings within due course of time.

2.2 Summary of Audit Observations

Audit observations amounting to Rs. 1,101.608 million were raised in this report during the current audit of the Agriculture Department. The audit observations include recovery of Rs.174.806 million. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

		(Rs. in million)
S No.	Classification	Amount
1	Irregularities	4.548
2	Procurement related irregularities	57.051
3	Management of Accounts with Commercial Banks	865.203
4	Value for money and service delivery issues	174.806
Total		1,101.608



2.3 Brief comments on the status of compliance with PAC directives:

S No	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1	2001-02	Agriculture Department	14	14	-	-
2	2002-03	-do-	12	11	-	01
3	2003-04	-do-	06	06	-	-
4	2004-05	-do-	03	01	-	02
5	2005-06	-do-	04	03	-	01
6	2008-09	-do-	14	05	-	09
7	2009-10	-do-	32	09	-	23
8	2010-11	-do-	25	08	-	17
9	2011-12	-do-	20	08	-	12
10	2012-13	-do-	08	07	-	01
11	2013-14	-do-	12	06	-	06
12	2014-15	-do-	-	-	-	-
13	2015-16	-do-	-	-	-	-
14	2016-17	-do-	09	3	4	2
15	2017-18	-do-	-	-	-	-
16	2018-19	-do-	3	-	-	3

2.4 Audit Paras

2.4.1 Unauthorized retention of government money - Rs. 865.203 million

According to Para 290 of CTR, no money should be drawn from Treasury unless required for immediate disbursement.

During audit of the accounts of Directorate-General Agriculture (Extension) Peshawar for the Financial Year 2023-24, it was observed that a sum of Rs 865,203,354/- was drawn from the government treasury and deposited into the bank accounts as per details given below;

(Amount in Rs.)				
S. No.	Bank Name	Account No	Amount	Remarks
1	BOK	3003210706	641,896,594	1. Fertilizer Subsidy 2. Wheat Strategy 3. Covid-19
2	BOK	001507741005	223,306,760	Locust
Total			865,203,354	

Further scrutiny of the bank statement revealed that the funds were drawn from the government treasury for various purposes, out of which a huge amount remained unutilized. However, the department instead of surrendering the unutilized funds, retained the same in their bank accounts without any utilization for a long time.

Audit held that the funds were retained by the auditee without any reasons which is unauthorized and needs immediate deposit into government treasury.

The lapse occurred due to violation of central treasury rules.

The department was requested vide letter dated 17.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and fixing responsibility on the person (s) at fault besides depositing the money into the government treasury.

PDP No. 16 (2023-24)

2.4.2 Loss to the government due to non-deposit of capitalized bank profit into government treasury - Rs. 126.409 million

According to Para 3(ix) Finance Department's letter No.2/3(F/L)/FD/2019/Vol-XIII dated 03.02.2020, in case of current account, the same be converted to PLS mode and the profit earned on designated bank accounts be deposited in Government Treasury immediately except where Department/offices/Autonomous & Semi-autonomous bodies/ organization/ corporation have been specifically permitted under some statute / Act in the following heads of accounts.

CO1-Total income from property and enterprises.

CO18- Total Interest on Loan-Others.

CO1803- Interest realized on investment of cash balance.

PR5562- RCO#

During audit of the accounts of Directorate-General Agriculture (Extension) Peshawar for the Financial Year 2023-24, it was observed that an amount of Rs. 126,409,397/- was realized on account of profit from the following bank accounts, as detailed below;

(Amount in Rs.)

S. No.	Bank Name	Bank Account	Profit Amount
1	BOK	3003210706	45,900,225
2	BOK	001507741005	37,965,793
3	BOK	3005024276	16,281,675
4	BOP	ADF Account	26,261,704
Total			126,409,397

Audit held that the profit capitalized on bank accounts was required to be deposited into the Government Treasury immediately as per rule *ibid*. However, the local office retained the same in bank accounts and did not deposit it into the government treasury till the date of the audit i.e. August 2024.

The lapse occurred due to Finance Department's directives.

The department was requested vide letter dated 17.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends depositing the interest into the government treasury.

PDP No. 17 (2023-24)

2.4.3 Non-recovery of embezzled amount on account of sale of wheat seeds from the accused - Rs. 47.332 million

According to Para 23 of GFR Volume-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 or on the part of his subordinate.

During audit of the accounts of Directorate-General Agriculture (Extension) Peshawar for the Financial Year 2023-24, it was observed that an amount of Rs. 170,274,853/- was collected from the sale of wheat seeds by the Store Keeper Mr. Rasool Burki of DI Khan Store from 2017-18 to 2018-19 as per inquiry report dated 10.02.2020. Out of the total amount, Rs. 122,942,140/- were deposited into government treasury, while the balance amount of Rs. 47,332,713/- was not deposited into government treasury till the date of audit i.e. September 2024. However, no action was initiated by the local office against the official for affecting recovery.

The lapse occurred due to violation rules and regulations and weak administrative controls.

The department was requested vide letter dated 17.10.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery besides initiating disciplinary action against the officers deviating the inquiry recommendations.

PDP No. 18 (2023-24)

2.4.4 Loss to the government due to uneconomic procurement of plants and non-submission of performance security - Rs. 57.052 million

According to Section 3 of Khyber Pakhtunkhwa Public Procurement Regulatory Authority Act 2012, all public procurement shall be conducted in a manner to promote the principles transparency, economy, value for money, accountability and swift grievance handling. Read with the advertisement and agreement, 10% performance security was required to be deposited by the successful bidders within 28 days.

During audit of the accounts of Directorate-General Agriculture (Extension) Peshawar for the Financial Year 2023-24, it was observed that expenditure to the tune of Rs. 35,038,430/- was shown incurred on the purchase of fruit plants under the ADP Scheme No. 210672 Climate Resilience through Horticulture Interventions in KP. However, further scrutiny of the bid evaluation report revealed that these items were offered by other firms at lower rates which were ignored and purchases were made on higher rates from the following suppliers which resulted into loss of Rs. 18,772,520/- to the government, as detailed below;

(Amount in Rs.)

S. No.	Contractor	Lot No.	Accepted bid	Lowest bid	Difference
1	M/S Zarin Fruit Nursery Swat	2	2,530,000	2,013,000	517,000
2	M/S Haji Fruit Nursery Farm Peshawar	3	15,555,130	4,330,410	11,224,720
3	M/S Haji Nursery Farm Peshawar	5	16,953,300	9,922,500	7,030,800
Total			35,038,430	16,265,910	18,772,520

Moreover, the contracts to the below mentioned suppliers were awarded without obtaining performance securities;

(Amount in Rs.)

Lot No.	Details of plants	Contractor Name	Amount
1	Stone Fruits Plants	M/S Pakhtunkhwa Fruity Nursery Farm Swat	4,563,240
2	Pome Fruits Plants	M/S Zareen Fruity Nursery Farm Swat	2,530,000
3	Citrus Fruits Plants	M/S Haji Fruity Nursery Farm Peshawar	4,562,800
4	Minor Fruits Plants	M/S Zareen Fruity Nursery Farm Swat	20,143,750
5	Date Nursery Plants	M/S Zareen Fruity Nursery Farm Peshawar	6,480,000
Total			38,279,790

The lapse occurred due to violation of public procurement rules.

The department was requested vide letter dated 17.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiring the matter and recovery of the excess amount paid.

PDP No. 23 & 24 (2023-24)



Chapter – 3

COMMUNICATION & WORKS DEPARTMENT

3.1A Introduction

The Communication and Works Department is responsible for the development of infrastructure by construction of road, bridges and buildings and maintenance within the province. This department was established in 1903 as Public Works Department. In 1955 it was bifurcated as Building & Roads (B&R) Department and Irrigation Department. The department is a Provincial Government entity which receives budget from the Provincial Government through Finance Department. Its accounts form part of the financial statements of the Provincial Government. Secretary office is an Administrative Department of the Communication & Works in the province. The department has its subordinate offices at all the districts. The sub-ordinate offices have their own DDOs and receive their budget from the provincial government.

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of construction, equipment, maintenance, repairs and internal electrification of government buildings, roads, bridges, ferries, tunnels, rope-ways, causeways and tram-ways lines, laying standards and specifications for various types of roads and bridges for the province, road research and material testing, execution of works on behalf of other agencies / departments as Deposit Works and preparation of architectural plans / drawing of government buildings.

Audit Profile of Communication & Works Department:

(Rs. in million)

Description	Total Nos	Audited	Exp. audited FY 2023-24	Revenue / Receipts audited FY 2023-24
Formations	136	27	27,	0
<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP)	N/A	N/A	N/A	N/A
Authorities / autonomous bodies under PAO	N/A	N/A	N/A	N/A
Foreign Aided Projects (FAP)	02	02	2475	N/A

3.1B Comments on budget & accounts (variance analysis)

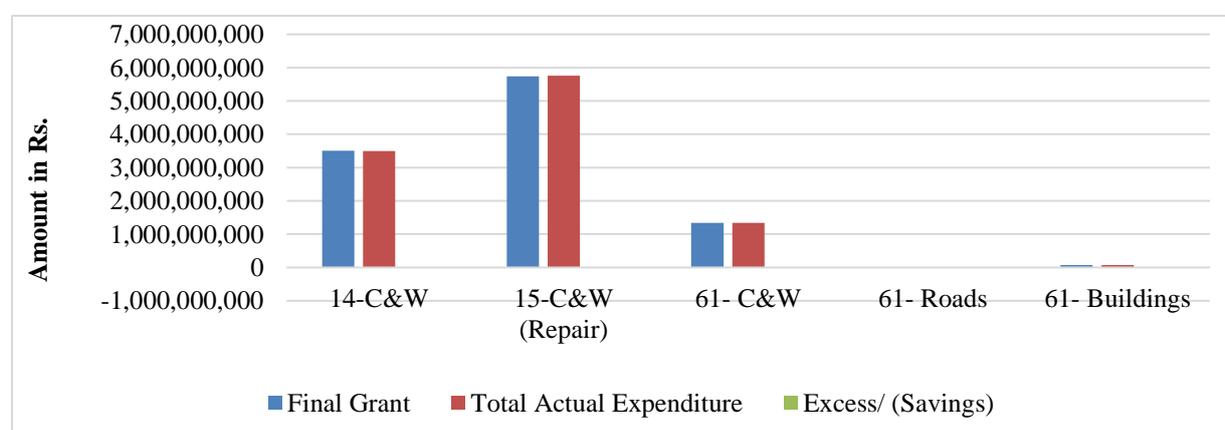
Summary of the Appropriation Accounts:

A summary of grants allocated to the Communication and Works Department and expenditure by the department in financial year 2023-24 is given below:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

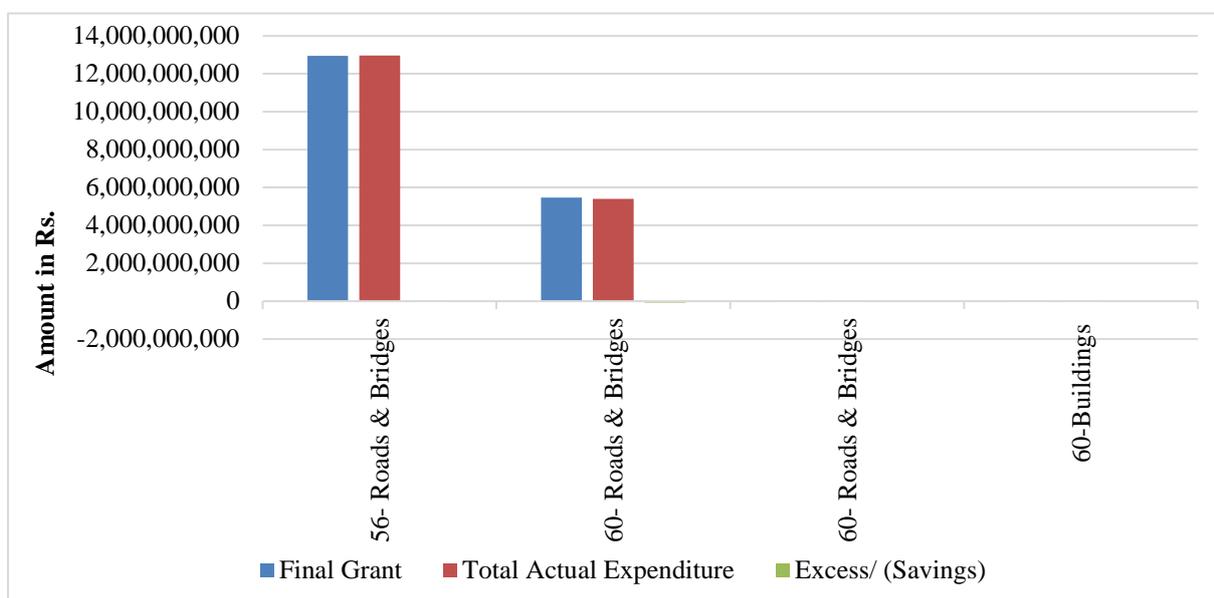
Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
14-Communication and Works	NC24	4,723,619,575	4,733,791,308	10,171,733
15-Roads, Highways, Bridges Buildings and Structures (Repair)	NC21 & 24	2,768,162,835	2,768,162,835	0
61- Communication and Works	NC21	1,586,841,650	1,586,746,700	-94,950
61- Roads, Highways and Bridges	NC21	50,515,000	50,515,000	0
61- Building and Structure	NC21	55,465,623	55,465,623	0
Total		9,184,604,683	9,194,681,466	10,076,783



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
56- Construction of Roads Highways and Bridges	NC12 & 22	12,956,817,474	12,967,580,001	10,762,527
60- Highways, Roads & Bridges	NC12	5,468,023,156	5,399,613,156	(68,410,000)
60-Buildings and Structure	NC12	3,415,345	3,415,345	0
60-Buildings and Structure	NC22	27,296,536	27,296,536	0
Total		18,455,552,511	18,397,905,038	(57,647,473)



3.1C Issues in Communication & Works Department

The major issue in the Communication & Works Department is deviation from the approved scope of work/ design which caused overpayments. Mostly, estimates of the developmental schemes executed in the tax exempted area were not reduced to defray the amount added in the MRS for taxes provisions. Many instances were noticed where contract agreement provisions were not applied to ensure completion of the projects within time nor penalties were imposed for delay. Furthermore, cases were noticed where neither MRS specifications were observed nor material tests were conducted to ascertain the quality and suitability/ unsuitability of the materials. There were no details of the head-wise figures of the departmental own receipts collected by the department.

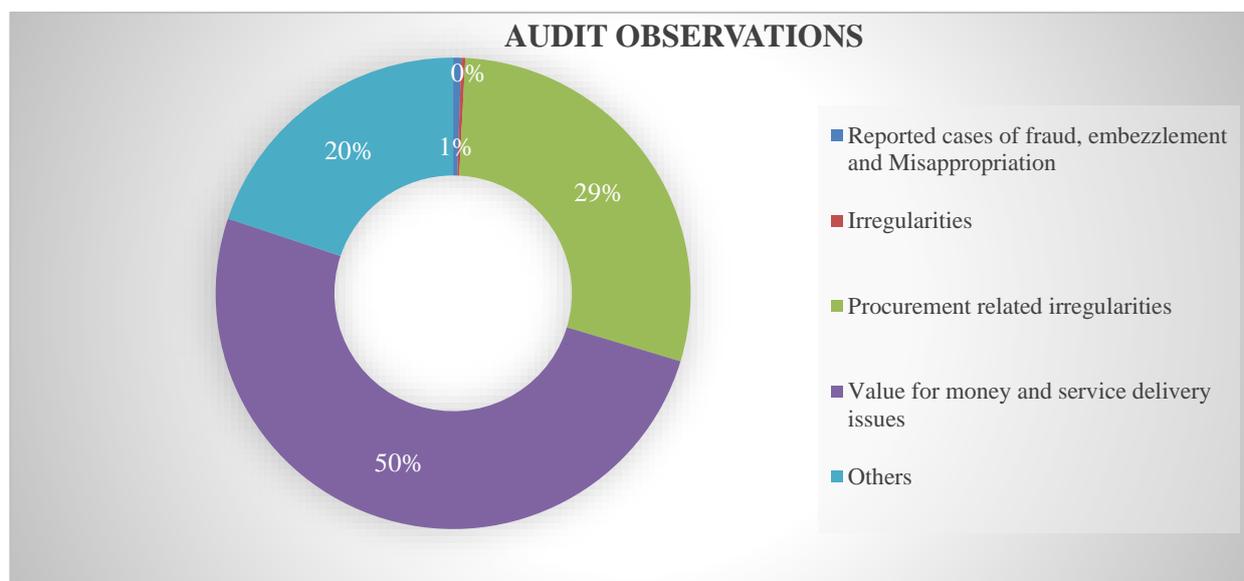
3.2 Summary of Audit Observations

Audit observations amounting to Rs. 7,636.211 million were raised in this report during the current audit of Communication & Works Department. This amount also includes recoveries of Rs. 225.867 million pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

(Rs. in million)

S. No.	Classification	Amount
1	Reported cases of fraud, embezzlement and Misappropriation	42.360
2	Irregularities	20.293
3	Procurement related irregularities	2202.322
4	Value for money and service delivery issues	3,854.266
5	Others	1,516.970
Total		7,636.211



3.3 Brief comments on the status of compliance with PAC directives

S. No.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1	2011-12	C&W	07	06	-	01
2	2012-13	-do-	10	05	-	05
3	2013-14	-do-	30	09	-	21
4	2014-15	-do-	26	20	-	06
5	2015-16	-do-	27	11	-	16
6	2016-17	-do-	17	09	-	08
7	2017-18	-do-	18	11	-	07

3.4 Audit Paras

3.4.1 Loss to the government due to retender of contract and awarding at high rate – Rs. 850.050 million

According to Section 1.2 of the World Bank Procurement Regulations for Goods, Works, Non-Consulting and Consulting Services September 2023 Edition, the Bank is required to make arrangements to ensure that the proceeds of any loan are used only for the purposes for which it was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations.

During financial attest audit of the accounts of Khyber Pakhtunkhwa Rural Accessibility Project (KPRAP) Credit No.7143-PK for the Financial Year 2023-24, it was observed that NIT-1 was floated for construction of roads in Package 01 to 04 of Lot-1 & 2. The offered financial bids against Package 03 Lot 01 were as follows;

(Rs. in million)

S. No.	Name of Bidder	Bid Price	Arithmetic Errors (+/-)	Evaluated Bid Price	Remarks
1	M/S Hakas & Prime Construction Company	2,424.110	(102.596)	2,321.513	Technically disqualified
2	M/S AKKORDPAK Construction &	3,253.128	704.965	3,958.093	Technically disqualified and non-responsive

Further scrutiny of record revealed that the lowest financial bid of Rs. 2,321.514 million offered by M/S Hakas & Prime Construction Company (JV) was not accepted and the bidder was technically disqualified despite the fact that M/S Hakas Pvt. Ltd was declared qualified and awarded different contracts valuing Rs. 9,921.843 million in various districts. The Procurement Committee recommended retendering of the contract as a result of which the same contract was awarded to M/S AHK & Sons at the contract cot of Rs. 3,126.564 million which resulted into awarding of contract at higher contract cost and thus into a loss of Rs. 805.050 million (Rs. 3,126.564 million – 2,321.514 million) to the government.

The lapse occurred due to vague technical evaluation criteria.

When pointed out in October 2024, the management replied that proper reply will be submitted after obtaining feedback from the consultants and verification of record.

The department was requested vide letter dated 13.11.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends conducting a fact-finding inquiry into the matter for fixing of responsibility against the person(s) at fault.

3.4.2 Over-payment to contractors due to non-deduction of defray cost - Rs. 365.847 million

According to Finance Department letter No. SO (Dev-II)/FD/12-6/14-5, dated 21.4.2015, all Works Department, while preparing cost estimate of Developmental projects which falls within the exempted areas, shall frame the same on MRS but with 7.5% less cost to defray the amount added in the rates analysis of all works, construction/supply items to meet WHT.

During audit of the accounts of Executive Engineers Highway Division D.I. Khan and North Waziristan for the Financial Year 2023-24, it was observed that payment of Rs.1988.366 million was made to different contractors on the basis of approved MRS rates for execution of various developmental schemes. However, neither the PC-I, TS and BOQ was reduced to the extent of 7% as required nor deduction was made at the prescribed rate from the payments which resulted into overpayment of Rs.142.741 million to the contractors. Similarly, an over-payment of Rs. 223.106 million was made to the contractors due to non-deduction of defray costs during the Financial Years 2021-22 and 2022-23 totaling to **Rs. 365.847 million (Annexure-II)**.

The lapse occurred due to weak internal controls which resulted into overpayment to the contractors.

When pointed out, the management stated that detailed reply will be submitted after scrutiny of record.

In the DAC meeting held on 14.02.2024, the matter was referred to Finance Department for opinion in the matter in case of PDP No.397/2021-22. However, no progress was intimated till finalization of this report. Moreover, the department was requested vide letters of even numbers followed by reminders dated 18.12.2024 and 31.12.2024 to hold DAC meeting in rest of the cases. However, the same was not convened till finalization of this report.

Audit recommends recovery of the overpaid amount and implementation of the DAC decision.

PDPs No. 492 & 417 (2023-24); No. 261, 278, 121 (2022-23) and No. 397 (2021-22)

3.4.3 Non-execution of work worth Rs. 646.553 million and non-forfeiture of call deposit - Rs.11.755 million

According to Clause 2 of the Acceptance of tender issued by the Chief Engineer (Center) vide CEC/GST/7-3/2849 dated 12.06.2023, the Executive Engineer. Sub Divisional Officer and Sub Engineer in charge will be responsible for the execution of the work according to the specification, approved scope of work, authenticity of the rate provided in the BOQ and adherence to the contract agreement.

According to Condition No. 3 of the Bid Security in the form of Bank Guarantee submitted by M/S Mian Ghazi Enterprises for the establishment of Government Degree College, Dora Neher Bara District Khyber, that in the event of failure of the successful bidder to execute the proposed contract agreement for such work and furnish the required Performance Security, the entire sum be paid immediately to the Procuring Entity.

During audit of accounts of Executive Engineer, C&W Building Division Khyber for the Financial Year 2023-24, it was observed that work order was placed to M/S Mian Ghazi enterprises for the execution of Establishment of Government Degree College Dora Neher Bara District Khyber vide No. 48284/9-W dated 12.6.2023 with bid cost of Rs.646.553 million against estimated cost of Rs. 587.775 million. However, scrutiny of record showed the contractor failed to execute the work till the date of audit i.e October 2024. The management was required to forfeit the CDRs of Rs. 11.755 million.

The lapse occurred due to non-adherence to rule and regulation which resulted in non-execution of work and non-forfeiture of call deposit of the contractor.

When pointed out, no reply was furnished by the management.

The department was requested vide letters of even numbers followed by reminders dated 18.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends forfeiture of the security deposit of the contractor besides fixing of responsibility.

PDP No.265 (2023-24)

3.4.4 Over-payment to contractor due to non-deduction of available material – Rs. 117.855 million

According to Section 3.2.1.1, 3.2.4 & 3.9.5.2 of the Technical Specifications 2020 for workmanship, issued by Communication & Works Department, Government of Khyber Pakhtunkhwa, materials of any kind such as shingle or hard good quality stone, obtained from excavation shall remain the property of the government. The Engineer shall decide regarding

the unsuitability of the material by conducting appropriate laboratory tests. The materials obtained from the excavations may be disposed off. Suitable excavation material may be used in raising dams, embankments, ramps, rail and road formations or refilling the voids of foundations after the erection of the structure.

During audit of the accounts of Executive Engineer, C&W Highway Division Mansehra for the Financial Year 2023-24, it was observed that the management overpaid Rs. 93.927 million to contractors by allowing full rate for different items of works instead of reduce rate due to ignoring the available stone of 190,085 m³ at site obtained from excavation in hard rock and medium hard rock respectively. The cost of stone available was not deducted from different items of works resulted in overpayment of Rs. 93.927 million to government exchequer **(Annexure-III-A)**.

It is further added that payment was made for item of work “Roadway Excavation in unsuitable hard (rock) requiring blasting instead of actual item of work provided in BOQ/X-section i.e. “Excavation in hard rock Grade 1, requiring blasting. The Grade-1 Rock obtained from cutting was required to be utilized in Random rubble masonry as per BOQ and UET report vide No. Geol/548/RC dated 30.3.202. In this report, maximum quantity of rocks was declared as hard rock which was required to be utilized in the RRM work. In addition, cutting in rock was paid without rock classification and grading on the basis of geological survey reports obtained from UET and verified cross-section of the road supported with level book and recovery schedule.

Similarly, the Executive Engineer C&W Highway Division Haripur for the Financial Year 2023-24 awarded 03 developmental schemes costing Rs. 562.465 million. The contractors were overpaid Rs. 23.927 million by allowing full rate of RRM (1:6) in foundation instead of reduced rate and ignoring the available stone at site of 17,067.89 M³ from excavation in hard rock material **(Annexure-III-B)**.

The lapse occurred due to weak internal controls which resulted in overpayment of Rs.117.855 million to the contractors.

When pointed out in August 2024, management stated that detail reply will be furnished after scrutiny of record.

The department was requested vide letters of even numbers followed by reminders dated 18.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the contractors besides fixing of responsibility.

PDP No. 165 & 183 (2023-24)

3.4.5 Inadmissible payment to the contractor on account of escalation – Rs. 45.634 million

According to the standard bidding documents for procurement of works Clause 12.4, Appendix-C read with Clause 70.1(e) “the rates and prices quoted by the bidders are subject to adjustment during the performance of contract. The procuring entity shall furnish the prescribed information for the price adjustment formula in appendix–C, to be filled by the procuring entity. If the contractor fails to complete the works within the time for completion, adjustment of prices thereafter until the date of completion of works shall be made using either the then indices relating to the prescribed time for completion, or the current indices, which is more favorable to the procuring entity, provided that if an extension is granted, the above provision shall apply only to adjustments made after the expiry of such extension of time.

During audit of the accounts of C&W Building Division Swabi for the Financial Year 2023-24, it was observed that an amount of Rs. 83.985 million was paid to the contractor on account of escalation under the scheme Up-gradation of Category-D Hospital to Category-C Hospital Swabi. However, further scrutiny of record revealed that provision for escalation in the TS was Rs. 55.451 million resulting into excess payment of Rs. 28.534 million.

Similarly, C&W Building Division Abbottabad paid an amount of Rs. 17.100 million to the contractor on account of escalation under the scheme Nursing School Abbottabad despite the fact that the contractor was already paid secured advance of Rs. 14.685 million against the same items, hence escalation payment was not admissible.

The lapse occurred due to weak internal controls which resulted into inadmissible escalation payment of Rs. 45.634 million to the contractor

When pointed out, no reply was furnished by the management.

The department was requested vide letters of even numbers followed by reminders dated 18.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the contractor besides fixing of responsibility.

PDP No. 376 & 108 (2023-24)

3.4.6 Loss to the government due to non-credit of lapsed deposits – Rs.221.587 million

According to Rule 635 of the Treasury Rules Volume-I, all balances unclaimed for more than three complete accounting years will, at the close of June in each year, be credited to the Government.

According to Para 399 of CPWA code requires that balances unclaimed for more than three complete years should be credited to government revenue.

During audit of the accounts of Executive Engineer, C&W Building and Highway Division, Abbottabad for the Financial Year 2023-24, it was observed that the management failed to credit Rs.221.587 million in favor of Government which was lying in PW Deposit-II on 30th June 2024, since 2008. The amount unclaimed for more than three complete Financial Years should have been credited into the government treasury as lapsed deposits as summarized below:

(Rs. in million)			
S. No.	Formation	Lapsed deposits	PDP No.
1	C&W Building Division Abbottabad	109.344	111/2023-24
2	C&W Highway Division Abbottabad	112.243	121/2023-24
	Total	221.587	

The lapse occurred due to non-observing the provisions of the CPWD code and weak internal controls which resulted in loss to the Government.

When pointed out, no reply was furnished by the management.

The department was requested vide letters of even numbers followed by reminders dated 18.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends to credit the unclaimed balances to the Government treasury besides fixing of responsibility.

PDP No. 111 & 121 (2023-24)

3.4.7 Loss to the government due to non-deposit of securities and non-imposition of penalty – Rs.33.824 million

According to work order issued to M/S Najeeb Ullah & Co PVT LTD for the enhancement of work “Gudar Lake Road” vide letter NO.1751/PMU/ADD/MLKD dated 06.04.2022, the extended completion time will be w-e-f 25.02.2022 to 30.06.2023. The contractor will deposit an additional amount on account of 02% earnest money and additional security as per enhanced cost of the contract as per KPPRA rules.

According to the Govt: of Khyber Pakhtunkhwa, Finance Department letter No. S.O (FR) FD/9-7/2011/ Vol-II dated 05-11-2014, the contractors while quoting their rates up to 10% below the engineer estimate/ BOQ shall deposit additional security in the shape of bank guarantees. These guarantees shall be discharged on the expiry of defect liability period of the contractor.

During audit of the accounts of Executive Engineer, C&W Division-II Matta, Swat for the Financial Year 2023-24, it was observed that contract for construction of Gudar Lake road was awarded to M/S Najeeb Ullah & Co. at the contract cost of Rs.69.351 million vide work order No. 4976/6-W dated 25.02.2020. The contractor accordingly submitted security of Rs.10.005 million on account of 2% CDR for earnest money and 8% additional security on the contract cost.

Later on, the scheme was revised to an enhanced cost of Rs.173.614 million and the contractor was under obligation to deposit the earnest money and additional security on the enhanced contract cost. However, no such securities were obtained from the contractor in violation of KPPRA Rules and terms & conditions of the acceptance of tender which resulted in short recovery of securities of Rs.7.356 million as tabulated below:

(Rs. in million)			
Particular	Securities required	Securities deposited	Short deposit
Earnest money 02% of enhanced contract cost (Rs.173.614 million)	3.472	2.001	1.471
Additional Security 08% of enhanced contract cost (173.614 million)	13.889	8.004	5.885
Total	17.361	10.005	7.356

Moreover, the project was required to be completed till 30.06.2023 however, the contractor failed to ensure completion of the project within stipulated time. Resultantly, the management should have imposed liquidated damages @ 10% of the enhanced contract cost amounting to Rs. 17.361 million (173.614x10%) but the same was not imposed despite the fact that time extension was also not granted to the contractor.

Similarly, the Executive Engineer Highway Division South Waziristan Lower for the Financial Year 2023-24 awarded the contract for the “Const: of 7 km BTR Azam Warsak to Sholam Rd” to M/s New Zam Traders Government Contractor. The contractor was paid Rs. 113.843 million till 15th running bill vide vr no. 11-HW dated 29-05-2024. However, further scrutiny of record revealed that additional security for Rs.9.107 million (Rs.113.843 million x 8%) in the shape of bank guarantees was not obtained for quoting rate of 20.20% below the engineer estimates.

The lapse occurred due to weak internal control and non-adherence to the contract agreement, work order provisions which resulted into loss of **Rs. 33.824 million** (Rs. 7.356 million + Rs. 17.361 million + Rs. 9.107 million) to the government.

When pointed out, no reply was furnished by the management.

The department was requested vide letters of even numbers followed by reminders dated 18.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of securities from the contractor besides imposing liquidated damages for the delay besides action against the persons who committed the blunder.

Note: The issue was reported earlier also in the Audit Reports for the Audit Year 2023-24 vide DP No. 5.4.13 having financial impact of Rs. 16.200 million and Audit Year 2022-23 vide DP No. 3.4.2 having financial impact of Rs. 194.464 million. Recurrence of same irregularity is a matter of serious concern.

PDP No. 35 & 159 (2023-24)

3.4.8 Overpayment to contractor due to allowing excess quantities and higher rates – Rs. 77.850 million

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

According to Technical Specifications for workmanship of C&W department KP for the Financial Year 2019, clause 3.9.4 provides that carriage of material for the construction of embankment which is considered to be included in the rate of roadway excavation or borrow excavation is 900 m (3000ft).

During audit of the accounts of XEN High Highway Division, Mansehra for the financial year 2023-24, “Construction of Access Road to Tourist Areas destination in Hazara Division SH: Shogran road (11 KM) having estimated cost of Rs. 313.751 million” was awarded to M/S Lodhi &Co. on 09.03.2020 for bid cost of Rs. 262.516 million which is 16.33% below on estimated cost (MRS 2019) with time completion of 16 months. Up to date payment of Rs. 514.985 million was made vide Voucher No.14-H dated 13.06.24.

Further scrutiny of record Pc-1/TS and paid voucher No.14-H dated 13.06.2024 revealed that local office overpaid Rs 44.576 million to the contractor due to allowing excess quantities of roadway excavation in unsuitable/surplus hard rock material requiring blasting and transportation against the quantities approved in cross section, as detailed below;

(Amount in Rs.)

Item of work	Qty required	Qty paid	Diff (Rs)	Rate	Overpayment	Cost factor @ 8%
roadway excavation in unsuitable/surplus hard rock material requiring blasting	21,706.16	25981.25	4275.09	403.92	1,726,794	1,864,937
Transportation of material	67,776.05	132160.75	64383.95	614.25	39,547,841	42,711,668
Total						44,576,605

In addition, an amount of Rs. 33.274 million was overpaid to the contractor due to allowing higher rate for transportation instead of reduced rate as per specification 3.9.4, as detailed below:

(Amount in Rs.)

Item of work	Qty paid	Rate paid	Rated required	Diff.	Overpayment	above@ 8%
Transportation of earth all types beyond 250 m up to 500 m	132,160.70	614.25	381.13	233.12	30,809,302	33,274,046
Total						33,274,046

The lapse occurred due to non-observing the project scope which resulted in overpayment to the contractor.

When pointed out, no reply was furnished by the management.

The department was requested vide letters of even numbers followed by reminders dated 18.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the contractor besides fixing of responsibility.

PDP No.170 (2023-24)

3.4.9 Doubtful payment to the contractor for excavation – Rs. 51.751 million

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

During audit of the accounts of Executive Engineer, C&W Highway Division Mansehra for the Financial Year 2023-24, it was revealed that contract for the “Construction of Data By Pass Road Mansehra” was awarded to M/S Atta Ullah Khan Tarand & brothers at a bid cost of Rs. 31.046 million. The contractor was paid Rs.51.751 million vide Vr.8-R dated 20.06.2024. Further scrutiny of record revealed that Rs.51.751 million was paid on account of excavation as summarized below;

(Amount in Rs.)

S. No.	Item	Qty	Rate	Payment
1	Roadway excavation in surplus/ unsuitable common material	149226	358.64	53518412
2	Roadway excavation in surplus/ rock hard material	18653.300	752.58	14038100
3	Roadway excavation in surplus/ medium material	18653.300	668.91	12,440,072
Total				79,996,584
Add cost factor@ 8 %				86,396,310
Below @ 40.10%				51,751,390

Scrutiny of the bills revealed that excavated earth was classified in percentages amongst the above mentioned items of work. Since rates of various types of excavation were different but no justification / reasons were given for the classification of excavated earth without conducting the requisite material lab tests. Moreover, geological survey reports were also not available to authentic rates paid

The lapse occurred due to violation of rules and weak internal controls which resulted in doubtful payment to the contractor.

When pointed out, no reply was furnished by the management.

The department was requested vide letters of even numbers followed by reminders dated 18.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the contractor besides fix into of responsibility.

PDP No.173 (2023-24)

3.4.10 Irregular e-bidding process - Rs. 144,061.360 million

According to KPPRA rules 2014, Chapter-V, rule-34, the procuring entity may decide the response time for receipts of bids or proposal for prequalification from the date of publication of an advertisement or notices, keeping in view the contract the contract complexity, and urgency, however, under no circumstance the response time shall be fifteen days for national competitive bidding and thirty days for international competitive bidding from the date of publication of advertisement.

During audit of the accounts of Secretary C&W Department Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that contracts of 3274 developmental schemes with estimated cost of Rs. 144,061.360 million were awarded through e-bidding system. The management failed to provide complete E-bidding data such as date of uploading, date of opening and closing etc. The following irregularities were noticed.

- i. The management failed to upload CDRs in single stage single envelop tendering process.
- ii. The management also failed to issue E-work order to the contractors.
- iii. In most of the schemes, BOQs were uploaded less than 15 days before expiry date of tenders. The minimum response time required to be 15 days as per KPPRA rules 2014.

The lapse occurred due to non-adherence to rules & regulations which resulted into irregular tendering process.

When pointed out, no reply was furnished by the management.

The department was requested vide letters of even numbers followed by reminders dated 18.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends conducting inquiry for fixing responsibility against the persons at fault.

PDP No.04 (2023-24)

3.4.11 Over-payment to contractors due to non-deduction of taxes – Rs. 335.893 million

According to Finance Department letter No. SO (Dev-II)/FD/12-6/14-5, dated 21.4.2015, provides that all Works Department, while preparing cost estimate of Developmental projects falls within the exempted Area, shall frame the same on MRS but with 7% less cost to defray the amount added in the rates analysis of all works, construction/supply items to meet Withholding tax.

According to Section 2(12) of the KP Finance Act 2013, Sales Tax on Services @ 2% should be recovered from the services providers.

During audit of the accounts of Executive Engineer, C&W Division South Waziristan lower for the Financial Year 2023-24, it was observed that payment of Rs. 3,732.175 million was made to various contractors on account of execution of various developmental works during the year. However, further scrutiny of record revealed that taxes at the prescribed rates were not deducted from the contractors which resulted into overpayment of Rs. 335.893 million to the contractors, as summarized below:

(Rs. in million)

S. No.	Formation	Expenditure	STS @2%	I/Tax @ 7%	Total recoverable amount	PDP No.
1	C&W Division South Waziristan	894.040	17.880	62.582	80.462	162/2023-24
2	C&W Highway Division Khyber	2838.135	56.762	198.669	255.431	143/2023-24
Total		3732.175	74.642	261.251	335.893	

The lapse occurred due to weak internal controls & financial mismanagement which resulted into overpayment to the contractors.

When pointed out, no reply was furnished by the management.

The department was requested vide letters of even numbers followed by reminders dated 18.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the contractors.

PDP No. 162 & 143(2023-24)

3.4.12 Unverified payment on account of execution of GIS/MIS system in C&W Department – Rs. 1,072.764 million

According to KP Project Implementation Policy 2022, notified by P&D Department, KP vide SO(E)P&D/3-4/PIP/2022 dated 02-12-2022, Additional Charge of Project posts of mega projects (Rs. 3 billion and above) shall not be allowed to Officers of line department. For projects less than Rs. 3 billion additional charge of project posts may be allowed to nominees of lines departments on case by case basis, for a specified period, to be determined by the committee, headed by Additional Chief Secretary P&D comprising Secretaries of Finance, Establishment and concerned Department. The additional Charge Allowance will be 100% of the running basic pay. No. additional charge will be allowed below BPS-17 in any case. In one case the project shall be run on additional charge basis for more than 6 months period.

According to Section 14 (3) of the Auditor-General of Pakistan Ordinance 2001, any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

During audit of the accounts of Secretary C&W Department for the Financial Year 2023-24, it was observed that payments of Rs.1072.764 million were made to M/S Muhammad Ibrahim Associates under ADP Scheme 180346 “Extension of existing facility of MIS/GIS Mapping & Reporting of 5000 km roads in KP for paperless environment in C&W Department”. The payments were made from C&W Highway Division Peshawar and Khyber as summarized below:

(Rs. in million)

Financial Year	Voucher # & date	Amount
2022-23	3-R-1 dt: 18/8/2023	752.400
2023-24	4-RIII dt: 14/06/2024	320.364
Total		1072.764

However, the following irregularities were observed:

- i. Since commencement of the project, the charge of the Project Director was assigned to Engr. Riaz Bangash (Executive Engineer) in addition to his own duties in violation of the Project Implementation Policy 2022 which provides that in one case the project shall be run on additional charge basis for more than 6 months period.
- ii. There was no dedicated Project Management Unit rather execution was entrusted to an Executive Engineer on an additional charge basis who kept the record in his personal custody as and where he was transferred. This led to gaps in proper documentation and oversight, as the individual already had

other responsibilities, leading to a lack of focus on the project's record-keeping.

The lapse occurred due to no-observing the provisions of the Project Implementation Policy 2022 as well as provision of the Manual of Development Projects which made un-authentic the expenditure and status of the project.

When pointed out in October 2024, no reply was furnished by the management.

The department was requested vide letters of even numbers followed by reminders dated 18.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends facts finding inquiry, fixing of responsibility and recovery of losses/ overpayment in light of inquiry findings.

PDP No.136 (2023-24)

3.4.13 Overpayment to contractor in Escalation due to incorrect base rate of steel - Rs. 91.046 million

According to Clause 13.8 (Adjustment for changes in cost) of the contract agreement executed by Provincial Roads Improvement Project C&W Department KP with M/S Ghulam Rasool & Co. for dualization of Hattar Haripur road, the amount payable to the contractor shall be adjusted for rises or falls in the cost of labour, goods and other inputs to the works, by the addition or deduction of the amounts determined by the given formula. The weightings (coefficients) for each factors of cost stated in the tables of adjustment data shall only be adjusted if they have been rendered unreasonable, unbalanced or inapplicable. "Base Date" means the date 28 days prior to the latest date for submission of the Tender.

$P_n = a + b(L_n/L_o) + c(E_n/E_o) + d(M_n/M_o)$

According to Clause 10 (b) – TORs of the consultants, the consultant shall verify the sources of indices or prices for price adjustment, determine a provisional value of an index/ reference price until it is published but if the index is not published in certain period(s) , apply the last available published value. Establish and maintain a structured system of measurement records, supporting documents and calculations for the payments that is transparent for auditing purposes. They shall provide all necessary assistance to the Employer and external auditors of all the record and responsible for any lapse if found by the audit reports.

During audit of accounts of Khyber Pakhtunkhwa Provincial Roads Improvement Project (Loan No. 3601-PAK) for the Financial Year 2023-24, it was observed that contract for the dualization of Hattar Haripur road was awarded to M/S Ghulam Rasool & Co. at the contract cost of Rs.2515.66 million vide Letter of Acceptance No. 4761/14(b)/PRIP dated

30.05.2018. The contract cost was enhanced to Rs.3521.162 million through Variation Order No. 03.

An escalation of Rs.561.627 million was paid to the contractor till IPC No. 33. The scrutiny of Escalation bill and its comparison with bulletins for base rates revealed that incorrect base rate of steel was applied as the correct base rate of steel was Rs.86,000/ton while the same was taken as Rs.75,000/ton. Scaling down the base rate of steel, scaled up the difference between base and current rates and resulted in overpayment of Rs.91.05 million to the contractor as summarized below and detailed in **Annexure-IV**.

(Amount in Rs.)	
Particulars	Amount
Escalation paid	561,626,973
Escalation due as per correct base rate of steel	470,580,143
Overpayment	91,046,830

The lapse occurred due to violating the contract provisions which not only resulted in overpayment to the contractor but also raised concerns over the role of the consultants.

The Audit observation was discussed in detail with the management in August 2024, however, it was stated that proper and detailed response will be submitted after obtaining input from the consultants being Engineer-in-charge.

The department was requested vide letters of even numbers followed by reminders dated 18.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of overpayment from the contractor besides imposing penalty on the consultants for such gross negligence.

PDP No. 176 (2023-24)

3.4.14 Loss to the Government due to non-obtaining mobilization advance guarantees and non-recovery of mobilization advances – Rs. 1240.604 million

According to Section 13.1 & 13.2 of the Standard Form of Bidding Documents for procurement of civil works, each bidder shall furnish, as part of his bid, at the option of the bidder, a Bid Security in the amount stipulated in Bidding Data in Pak. Rupees in the form of Deposit at Call / Pay Order or a Bank Guarantee issued by a Scheduled Bank in Pakistan in favour of the Procuring Entity valid for a period up to twenty eight (28) days beyond the bid validity date. The bid security of successful bidder be retained with the Procuring Entity till completion of the defect liability period and the amount of guarantee will be reduced by an equivalent amount.

According to clause-5 of the special stipulations of the conditions of contract that time for commencement was 14 days from the date of receipt of Engineering's notice to commence which shall be issued within fourteen (14) days after signing of Contract Agreement.

During audit of the accounts of Khyber Pakhtunkhwa Integrated Tourism Development Project (KITE) – C&W Component for the Financial Year 2023-24, it was observed that the project management paid a sum of Rs.874.931 million as 10% mobilization advance to the below mentioned contractor before commencement of work. However, the contractors did not furnish any bank/ mobilization guarantees for advances. Essential record like bidding documents, TS and PC-1s of all roads were also not produced to audit.

Moreover, the project management recovered advances of Rs.85.066 million even after expiry of time limit of the awarded contracts leaving huge outstanding amount of Rs.789.865 million i.e. more than 90% as mobilization advances, which needs recovery.

(Amount in Rs.)

S. No.	Name of Scheme	Name of Contractor	Mobilization Advance	Recovered	Outstanding
1	Reh: and Remodeling of Mankial road (23Km) Lot 1 & 2	M/S Aitmaad Builders & Developers	575,520,000	25,849,560	549,670,440
2	Reh: and Remodeling of Thandiani road (24.4Km) Lot 1 & 2	---do---	299,411,000	59,216,047	240,194,953
	Total		874,931,000	85,065,607	789,865,393

Similarly, Managing Director, PKHA awarded the work "Feasibility Study, Design & Construction of Kandia Road upper Kohistan (KM 0+000 to 32+000) to M/S Sultan Mahmood & Co at a bid cost of Rs.4830.289 million. The contractor was paid Rs.363.272 million vide voucher No. 316, dated 21.11.2022 (release of with-held amount of 7.50% Mobilization Advance). On further verification of record, it was revealed that the work was not started by the contractor within specified time period of 14 days as specified in special stipulation. But neither the work was rescinded, nor his bid security/call deposit/bank guarantee @ 2% amounting to Rs.88.4668 million (4423.342 x 2%) was forfeited. Moreover, the mobilization advance of Rs.362.272 million paid to the contractor was also not recovered till date of Audit.

The lapse occurred due to weak internal controls which resulted into non-obtaining of mobilization advance guarantees.

When pointed out in August 2024, the management stated that detailed reply will be submitted after scrutiny of record.

The department was requested vide letter dated 11.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of advances besides fixing of responsibility.

PDP No. 805 & 806 (2022-23) and 13 (2023-24)

3.4.15 Non-deposit of bank profit into government treasury - Rs. 78.022 million

According to Government of Khyber Pakhtunkhwa, Finance Department letter No. 2/3-(F/L)/FD/2007-08/Vol-IX dated 16-03-2018, the profit earned on the funds kept in the commercial bank, be deposited into government treasury under the relevant head immediately and not later than a week when declared by the concerned bank.

During audit of the accounts of Khyber Pakhtunkhwa Integrated Tourism Development Project (KITE) – DoT Component for the Financial Year 2023-24, it was observed that a sum of Rs.78.022 million was realized as interest on the amount deposited in designated account No. 000112781006 PLS Account (BOK). However, the same was neither deposited into government treasury nor recorded in the cash book being dormant account since last 08 months.

The lapse occurred due to weak internal controls and violation of the Finance Department directions, which resulted in huge loss to the government.

When pointed out in August 2024, the management stated that detailed reply will be submitted after scrutiny of record.

The department was requested vide letter dated 11.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends early deposit of the aforementioned amounts into the Government treasury.

PDP No. 18 (2023-24)

3.4.16 Loss to the Government due to non-supply of snow removal vehicles and non-imposition of liquidated damages – Rs. 183.119 million

According to Bid Documents and terms and conditions mentioned in Quotations, the delivery period for supply of the snow removal vehicles were 03 to 06 months from the date of signing of contract, read with GCC 27.1 of the contract agreement made between Project

Director Khyber Pakhtunkhwa Integrated Tourism and Development Project (KITE) and Rikan International dated 31.12.2022, the liquidated damages would be levied at a rate of 2% per week, culminating in a total liquidated damages amounting to 10% of the contract value.

According to Clause 16.1 of the contract agreement, an advance payment equivalent to 10% of the contract value shall be admissible.

During audit of the accounts of Khyber Pakhtunkhwa Integrated Tourism Development Project (KITE) – DoT Component for the Financial Year 2023-24, it was observed that the contract for supply of 06 No. of Snow Removal Vehicles was awarded to M/S Rikans International at the contract Price of USD 799,200. An advance payment of USD 719,280 i.e. 90% (equivalent to Rs. 160.327 million) was made to the contractor through Cheque No. 274930292 dated 19.12.2022 in contradiction to Clause 16.1 of the contract agreement. Therefore, the payment made to the contractor was unauthorized.

Scrutiny of record further revealed that the vehicles were required to be supplied within 03-06 months from the date of signing of the contract. However, the same were not supplied till date of audit i.e. August 2024. Consequently, it was established that liquidated damages amounting to Rs.22.192 million (USD 799,200 x 277.68 x 10%) were due to be recovered from the contractor which was not done.

The lapse occurred due to weak internal controls and lack of financial management which resulted into loss to the government.

When pointed out in August 2024, the management stated that detailed reply will be submitted after scrutiny of record.

The department was requested vide letter dated 11.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends imposing penalty upon the contractor and affecting recovery.

PDP No.23 (2023-24)

3.4.17 Loss to the government due to awarding of contract to the same contractor at higher rates after re-tendering - Rs.87.938 million

According to Section 3 (b) (iv) and 30 of the Khyber Pakhtunkhwa Public Procurement Rules 2014 updated till 2022 and notified by Finance Department, KP vide No. SO (FR)/FD/9-7/2010/Vol-II dated 03.02.2014, the lowest offer from the qualified bidder shall be accepted for award of the contract and will be the best evaluated bid. Each procuring entity shall plan its procurements with due consideration to transparency, economy,

efficiency and timeliness, and shall ensure equal opportunities to all prospective bidders in accordance with Section 22 of the Act.

During financial attest audit of Khyber Pakhtunkhwa Integrated Tourism Development Project (KITE) – DoT Component for the Financial Year 2023-24, it was observed that the initial advertisement for the procurement of snow removal vehicles was issued on 14.10.2020. M/S Global Technology was shortlisted and subsequently issued letter of acceptance at a contract price of USD 518,500, equivalent to Rs.82.680 million. The firm communicated their inability to provide the requisite item and requested a re-advertisement of the tender. However, the project management failed to offer the contract to the second lowest bidder i.e. M/S Rikans International at the bid cost of USD 565,675 at the risk-&-cost of the defaulter bidder along with forfeiting their CDR. Consequently, the project management re-advertised the tender on 14.10.2021 and awarded the contract to M/S Rikans International at a contract price of USD 799,200 which resulted in loss of USD 280,700 (USD 799,200 lowest bid in second tender - USD 518,500 lowest bid in the first tender).

An analysis of the procurement process revealed that if the contract had been awarded to M/S Rikans International, the second lowest bidder during the initial tender, significant cost savings amounting to Rs.87.938 million (USD 799,200 rate offered by Rikans Int. in second bidding x Rs.222.899 USD conversion) = Rs.178.141 million – (USD 565,675 rate offered in first bidding x Rs.159.46 USD conversion) = Rs. 90,202,535) could have been achieved.

The lapse occurred due to weak procurement management and extending undue benefit to the supplier which resulted in loss to government due to award of contract at higher rates.

When pointed out in August 2024, the management stated that detail reply will be submitted after scrutiny of record.

The department was requested vide letter dated 11.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends fact finding inquiry for fixing responsibility on person(s) at fault and initiate disciplinary action accordingly.

PDP No.29 (2023-24)

3.4.18 Over-payment to the contractor under drain work – Rs.6.916 million

According to Section 6.11 of the Manual for Development Projects revised edition 2019, once approved, the executing agency is required to implement the project in accordance with the PC-I provisions. It has no authority to change and modify any approved parameter of the project on its own. If the sponsoring agency feels that the project could not

be implemented in accordance with the approved parameters, a revised PC-I be submitted for approval of the competent forum immediately. No expenditure may be undertaken beyond the approved scope and cost of the project, and if done, it would be considered as illegitimate expenditure.

During audit of the accounts of Executive Engineer, C&W Division, Battagram for the Financial Year 2022-23, it was observed that contract for the Construction of Oghi Battagram road KM 14-15 and KM 1-13 drain works was awarded to M/S Muhammad Iqbal Khan Trand Govt: Contractor at the contract cost of Rs.44.33 million vide work order No. 747/1-M dated 24.09.2020. The project cost was enhanced to Rs.86.437 million through 2nd revised PC-I. A payment of Rs.80.99 million was made to the contractor till 16th running bill vide Voucher No. 18B/12.01.2023.

Scrutiny of 16th running bill and its comparison with measurement sheets of the 2nd revised PC-I revealed that PCC 1:4:8 was approved and executed in drain bed under the drain component at KM No. 1 to 13. However, while posting the quantity of the PCC 1:4:8 to the Abstract Summary, quantity executed was changed to PCC 1:2:4. This resulted in overpayment of Rs.6.916 million to the contractor as detailed below:

(Amount in Rs.)				
Rate due for PCC 1:4:8	Rate paid for PCC 1:2:4	Difference	Qty paid (M3)	Overpayment
6,359.02	8,358.28	1,999.26	3,235.545	6,468,696
Add: 8% Location Factor				517,496
Sub-total				6,986,192
Less: 1.01% contractor rebate				70,561
Net overpayment				6,915,631

The lapse occurred due to violation of the approved PC-I which resulted in overpayment to the contractor.

When pointed out in January 2024, no reply was furnished by the management.

The department was requested vide letter dated 20.02.2024, followed by a reminder letter dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends fact finding inquiry into the matter for fixing of responsibility against the persons at fault besides recovery from the contractor.

PDP No.223 (2022-23)

3.4.19 Loss to the Government due to overpayment to contractor on account of escalation – Rs.19.983 million

According to the Section C (5) of the Standard Procedure and Formula for Price Adjustment, PEC Guidelines 2009 edition, except labour and POL, if any other adjustable item(s) is not used in a particular billing period then the ratio of current date price and base date price for that particular adjustable item(s) shall be considered as one. In case the billed amount is for more than one month, the amount of the bill shall be segregated for actual work done in each month.

During audit of the accounts of Executive Engineer, C&W Division, Torghar for the Financial Year 2022-23, it was observed that contract for the Improvement, Rehabilitation and BT of Thakot Darband road (4-47 km) 44 km was awarded to M/S Mohmand Developers at the contract cost of Rs.195.314 million being 18.59% below on Engineer Estimate of Rs.239.914 million framed on MRS-2020. A payment of Rs.155.511 million was made to the contractor on account of work done till 12th running bill vide Voucher No. 8E/15.11.2022.

Scrutiny of the 12th running bill revealed that an escalation claim of Rs.30.102 million was submitted against IPC 01 to 11 which was verified & paid for Rs.24.82 million. Audit held that Secured Advance of Rs.25.26 million was paid to the contractor for supply of 313.27 Ton bitumen through IPC No.1 as such escalation payment against bitumen with 25% / 0.25 weightages to the bitumen was not admissible. The re-calculation done by the audit of escalation claim by excluding bitumen revealed that merely an escalation of Rs.4.84 million was due against labour and High Speed Diesel. The unauthorized payment of escalation against bitumen resulted in overpayment of Rs.19.98 million as summarized below and details worked out as per **Annexure-V**.

(Amount in Rs.)

Escalation Paid	Escalation Due	Overpayment
24,820,000.0	4,836,051	19,983,949

The lapse occurred due to violation of agreement clause 70.1 (e) and PEC relevant guidelines which resulted in overpayment to the contractor, causing loss to the government.

When pointed out in January 2024, no reply was furnished

The department was requested vide letter dated 20.02.2024, followed by a reminder letter dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the overpaid amount from the contractor besides fixing of responsibility against the person(s) at fault.

PDP No. 211 (2022-23)

3.4.20 Over-payment to contractor due to non-freezing of current rates in escalation on expiry of original contract period – Rs. 8.18 million

According to the standard bidding documents for procurement of works clause 12.4, Appendix-C, if the contractor fails to complete the works within the time for completion, adjustment of price thereafter until the date of completion of works shall be made using either the indices or price relating to the prescribed time for completion, or the current indices or prices, which is more favorable to the procuring entity, provided that if an extension is granted, the above provision shall apply only to adjustments made after the expiry of such extension of time.

During audit of the accounts of Executive Engineer, C&W Division, Torghar for the Financial Year 2022-23, it was observed that contract for the Improvement, Widening & BT of Thakot Darband road (64-70 km) 7 km was awarded to M/S Zahid Bashir Government contractor at the contract cost of Rs.142.56 million being 43.21% below on Engineer Estimate of Rs.251.03 million framed on MRS-2019. A payment of Rs.141.68 million was made to the contractor on account of work done & escalation till 15th running bill vide Voucher No. 25E/27.10.2022.

The scrutiny of 12th running bill revealed that an escalation of Rs.14.69 million was paid against IPC 01 to 13. The completion period of the project was 09 months i.e. till 15-04-2021. On expiry of the original contract period, the management was required to allow escalation on the frozen rates of the specified items as delay was on the contractor's part since the work was executed as Deposit Work and closing balance of Rs.66.316 million was available as unutilized balance against item No. 2/2. Contrarily, escalation was paid at the unfrozen current rates which resulted in overpayment of Rs.8.18 million as summarized below and details worked out as per **Annexure-VI**.

(Amount in Rs.)

Escalation Paid	Escalation Due	Overpayment
16,147,999	7,971,556	8,176,443

Moreover, construction schedule was not submitted by the contractors as required under Section A-3 of the PEC Guidelines.

The lapse occurred due to non-observing the rules and PEC guidelines which resulted in overpayment to the contractor, causing huge loss to the government.

When pointed out in January 2024, no reply was furnished by the management.

The department was requested vide letter dated 20.02.2024, followed by a reminder letter dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the overpaid amount from the contractor besides initiating action against the persons responsible.

PDP No. 217 (2022-23)

3.4.21 Non imposition of penalty upon contractor - Rs. 10.605 million

According to PAC directives circulated by Chief Engineer C&W No. 1832/7-E dated 04.06.2013 that 02% penalty should be imposed on estimated cost in which the Ex-Post-Facto extension in time limit.

During audit of the accounts of Executive Engineer C&W Building Division Mansehra for the Financial Year 2022-23, it was observed that various works were awarded to different contractors at the cost of Rs.530.25 million. These projects could not be completed within the stipulated time period and time extensions were also not granted well in time. The Ex-Post Facto extensions in time limits were granted by the Chief Engineer to the contractors, but 02 % penalty amounting to Rs.10.605 million (Rs.530.25 million x 2%) was not imposed as per directive of Public Accounts committee meeting.

The lapse occurred in violation of PAC directive by extending undue benefit to the contractor which resulted in non recovery of penalty, causing huge loss to the government.

When pointed out in December 2023, no reply was furnished by the management.

The department was requested vide letter dated 15.01.2024, followed by a reminder letter dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of 10.605 million from the quarter concerned besides a detailed inquiry through constitution of an independent committee to physically visit the site.

PDP No.98 (2022-23)

3.4.22 Illegal enhancement of bid costs – Rs.81.778 million

According to the Cabinet decision reflected in the letter issued by the Establishment Department vide No. SOG(E&AD)9-47/2020, dated 07-12-2020, wherein the Cabinet withdrew the decision of former Chief Minister Khyber Pakhtunkhwa and allowed all the departments to exercise powers of enhancement of contracts up-to 15% of the revised cost as per previous practice and provisions of relevant law/manuals for smooth running of Development Schemes.

During audit of the accounts of Executive Engineer C&W Highway Division Charsadda for the Financial Year 2022-23, it was observed that contract of AOM&R 2022-23

“Emergent nature of work road sector” was awarded to M/S Syed Fazle Hakeem Bacha & Co. having its bid cost Rs.7.9977 million, with 25% below, on MRS-2022. Further verification of record revealed that the Chief Engineer enhanced the bid cost from Rs.7.9977 million to Rs.30.00 million, contrary to the decision taken in the cabinet meeting wherein Head of a Department has been restricted to 15% enhancement of the bid cost.

Similarly, the Chief Engineer (South-II) D I Khan approved the technical sanction of the scheme “Beautification of main city bazar District Tank”. The contract was awarded to M/S Noor Shahz-ud-din Government Contractor at a bid cost of Rs.36.016 million. Later on the scheme was revised and enhanced to Rs.101.196 million. Audit held that the maximum permissible limit was 15 % i.e. Rs.41.418 million (Rs.36.016 million + 15%) as per KPPRA Rules 2014. The enhancement of contract beyond the permissible limit resulted in illegal contract cost enhancement of Rs.59.778 million (Rs.101.196 – Rs.41.418 million).

The lapse occurred due to non-adherence to cabinet decision and relevant General Financial Rules which resulted in illegal enhancement of bid cost for Rs.81.778 million (Rs.22.00 million + Rs.59.778 million).

When pointed out in February 2024, no reply was furnished by the management.

The department was requested vide letters dated 29.02.2024 & 08.07.2024, followed by a reminder letter dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiring the matter and fixing of responsibility on the person(s) at fault besides recovery of the amount paid in excess of contract cost.

PDP No. 335 & 936 (2022-23)

3.4.23 Loss to the Government due to non-deduction of Sales Tax on services and DPR charges – Rs.55.630 million

According to Government of Khyber Pakhtunkhwa, Finance Department Notification No.BO (Res-III) FD/2-2/2019-20/Vol-IV dated 07.09.2021, in light of the decision of Provincial Cabinet in its 39th meeting held on 21.07.2020, KPRA Sales Tax @ 2% may be included in all item codes of MRS 2021 on analogy of Income Tax already included in MRS-2021 and will be paid to KPRA as specified under Serial No. 14 of the Khyber Pakhtunkhwa Finance Act, 2021.

According to Directorate of Social Welfare Special Education and Women Empowerment Department, KPK, Peshawar letter No. DPR/Pub/PCRDP/15374-403 dated 31.10.2012, DPR fund @ Rs 2000 each per million will be deducted from the contractors/firms on execution of works and the amount will be deposited in Account No. 2626-5 National Bank of Pakistan, University Town, Peshawar

During audit of the accounts of Executive Engineer, C&W Divisions for the Financial Year 2022-23, it was observed that a sum of Rs. 2,747.215 million was paid to various contractors under different schemes based on MRS 2021 on account of construction/ rehabilitation & improvement of building & roads.

Scrutiny of record revealed that KP Sales Tax on Services @ 2% was included in all the item codes of MRS-2021, however, while making payments to the contractors, the deduction of Rs. 54.54 million (2%) on account of sales tax on services and DPR Charges for Rs 2.90 million was not made from the contractors, as summarized below;

(Rs. in million)

S. No.	Division	FY	Total Payment	2% Sales tax on services	DPR Charges @ 0.2% each per million
1	Building Division South Waziristan	2022-23	445	8.9	-
2	Highway Division South Waziristan	2022-23	2,137.215	42.74	-
3	Highway Division Orkzai	2022-23	145	2.9	2.9
Total			2,727.215	54.54	2.9

The lapse occurred due to non-compliance of government rules/ instructions which resulted in loss to the government.

When pointed out in February 2024, no reply was furnished by the management.

The department was requested vide letter dated 29.02.2024, followed by reminders dated 05.03.2024, 25.03.2024 and 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the contractors.

PDP No.265, 283 &534 (2022-23)

3.4.24 Loss to the Government due to allowing doubtful quantities on account of re-handling lead/transportation – Rs.8.021 million

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

During audit of accounts of the Executive Engineer, C&W Highway Division, South Waziristan for the Financial Year 2022-23, it was observed that contract for the construction of BT road 20 km main Barwand Osspass road tehsil Tiaarza was awarded to M/s Haq Nawaz with the bid cost of Rs 359.559 million vide work order no 1399/37–MA 27.6.2019

and later on cost enhanced to 694.383 million and allowed upto date payment of Rs 476.508 million till 37th running bill vide voucher No 5-J dt 20.4.2023.

Further scrutiny revealed that various types of excavation for a quantity of 18,697 M3 has been carried out by the contractor against which 79,932 M3 has been re-handled or dispose off through transport as summarized below:

(Amount in Rs.)

Earth work	Excavation as per bill (M3)	Rehandling as per bill (M3)	Diff (M3)	Rate	Amount
Excavation in shingle gravel formation	3320	79,932	61235	131	8,021,785
Rock excavation 50 m soft	4433				
Rock excavation dressing & disposal 50 m medium	10944				
Total	18697	79932			

The lapse occurred due to non-adherence to the provision of rule, financial mis-management and weak internal controls which resulted in loss to the Government.

When pointed out in February 2024, no reply was furnished by the management.

The department was requested vide letter dated 5.03.2024, followed by a reminder letter dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the contractor.

PDP No.276 (2022-23)

3.4.25 Over-payment to Contractor due to non-adjustment of available material at site – Rs. 33.671 million

According to Rate analysis of MRS 2020, Item No. 08-01-d-03, Random Rubber Masonry (1:6) in foundation and plinth includes 30% to 40% cost of stone. Read with rate analysis of MRS 2020, item no. 16-05-b, water bond macadam base course includes 65.43% cost of stone.

During audit of the accounts of the Executive Engineer C&W Highway Division D.I. Khan & Orakzai for the Financial Year 2022-23, it was observed that contracts of different road works were awarded to various contractors.

Further comparison of bill, MB, BOQ and PC-1 revealed that overpayment of Rs.33.671 million was made to the contractors by allowing full rate of Random Rubble Masonry for quantity of 11,455.96 M3 & 4452.75 M3 for water bound macadam, while ignoring the available stone of 204,852.31 M3 at site from road way excavation in surplus/unsuitable hard rock requiring blasting. The cost of stone available was not deducted

from the payments of Random Rubble Masonry and water bound Macadam resulting in overpayment to contractor (**Annexure-VII**).

In addition, cutting in hard rock and excavation was paid without rock classification and grading on the basis of geological survey reports and verified cross-section of the road supported with level book and recovery schedule. Technical Sanction of the scheme was not produced.

The lapse occurred due to weak financial control which resulted in overpayment to contractor and loss to public exchequer.

When pointed out in February 2024, no reply was furnished by the management.

The department was requested vide letter dated 08.03.2024, followed by reminders dated 25.03.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends details inquiry and recovery of overpayment besides fixing responsibility on the person at fault.

Note: The issue was reported earlier also in the Audit Reports for the Audit Year 2023-24 vide DP No. 5.4.3 having financial impact of Rs. 42.208 million and Audit Year 2022-23 vide DP No. 3.4.7 having financial impact of Rs. 4.503 million. Recurrence of same irregularity is a matter of serious concern.

PDP No.397 & 523 (2022-23)

3.4.26 Non transparent awarding of contracts – Rs. 1,323.78 million

According to KPPRA Rules 2014, Chapter-V, Rule-34, the procuring entity may decide the response time for receipts of bids or proposal for prequalification from the date of publication of an advertisement or notices, keeping in view the contract the contract complexity, and urgency, however, under no circumstance the response time shall be fifteen days for national competitive bidding and thirty days for international competitive bidding from the date of publication of advertisement.

According to Miscellaneous Provisions Chapter-V of KPPRA Rules 2014, any breach of these rules shall account to mis-procurement and the person responsible for such breach shall be liable to be proceeded under the relevant law.

During audit of the accounts of Executive Engineer C&W Highway Division D.I. Khan for the Financial Year 2022-23, scrutiny of record revealed that 10 No developmental Schemes were advertised by the management having estimated cost of Rs.1323.783 million on single stage two envelop basis with opening date on 15.08.2022 (**Annexure-VIII**).

The following irregularities were noticed.

- i. Tenders were not opened on the due date without assigning any cogent reason and intimation to competent authority and Director E bidding system.
- ii. The tenders were again called on 06.10.2022 without proper advertisement and in violation of KPPRA Rules (Chapter-V, Rule-34) did not provide stipulated time to bidders to offer competitive rates. (Tender expiry date on 10.10.2022).
- iii. Tender were called on single-stage-two-envelope basis but no technical evaluation was made as technical committee was not formed and approval of competent authority was not sought on e-bidding system.
- iv. The contracts were awarded to contractors on higher rates as compared to other tenders containing same nature of works. Rates ranging from 0.02% below to 9.98 % above on MRS 2022 were entered into tender register by the Sub-Divisional Officer Darazinda D.I. Khan without authorization of procurement committee.
- v. Bid shown at Serial No.1 to 10 as single bid was awarded on higher rates. In other cases quoted at Serial No.6 to 7 only 02 bidders were shown and rates were negotiated violating KPPRA Rules.
- vi. All successful bidders who were awarded contracts deposited their bids documents at the eleventh hour i.e. 12:00 noon.

The lapse occurred due to weak financial and internal controls resulting into violation of government rules, suspicious award of contracts and loss to the exchequer.

The department was requested vide letter dated 08.03.2024, followed by a reminder letter dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends details inquiry besides fixing responsibility on the person at fault.

PDP No.411 (2022-23)

3.4.27 Misappropriation of funds – Rs.1.315 million

According to Para 321 of the CPWD code, Form 27-B is intended for final payments made to a contractor. The details of additions and alterations alone should be given in the bill. For the rest, the certificates prescribed in paragraph 317 will be sufficient. As a further precaution, the contractor should be required to add to his acknowledgment in his own handwriting a statement that he has received the payment in full settlement of all demands.

During audit of the accounts of Executive Engineer, C&W Division, Torghar for the Financial Year 2022-23, it was observed that contract for the Construction of Machai Peek Chor Kalam road (08 km), Torghar was awarded to M/S Trand Construction at the contract cost of Rs.69.22 million on item rate basis vide work order No. 2391/2-M dated 29-12-2015. The contract cost of Rs.69.22 million was evaluated to be 28.67% below the Engineer

estimate. A payment of Rs.97.413 million including escalation was made to the contractor till 13th running bill vide Voucher No. 16E/21.09.2022.

Scrutiny of record revealed that security of Rs.6.690 million was released to the contractor through Hand Receipt No. 22E/25-10-2022 upon completion of the project on 23.6.2022 and 13th running bill was declared final bill. However, after final bill and release of security, another bill i.e. 14th running bill was passed for Rs.1.315 million vide Voucher No. 15E/28-02-2023. The withdrawal of funds after payment of final bill and release of security was actually misappropriation of saving amount.

The lapse occurred due to misuse of authority which resulted in embezzlement.

When pointed out in January 2024, no reply was furnished by the management.

The department was requested vide letter dated 20.02.2024, followed by a reminder letter dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiry and fixing of responsibility against the person(s) at fault besides recovery of the amount.

PDP No. 210 (2022-23)

3.4.28 Over-payment to contractor on account of incorrect soil classification percentage – Rs. 10.943 million

According to Para-221 of the CPWD Code, the Sub-divisional Officer should compare the quantities in the bill with those recorded in the measurement book and see that all the rates are correctly entered and that all calculations have been checked arithmetically.

During audit of the accounts of Executive Engineer Highway Division Bajaur for the Financial Year 2022-23, it was observed that contract of the work “Rehabilitation of Road from Arrangai to Kolala (10 KMs)” was awarded to the contractor at a bid cost of Rs.174.402 million vide work order No.271/3-M, dated 30.3.2022 to be completed up to 30.9.2023. The above contractor was paid Rs.26.656 million vide voucher No.1/N dated 13.6.2023 up to 3rd running bill.

On further comparison of the bill quantities with TS, MB No.1232, it was observed that the contractor was allowed the execution of earth work i.e. excavation in hard soil, rock excavation in soft rock, in shingle gravel and in ordinary soil amounting to Rs. 17.407 million on completion of road earth work for a quantity of 36509.56 M3 (page-35) from (RD-0+00 to 10+00 at (pages-13 to 34) and was paid to the contractor accordingly. On further verification of MB, it was disclosed that the earth excavation was again shown executed in one and the same RDs i.e. (0+000 to 2+825) in the succeeding 5th running bill record entries at (pages-63

to 78) for a quantity of 13924.24 M3 on measurement of the same RDs twice by enhancing the total earth work from 36509.56M3 to 50433.80 M3. Additional quantity of 13,924 .24 M3 amounting to Rs.24.353 million (page-82). This which resulted into an overpayment of Rs.6.144 million (Rs.24.353 million - Rs.17.407 million = Rs.6.946 million + 8% cost factor less 18.10% rebate) to the contractor concerned.

Similarly, payment of Rs.34.284 million was made to the contractor for the “Rehabilitation of Road from Haji Lawang to Pashat road SH: KM (06-10 KM)” vide voucher No.6/K2 dated 18.8.2022 up to 2nd running bill. The contractor was paid Rs.9.819 million for executing a quantity of 15625.84 M³ of Formation of embankment from borrow excavation i/c compaction by power roller at the rate of Rs.628.40/M³. On further scrutiny of MB (Page-2,3,4 & 5 for KM-6&7 and RDs 5+000 to 6+725), it was observed that 8480.41 M³ quantity of the above mentioned item was paid but again recorded on Page-12 to 23 which included the same RDs of KM 6&7 i.e. (5+000 to 9+7000). This resulted in double payment of Rs.4.799 million (8480.41 M³ x @ Rs.628.40 PM³ +10% less 18.13% rebate) due to making payment against the same RDs twice.

The lapse occurred due to weak internal controls of the management for allowing double measurement against the same RDs which resulted into overpayment of Rs.10.943 million (Rs.6.144 million + Rs.4.799 million) to the contractor.

When pointed out in March 2024, no reply was furnished by the management.

The department was requested vide letter dated 25.04.2024, followed by a reminder letter dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the contractor besides fixing of responsibility.

PDP No. 652 & 658 (2022-23)

3.4.29 Over-payment to contractor – Rs.13.166 million

According to Section 3.2.1.1, 3.2.4 & 3.9.5.2 of the Technical Specifications 2020 for workmanship, issued by Communication & Works Department, Government of Khyber Pakhtunkhwa, materials of any kind such as shingle or hard good quality stone, obtained from excavation shall remain the property of the government. The Engineer shall decide regarding the unsuitability of the material by conducting appropriate laboratory tests. The materials obtained from the excavations may be disposed off. Suitable excavation material may be used in raising dams, embankments, ramps, rail and road formations or refilling the voids of foundations after the erection of the structure.

During audit of the accounts of Executive Engineer Highway Division Bajaur for the Financial Year 2022-23, it was observed that the work “Construction & Black Topping of

roads SH: Dara to Lar Mulasaaid road (03 KM)” was awarded to the contractor at a bid cost of Rs.57.419 million vide work order No.1204/3-M, dated 24.9.2019 to be completed up to 30.6.2021. The contractor was paid Rs.51.679 million vide voucher No.2/K-2 dated 12.5.2023 up to 11th running bill.

On further comparison of the bill quantities, it was observed that the contractor was allowed the execution of an item of work i.e. Excavation in hard rock requiring blasting and disposal up to 50m Grade-II and Grade-III for a quantity of 9305.35M³ & 3232.37 M³ totaling 12537.72 M³, out of which stone for a quantity of 959.91 M³ was deducted in the bill @ Rs.1618.20 PM³ as utilized in RRM work, leaving the balance of available stone for a quantity of 11577.81M³ (12537.72M³ (-) 959.91M³) which was required to have been deducted at the prescribed rate, but neither the rate of RRM was reduced to the extent of 40% to 45% for the utilization of available stone, nor was deducted @ Rs.1618.20 for the balance stone, resulted into an overpayment of Rs.13,166,920/-(11577.81 x 1618.20+ 10% cost factor (-) 36.11% rebate) to the contractor concerned.

The lapse occurred due to weak internal controls which resulted in overpayment to the contractor.

When pointed out in March 2024, no reply was furnished by the management.

The department was requested vide letter dated 25.04.2024, followed by a reminder letter dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends enquiry for fixing of responsibility and recovery from the contractor.

PDP No. 660 (2022-23)

3.4.30 Loss to the Government due to non-recovery of rent of shops at prevailing market rate – Rs.8.114 million

According to Para 8 and 26 of the General Financial Rules Volume I, each administrative department to see that the dues of the government are correctly and promptly assessed, collected and paid into Government Treasury.

During audit of the accounts of the Managing Director, Khyber Pakhtunkhwa Highways Authority for the Financial Year 2022-23, it was observed that 147 shops of various sizes owned by the authority (in Charsadda main bazaar) have been leased out to various persons on monthly rent basis since long. Total measurement of these shops comes to 21350 sq feet. The authority was recovering a nominal average rent @ of Rs. 28.33/sqft and generating a yearly income of Rs. 7.261 million. The record of the authority revealed that

prevailing market rate in the same area was evaluated as Rs. 60 per square feet. Therefore, the authority sustained a loss of Rs. 8.114 million as summarized below:

Rate due per SFT	Rate charged per SFT	Less rate per SFT	Total area in SFT	Loss (Rs.)
60	28.33	31.67	21,350	8,113,854

The lapse occurred due to weak administrative controls which resulted in loss to the Government.

When pointed out in May 2024, no reply was furnished by the management.

The department was requested vide letter dated 01.07.2024, followed by a reminder letter dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of rent of shops according to prevailing market rate.

PDP No. 804 (2022-23)

3.4.31 Un-authorized payment on account of Asphalt Base Course & Asphalt Wearing Course – Rs. 10.085 million

According to Para 56 of the CPWD Code, a properly detailed estimate must be prepared for the sanction of competent authority, this sanction is known as the technical sanction to the estimate. It must be obtained before the construction of the work is commenced. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound, and that the estimates are accurately calculated and based on adequate data. If, subsequent to the grant of technical sanction, material structural alterations are contemplated, the orders of the original sanctioning authority should be obtained, even though no additional expenditure may be involved by the alterations.

During audit of the accounts of C&W Highway Division Abbottabad for the Financial Year 2022-23, it was observed that contract for Bypass Road from Ayub Bridge Havelian to Dhamtour at Abbottabad (18 KM) was awarded to M/S Frontier Works Organization vide letter dated 12.02.2018 at the cost of Rs.1,207.540 million. Further scrutiny of record revealed that a total quantity of 166,473.23 M² of an item of work Bituminous Prime Coat was executed by the contractor under different packages, against which a quantity of 11,720.22 M³ of ABC / AWC was required to have been executed and paid instead of 12,330.31 M³ which resulted into unauthorized payment of Rs.10.086 million as detailed below:

(Amount in Rs.)

Package	Item	Qty. Executed (M3)	Prime Coat Qty (M2)	Qty. Required (M3)	Diff. (M3)	Rate	Amount
1	2	3	4	5 (4/13.13 or 20)	6	7	8 (6X7)
Package-I	ABC	2921.67	36630.05	2789.79	131.88	16,179.92	2,133,808
Package-I	AWC	1948.91	36630.05	1831.5	117.41	18,419.50	2,162,633
Package-II	ABC	2920	36500.00	2779.89	140.11	16,179.92	2,266,969
Package-III	ABC	2336	29200.00	2223.91	112.09	16,179.92	1,813,607
Package-IV	ABC	2200.73	27509.13	2095.13	105.6	16,179.92	1,708,600
Total		12,330.31	166,473.23	11,720.22	613.09		10,085,617

Moreover, the management failed to provide details of the laboratory tests of the above-mentioned items of work, as required under Clause 9 of the Specifications – Special Provisions.

The lapse occurred due to violation of rules and regulations which resulted into unauthorized payment.

When pointed out in March 2024, no reply was furnished by the management.

The department was requested vide letter dated 01.07.2024, followed by a reminder letter dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the contractor besides fixing of responsibility.

PDP No. 856(2022-23)

3.4.32 Over-payment to contractor – Rs.3.922 million

According to Para 56 of the CPWD Code, a properly detailed estimate must be prepared for the sanction of competent authority. This sanction is known as the technical sanction to the estimate. It must be obtained before the construction of the work is commenced.

During audit of the accounts of Executive Engineer, Highway Division Bajaur for the Financial Year 2021-22, it was revealed that the work “Maintenance and Rehabilitation of 22 KMs of existing black topped road SH: Shago to Landai Road 06 KMs (from 1 to 4)” was awarded to the contractor at a bid cost of Rs.50.0592 million vide work order No.97/3-M, dated 16.1.2020 to be completed up to 30.6.2020. The contractor was paid Rs.51.977 million vide voucher No.3-N, dated 25.4.2022.

On comparison and verification of bill of quantities with the TS estimate, MB it was observed that the contractor was allowed for the execution of an item of work i.e. water bound macadam (WBM) for a quantity of 3046.37 M3 @ Rs.2517.88 M3 amounting to Rs.7.670 million. But on comparison with MB, a quantity of 1557.708 M3 (a quantity of 1244.778 M3 at MB-1191 page-96 & 125 and 312.93 M3 at page-132 of MB-1167) was also allowed to the contractor as overlay of WBM in addition to patch work in carriage-way & in trenches without any provision in the relevant PC-I and TS estimate. Therefore, the execution of WBM showing overlay in KM 1 to 4 was thus held irregular which resulted into overpayment of Rs.3.922 million (1557.708 M3 x Rs.2517.88) to the contractor.

It is pertinent to mentioned that an overlay or resurface course involves the application of approximately 2 inches of asphalt concrete to existing surface or pavement of the road to help prolong the life of the road while in the MB the Engineer concerned calculated/added the quantity of overlay in the WBM which was not justified.

The lapse occurred due to weak internal controls which resulted in overpayment to the contractor.

When pointed out in October 2022, management stated that reply will be submitted after consultation of the relevant record.

In the DAC meeting held on 07.06.2024, it was directed to conduct a fact finding inquiry by Superintending Engineer (H/Q). However, no progress was intimated till finalization of this report.

Audit recommends implementation of DAC decision.

PDP No. 138 (2021-22)

3.4.33 Loss to the Government due to application of higher rate without test reports – Rs.6.148 million

According to Para 209 and 221 of the CPW code, all the payments of the work done are based on the quantities of the work recorded in the measurement book. It is incumbent upon the person taking the measurement to record the quantities clearly and accurately. He will also work out and record in the MB the figure for the contents of the area. The SDO should compare the quantities in the bill with those recorded in the M.B. and see that all the rates are correctly entered and that all calculations, have been checked arithmetically.

During audit of the accounts of Executive Engineer, C&W Building Division, Haripur for the Financial Year 2021-22, it was observed that Rs.8.368 million was paid to M/S M. Abbasi & Sons vide Voucher No. 01-BM dated 01.06.2020 for transportation of earth for the item of work “Rock excavation dressing & disposal 50m medium rock requiring occasional blasting” for a quantity of 10068.1M3 at the unit rate of Rs.831.24/M3 in the work

“Establishment of GGSS Barkot” instead of allowing the rate of excavation in shingle gravel not requiring blast @ Rs. 220.5/M3 without having standard laboratory test report. This resulted in loss of Rs. 6.148 million (831.24 - 220.5 x 10068.1). Moreover, exact location of RDs, the execution location and the disposal place was also not known.

The lapse occurred due to weak internal controls which resulted in loss of Rs.6.148 million to the Government.

When pointed out November 2022, the management replied that detail reply will be furnished after scrutiny of record.

In the DAC meeting held on 06.06.2024, the forum directed to produce test reports which were not available. It was directed to produce the same within 15 days to Audit for verification. However, no progress was intimated till finalization of this report.

Audit recommends production of requisite test reports otherwise recovery be made.

PDP No. 227 (2021-22)

3.4.34 Loss to the Government due to non-deduction of stone cost from RRM 1:6 in foundation – Rs.28.490 million

According to Section 3.2.4, 3.9.4, 3.9.5.2 & 3.9.7 of the Technical Specifications 2020 for workmanship, C&W Department, Government of Khyber Pakhtunkhwa, all suitable material excavated within the limits and scope of the project shall be used in the most effective manner for the formation of the embankment, for widening of roadway, for backfill, or for other work included in the contract. Materials of any kind such as shingle or hard good quality stone, obtained from excavation shall remain the property of the government. The Engineer shall decide regarding the unsuitability of the material by conducting appropriate laboratory tests. Borrow material however, shall only be used when there is no suitable material available from structural excavation or roadway excavation.

During audit of the accounts of Executive Engineer, Highway Division South Waziristan for the Financial Year 2021-22, it was observed that contract for the “Const: of balance portion of Rd from Inzar Guri Khel to Ladha” was awarded to M/S International Developer Construction and paid Rs.143.215 million vide Vr. 22-J dated 22-6-2022, including an extra payment of Rs. 4.131 million paid to the contractor on account of non-deduction of stone cost as available from hard rock excavation at site. On scrutiny of the relevant record it was observed that the a quantity of 39410.07 M3 of Rock excavation in surplus material soft and hard rock material were executed as well as on the other hand in RR Masonry in foundation and super structure executed with a total quantity of 2364.82 M3 executed but the cost of a single stone was not deducted as obtained from the hard rock cutting as summarized below:

(Amount in Rs.)

RRM in Foundation	Deduction required in RRM Qty	Rate paid/M3	Rate required less cost of stone	Diff	Loss	Remarks
2364.82	2364.82	5823.02	4076.11	1746.90	4,131,104	CSR rate of RMM 1:6 includes 30% cost of stone

Similarly, accounts of the following C&W formations revealed that sufficient quantity of excavated material/ rock was available from site excavation. Accordingly, the management was required to reduce the rate of RRM, water bound to the extent of stone ratio in the items. However, the available material was not used nor its rate was adjusted which resulted in loss of Rs.24.359 million to the Government as summarized below and detailed in **Annexure-IX**.

(Rs. in million)

S. No.	Name of office	Loss	PDP No.
1	Chief Engineer (North)	13.113	114/2022-23
2	Chief Engineer (South-II) D.I Khan	11.246	937/2022-23
Total		24.359	

The lapse occurred due to weak internal controls which resulted in loss of Rs.6.148 million to the Government.

In the DAC meeting held on 13.02.2024, it was directed to conduct fact finding inquiry by Superintending Engineer, C&W Circle Bannu. However, no progress was intimated till finalization of this report. Moreover, DAC meeting in respect of Chief Engineer (North) and Chief Engineer (South-II) D.I Khan was not convened though department was requested vide letter dated 26.01.2024 for holding DAC meeting.

Audit recommends implementation of DAC decision besides recovery of losses from the person(s) at fault.

PDP No. 24 (2021-22) and No. 114 & 937 (2022-23)

3.4.35 Unjustified expenditure on the Payment of Electricity Bills of Tube Wells - Rs. 20.293 million

According to Section-3 (Chapter-3) read with Section-4 (Chapter-VIII) of the Khyber Pakhtunkhwa Residential Accommodation at Peshawar (Procedure for Allotment) Rules, 2018 “the incumbent public office holder of designated residential accommodation shall be responsible for payment of rent and all kinds of dues and utility bills during his stay, in the same manner as in the case of any other allotted residential accommodation. Utility bills of the residential accommodation shall be paid by the allottee directly to the relevant service providers for the period commencing from the date of vacation by the previous allottee”.

During audit of the accounts of the Executive Engineer, Maintenance-I Peshawar for the Financial Year 2021-22, it was observed that an expenditure of Rs.20.293 was incurred on the payment of Electricity Bills of the tube wells installed at various government colonies.

Electricity bills of the tube wells installed at the government colonies were paid out of the Maintenance-I Peshawar funds but neither any receipts were realized by PBMC from the occupants of the residential units of the colonies nor any deductions were made from their salaries on account of monthly Water Charges (Utility Charges). Hence, the expenditure of Rs.20.293 million stands unjustified.

The lapse occurred due to lack of coordination between C&W Department & Estate office and weak internal controls which resulted into non-recovery of water charges, causing loss to the Government.

In the DAC meeting held on 04.05.2023, the forum directed recovery of water charges from the inhabitant of the Government colonies. Furthermore, XEN concerned was directed to take up the matter with the Administration department regarding fixation of water charges rate within 15 days. However, no progress was intimated till finalization of this report.

Audit recommends recovery of the amount and implementation of DAC decision.

PDP No.88 (2021-22)

3.4.36 Loss to the Government due to non vacation /enhancement of rate of shops/flats - Rs.42.480 million per year (approximately)

According to Para 20 of GFR Volume-I, it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account They should accordingly arrange to obtain from their subordinates monthly accounts and returns in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statements treasury credits furnished by the Accountant General, to see that the amount, reported as collected have been duly credited in the Public Account.

During audit of the accounts of Executive Engineer, Maintenance-I, Peshawar for the Financial Year 2021-22, it was revealed that 24 Nos. Shops and 11 Nos. flats situated in Khyber Bazar, Peshawar were leased out since long. These Shops and Flats are built on 3-1/2 kanal piece of land in the commercial hub of the city i.e. Khyber Bazar, Peshawar.

Detail of shops & flats in Khyber Bazar Peshawar		
Particulars	Location	Date of Construction
24 No. shops	Khyber Bazar, Adjacent to LRH, Peshawar	1952
11 No. Flat	Khyber Bazar, Adjacent to LRH, Peshawar	1961

Audit observed that:-

- i. These shops/ flats have been Sub-let by the occupants from time to time.
- ii. A nominal rent of Rs 3.224 million was deposited with Rent Controller Cantonment Board Peshawar by Tenants on account of 22 No. shops and 11 No. flats. These

shops/ flats are located in the commercial hub of Peshawar City i.e. Khyber Bazar, where market rate is Rs.120,000/- per shop (approx.)

- iii. The total expected annual revenue from 24 shops (24 x 120000 x 12) would be Rs.34.560 million and 11 flats (11 x 60000x 12) would be Rs. 7.920 million total would comes to Rs.42.480 million @Rs.120,000/- per shop per month and @Rs.60,000/- per flat per month if applied.

The lapse occurred due to weak internal controls.

In the DAC meeting held on 04.05.2023, the forum directed to ensure complete recovery. However, no progress was intimated till finalization of this report.

Audit recommends recovery at the current market rates.

PDP No.79 (2021-22)

3.4.37 Misappropriation on account of AOM&R works –Rs. 26.108 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 to the extent to which he contributed.

During audit of the accounts of Executive Engineer, Highway Division South Waziristan for the Financial Year 2021-22, it was observed that contracts for the “Repair of Roads” under special/ordinary head were awarded to different contractors and paid Rs.26.108 million. On scrutiny of the relevant record, it was observed that in almost every bill RDs wise execution of whole work was not indicated and only two or more items of work i.e. rehandling of gravel work, base course, wearing course or other structure work were executed by the said contractors. The work was considered as doubtful and suspicious because auxiliary/complementary items of work i.e. Grooving/scarifying of the existing road, road way excavation, structure work, formation of embankment and sub base preparation including WBM etc. were not executed RDs wise by the contractor. It indicated that no actual work was carried out and the amount was misappropriated. Moreover, date of commencement, measurement and actual completion date was same in all the bills.

The lapse occurred due to weak internal controls and financial mis-management which resulted in misappropriation of AOM&R funds, causing loss to the Government.

In the DAC meeting held on 13.02.2024, it was directed to conduct a facts finding inquiry by Superintending Engineer, C&W Circle Bannu. However, no progress was intimated till finalization of this report.

Audit recommends implementation of DAC decision and recovery of the amount as well as initiating disciplinary proceedings if the facts mentioned are established.

PDP No. 25 (2021-22)

3.4.38 Loss to the Government due to non-deduction of taxes and other charges – Rs.155.710 million

According to Section 153 (1) (c) of the Income tax Ordinance 2001, 7% income tax is recoverable from the firm/person (in the case of person other than companies) rendering or providing services. Read with the updated Second Schedule of the Khyber Pakhtunkhwa Revenue Authority (KPRA) KP Finance Act, 2013 as amended through the KP Finance Act, 2021 Act, sales tax at 5% shall be charged on Services provided by persons engaged in contractual execution or performance of works including repair & maintenance.

According to Directorate of Social Welfare & Women Development Department, Peshawar letter no. PCRDP/DPR/DSW/Vol-II/7759-65 dated 04-04-2021. The deduction of DPR fund for rehabilitation of disable person be deduct @ 2000/- each per million from the bill to be paid to contractor/ firms and deposit into PCRDP Account No.(0002) 12988-1 titled secretary PCRDP Bank of Khyber University Road Peshawar "fund for rehabilitation of disable person".

During audit of the accounts of Managing Director, Khyber Pakhtunkhwa Highways Authority (PKHA) for the Financial Year 2021-22, it was observed that payments were made to various contractors but deduction of Income Tax, KPRA Services Tax and DPR charges of Rs.155.711 million was not made from the payments as summarized below:

(Amount in Rs.)		
S. No.	Type of Tax	Amount
1	Income Tax	135,553,139
2	Services Tax	16,835,976
3	DPR charges from Contractors	2,731,000
4	DPR charges from Consultants	590,492
Total		155,710,607

The lapse occurred due to weak internal and financial controls.

When pointed out in April 2023, no reply was furnished.

In the DAC meeting held on 04.06.2024, it was directed that DPR charges may be recovered and amount recovered on account of Income Tax and Services Tax be shown to Audit. However, no progress was intimated till finalization of this report.

Audit recommends implementation of DAC decision.

PDP No. 669 (2021-22)



Chapter –4

ENERGY & POWER DEPARTMENT

4.1A Introduction

The provincial government has planned to start work on gigantic energy projects to overcome shortfall of energy besides providing inexpensive electricity to consumers, industries, and agriculture sectors. Its mission is harnessing indigenous energy resources for sustainable economic growth in KP through Hydropower Generation, Oil & Gas Sector & Renewable Energy. Its objective is to look after two abundantly available natural resources in Khyber Pakhtunkhwa Hydropower and Oil & Gas (Hydrocarbons)

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of framing policies for the province regarding energy and power sector, granting and revocation of licenses to the private electric undertaking, certificates of competency to electrical supervisors and licenses to electric contractors, levying and collection of electricity duty, monitoring of tariff of PESCO vis-a-vis other DISCOs for regulation of tariff, all matters pertaining to hydel power stations located in the province, advising government on thermal, solar, wind, coal, nuclear, solar and any other kind of energy and power generation, matters relating to extension of gas by SNGPL in the province and tariff on gas / CNG / petroleum products, royalty on gas and oil and gas development surcharge, planning, designing and erection of power generation units and supply of electricity load to the

province as per its requirement, formulating, regulating and reviewing Provincial Power Policy and investigating into fatal and non-fatal accidents due to electrocution.

Audit Profile of Energy & Power Department:

(Rs. in million)

S. No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue/Receipts Audited FY 2023-24
1	Formations	06	01	121.00	0
2	<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP) 	Nil	Nil	Nil	N/A
3	Authorities / autonomous bodies etc. under PAO	1	0	Nil	N/A
4	Foreign Aided Projects (FAP)	4	4	7,036.640	N/A

4.1B Comments on budget and accounts (variance analysis)

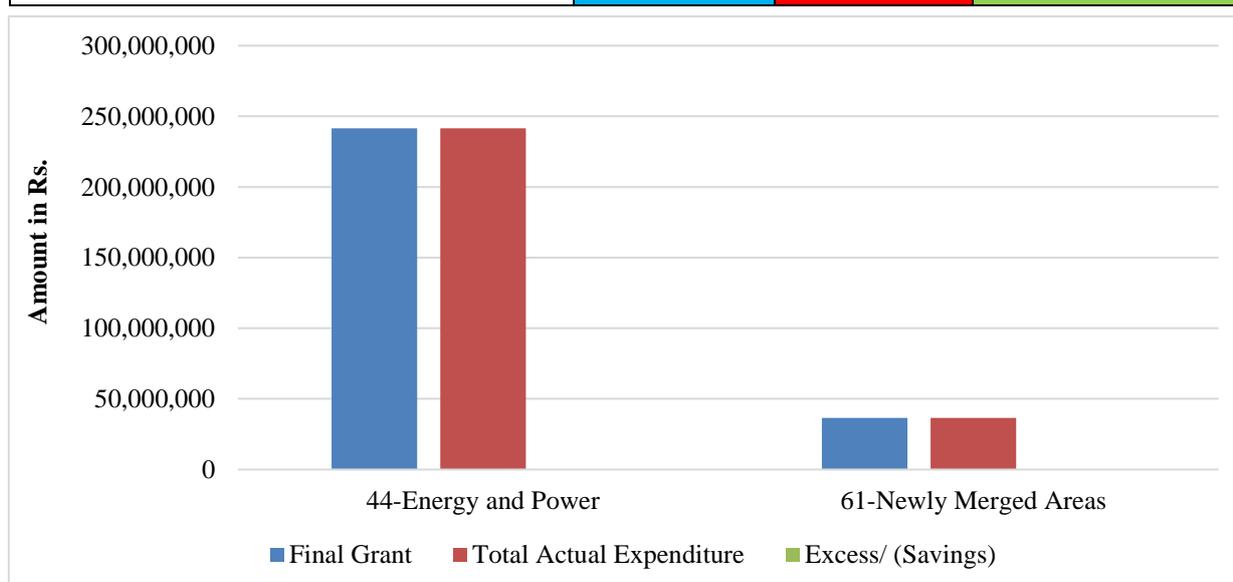
Summary of the Appropriation Accounts:

A summary of grants/appropriations and actual expenditure in Financial Year 2023-24 is given below:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
44-Energy and Power	NC21	241,420,245	241,450,615	30,370
61-Newly Merged Areas	NC21	36,505,114	36,505,114	0
Total		277,925,359	277,955,729	30,370



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
Nil	NC12/22	0	0	0
Total		0	0	0

4.1C Issues in Energy and Power Department

The department did not receive the Net Hydel Profit (NHP) and sales proceeds of the electricity sold to the federal government. Irregular and unauthorized payments on account of rent, utilities and pay & allowances were noticed in the department. There were instances of irregular appointments in PEDO. O&M contracts of the projects were awarded to contractors for which no appropriate agreements were executed with distribution companies resulting into loss to the government. Moreover, costly vehicles were purchased by the EPC contractors and handed over to the management, but instead of utilizing these vehicles for the project activities, the same was handed over to the Special Assistant, Secretary of the Department, Chief Executive Officer and other unauthorized individuals which affected the overall achievement of the projects' objectives.

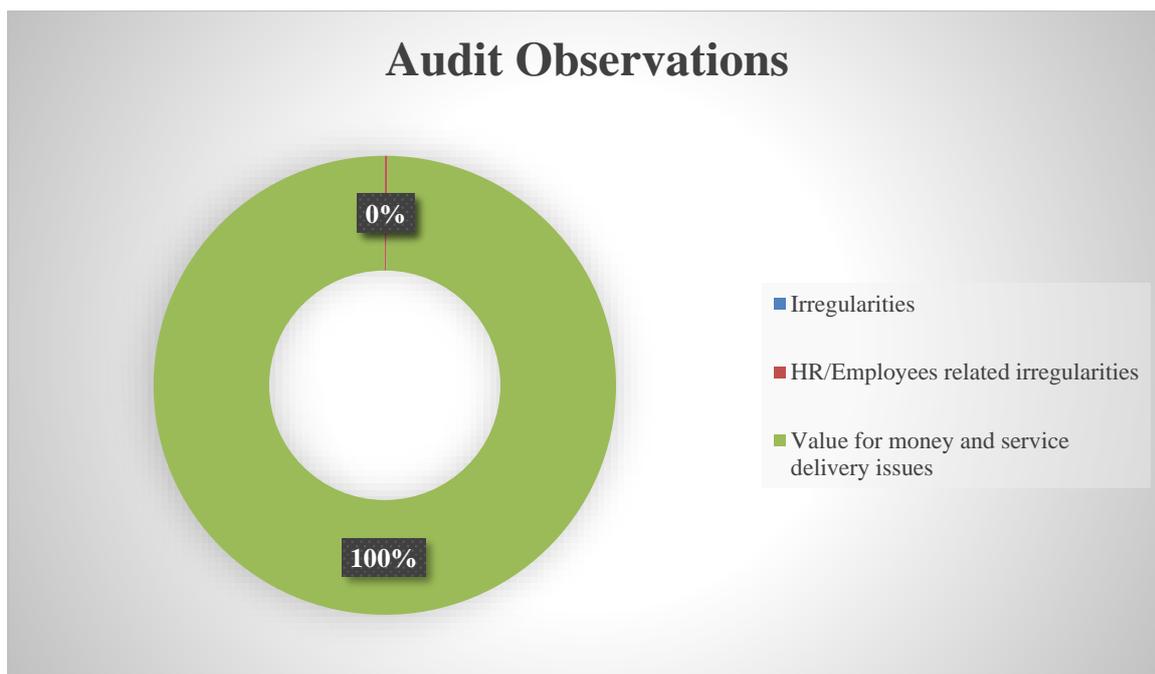
4.2 Summary of Audit Observations

Audit observations amounting to Rs. 29,005.282 million were raised in this report during the current audit of the Energy and Power Department which include recovery of Rs.469.663 Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

(Rs. in million)

S. No.	Classification	Amount
1	Irregularities	3.6
2	HR/Employees related irregularities	49.538
3	Value for money and service delivery issues	28,952.144
Total		29,005.282



4.3 Brief comments on the status of compliance with PAC directives:

S#	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2009-10	Energy & Power	05	04	-	01
2.	2010-11	-do-	02	-	-	02
3.	2011-12	-do-	09	06	-	03
4.	2012-13	-do-	01	01	-	-
5.	2013-14	-do-	01	01	-	-
6.	2014-15	-do-	13	05	-	08
7.	2015-16	-do-	Nil	-	-	-
8.	2016-17	-do-	20	6	5	9

4.4 Audit Paras

4.4.1 Loss due to non-realization of receipt on account of Net Hydel Profit – Rs. 28,400.000 million

According to Article-161(2) of the Constitution of Islamic Republic of Pakistan, the net profits earned by the Federal Government, or any undertaking established or administered by the Federal Government from the bulk generation of power at a hydro-electric station shall be paid to the province in which the hydro-electric station is situated.

During audit of the accounts of Secretary Energy & Power Department for the Financial Year 2023-24, it was observed that a sum of Rs. 36,900.000 million was outstanding against the federal government on account of Net Hydel Profit (NHP) up to June

2024, out of which an amount of Rs. 8,500.000 million was transferred to the provincial government resulting into an outstanding balance of Rs. 28,400.000 million.

The lapse occurred due to non-implementation of obligations of the Constitution of Islamic Republic of Pakistan.

When pointed out in July 2024, the department stated that detailed reply will be furnished after scrutiny of record.

The department was requested vide letter dated 03.01.2025, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends to expedite the recovery process from the Federal Government.

Note: The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide DP No. 6.4.1 having financial impact of Rs. 2,639.782 million. Recurrence of same irregularity is a matter of serious concern.

PDP No. 261 (2023-24)

4.4.2 In-admissible payment of Secretariat Performance and Special Allowance - Rs. 5.898 million

According to Government of Khyber Pakhtunkhwa Finance Department (Regulation Wing) letter No. FD(SOSR-II)8-7/2002/vol-IV dated: 6-2-2008, the Government of Khyber Pakhtunkhwa has been pleased to extend the special / Secretariat Allowance @20% of basic pay to the officers and officials (BPS1-22) of NWFP civil secretariat, chief Minister's secretariat and governor house secretariat

According to Government of Khyber Pakhtunkhwa Finance Department (Regulation Wing) notification No.FD (PRC)1-1/2014 dated 17.02.2014, the 30% Special Allowance on running basic pay is admissible to concerned employees of Civil Secretariat, Chief Minister's Secretariat, Governor's House / Secretariat Khyber Pakhtunkhwa w.e.f. 01.03.2014.

During audit of the accounts of Secretary Energy & Power Department for the Financial Year 2023-24, it was observed that a sum of Rs. 5.898 million was paid to the employees of Oil and Gas Facilitation Unit (OGFU) on account of Secretariat Performance and Special Allowance. However, further scrutiny of record revealed that the Secretariat Performance Allowance is admissible to the employees of Civil Secretariat, Chief Minister's Secretariat, Governor's House/ Secretariat Khyber Pakhtunkhwa, and not to their attached departments / projects / recently regularized projects etc. As OGFU is an attached unit of E&P Department. Hence, payment of Secretariat Performance Allowance to the OGFU employees was in-admissible.

The lapse occurred due to violation of Finance Department directives.

When pointed out in July 2024, it was replied that a detailed reply will be furnished after scrutiny of record.

The department was requested vide letter dated 03.01.2025, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the amount and depositing the same into Government treasury.

PDP No. 262 (2023-24)

4.4.3 Irregular payment on account of rent and utilities - Rs. 3.600 million

According to Clause 5.6 of the agreement, the client is responsible for provision of office and residential accommodation at site only.

During audit of the accounts of Pakhtunkhwa Energy Development Organization (PEDO) - Resident Engineer Malakand-III for the Financial Year 2022-23, it was observed that an amount of Rs. 3,000,000/- was paid to M/S Al Fajr International on account of rent of head office situated at Islamabad at the rate of Rs. 250,000/- per month. Similarly, Rs. 600,000/- were paid to the contractor on account of their utility bills.

However, further scrutiny of record revealed that there was no provision for making payment to the contractor on account of their head office expenses as the contractor was providing services to the whole of the country from their head office located at Islamabad, hence, making payment on this account was held irregular.

The lapse occurred due to violation of provision of the contract agreement.

When pointed out in November 2023, it was stated that payment has been made as per contract provision.

The reply of the department was not convincing as the client was responsible for provision of office and accommodation at site only.

The department was requested vide letter dated 16.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the amount from the contractor.

4.4.4 Loss to the government due to non-deduction of sales tax on services - Rs. 19.775 million

Accordinging Clause 5.7 of contract agreement, the operator shall be responsible for payment of all taxes and dues.

During audit of the accounts of Pakhtunkhwa Energy Development Organization (PEDO) - Resident Engineer O&M Malakand-III for the Financial Year 2022-23, it was observed that a sum of Rs. 116,328,136/- was paid to M/S Al Fajr International on account of remuneration of their staff for the services provided in the power station. However, further scrutiny of record revealed that sales tax on services at the prescribed rate of 17% amounting to Rs. 19,775,783/- (Rs. 116,328,136 X 17%) was not deducted from the payments made to the firm.

The lapse occurred due to violation of provision of the contract agreement.

When pointed out in November 2023, it was stated that Malakand region is exempted from KPRA taxes as per KPRA notification.

The reply was not convincing as KPRA exemption certificate was not provided to Audit.

The department was requested vide letter dated 16.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the amount and depositing the same into the government treasury.

4.4.5 Loss to the government due to non-recovery on account of sale of electricity - Rs. 207.100 million

According to Rule 26 of the General Financial Rules Volume 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 Pakhtunkhwa Energy Development Organization (PEDO) - Machai Hydropower Station Mardan for the Financial Year 2022-23, it was observed that electricity worth Rs. 207.100 million was sold to PESCO. However, the

management failed to recover the amount from PESCO which resulted into loss to the government.

The lapse occurred due to violation of rules and regulations.

When discussed with the department, no reply was given.

The department was requested vide letter dated 16.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the amount from PESCO.

Note: The issue was reported earlier also in the Audit Reports for the Audit Year 2023-24 vide DP No. 6.4.4 having financial impact of Rs. 1,377.093 million and Audit Year 2022-23 vide DP No. 5.4.2 having financial impact of Rs. 4,275.546 million. Recurrence of same irregularity is a matter of serious concern.

PDP No. 180 (2022-23)

4.4.6 Non-recovery of outstanding dues on account of late payment charges - Rs. 587.210 million

According to Sub-Clause 9.6 (e) of Article-IX of the Power Purchase Agreement (PPA), payments received by either party shall be applied against outstanding invoices on the first-in-first-out principle so that the invoices received that have remained outstanding the longest shall be paid first.

During audit of the accounts of Pakhtunkhwa Energy Development Organization - Malakand-III Hydro Power Complex for the Financial Year 2021-22, it was observed that an amount of Rs. 587.210 million was outstanding against CPPA-G on account of late payment charges / interest charges which has not been paid by the power purchaser till date.

The lapse occurred due to violation of provisions of the power purchase agreement.

When pointed out in March 2023, it was replied that proper mechanism is in place for payment to IPPs by the CPPA-G and payments are released according to that mechanism.

The reply was not satisfactory as outstanding dues of late payments were not recovered.

In the DAC meeting held on 21.01.2025, it was decided that the outstanding late payment surcharges may be recovered and the Para was referred to the PAC.

Audit recommends implementation of the DAC decision.

4.4.7 Non-recovery of tariff indexation on sale of electricity - Rs. 2,287.915 million

According to Clause 9.5 (iv) of Article-IX of the Power Purchase Agreement of Malakand-III Hydro Electric Power Generation Complex executed between National Transmission and Dispatch Company through CPPA-G and Sarhad Hydel Development Organization (now PEDO) on 19.01.2010, the Power Seller may submit an invoice in arrears to the Power Purchaser stated in rupees for any interest payable hereunder on amount not paid by the due date, showing the calculation of such claimed interest in reasonable detail.

During audit of the accounts of Pakhtunkhwa Energy Development Organization - Malakand-III Hydro Power Complex for the Financial Year 2021-22, it was observed that an amount of Rs. 22,287.915 million was outstanding on account of tariff indexation on account of sale of electricity through CPPA-G for the period October 2019 to June 2022. However, further scrutiny of record revealed that efforts were not made for the recovery of these long outstanding dues.

The lapse occurred due to violation of provisions of the power purchase agreement.

When pointed out in March 2023, it was replied that tariff indexation for Malakand-III has been determined by NEPRA. However, the gazette notification is pending with the Ministry of Power. The amount will be claimed after gazette notification is issued by the ministry.

In the DAC meeting held on 21.01.2025, it was decided that recovery may be made and the Para was referred to the PAC.

Audit recommends implementation of the DAC decision.

4.4.8 Unauthorized payment on account of pay and allowances due to illegal appointment of CEO-PEDO - Rs. 43.640 million

According to Clause 5(I) of SHYDO (Amendment) Act 2014, the government shall appoint the Chief Executive Officer of the Organization from amongst the persons having expertise in the field of energy and power sector on such terms and conditions as the government may determine. Read with Energy & Power Department Notification dated 25.05.2015, wherein the CEO was allowed provisional salary of Rs. 1,400,000/- per month till the settlement of terms and conditions of his contract agreement.

During audit of the accounts of Pakhtunkhwa Energy Development Organization (PEDO) for the Financial Year 2017-18, it was observed that the Chief Executive Officer – PEDO was appointed vide Energy and Power Department notification dated 18.02.2015 on contract basis for a period of three years with monthly salary of Rs. 1,400,000/-. Accordingly, an amount of Rs. 43,640,242/- was paid to the officer on account of pay and allowances and other operational expenditure during the period 23.02.2015 to 23.08.2017, as detailed below;

(Amount in Rs.)

S. No.	Particulars	Amount
1	Pay and Allowances	41,938,710
2	Expenditure of POL	845,610
3	Repair of vehicle	339,894
4	TA expenses on foreign tours	516,028
Total		43,640,242

However, further scrutiny of record revealed that no terms and conditions of his contract were decided till date of audit.

It is worth mentioning here that the Honorable Peshawar High Court Peshawar in Writ Petition filed under Article 199(1)(b)(ii) declared the appointment as illegal on 07.06.2017, accordingly the post was declared as vacant and the management was directed to fill it strictly in accordance with law.

The lapse occurred to violation of the E&P Department directives.

In the DAC meeting held on 12.12.2024, it was decided that recovery of the pointed-out amount may be made. However, no progress was intimated to Audit till finalization of this report.

Audit recommends recovery of the amount besides inquiring the matter for the irregular appointment and non-affecting recovery of the amount from the officer.

PDP No. 585 (2017-18)

4.4.9 Loss to the government due to wasteful expenditure on account of operations and maintenance of Ranolia HPP - Rs. 91.979 million

According to Rule 10 (i) of GFR Volume-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 audit of the accounts of Pakhtunkhwa Energy Development Organization (PEDO) - Ranolia Project for the Financial Year 2017-18, it was observed that the contract agreement for Operation and Maintenance of Ranolia Hydropower Project was awarded to M/S COMTECH Islamabad in the Year 2014 for a period of five years with a total cost of Rs. 251,402,025/-. Accordingly, an amount of Rs. 91,979,345/- was paid to the contractor up to

the Financial Year 2017-18. However, further scrutiny of record revealed that no proper purchase and sales agreement of power generation was entered into with PESCO and the contractor was being paid without doing anything related to the operations and maintenance.

Audit held that entering into O&M contract with the contractor valuing Rs. 251.402 million, without sales and purchase agreement being executed with the concerned distribution agency, resulted into unnecessary burden on the resources of PEDO.

The lapse occurred due to violation of general financial rules.

In the DAC meeting held on 12.12.2024, it was replied that an inquiry has been conducted and facts established regarding the wasteful expenditure. The fate of the Para may be decided by the PAC.

Audit recommends making the loss good from the person(s) at fault.

PDP No. 621 (2017-18)

4.4.10 Loss to the government due to non-deduction of income tax - Rs. 233.290 million

According to the Clause 53.1 of the Contract between PEDO and M/S GRC-JV, the contractor shall be responsible for the payment, if any is required, of all Pakistani Income Tax, Super Tax on income of arising out of the Contract, and the rates and prices stated in the price Schedule shall be deemed to cover all such taxes (copy attached)

According to Finance Act 2016, income tax @ 7.5% should be recovered from the payment made for services rendered.

During audit of the accounts of Pakhtunkhwa Energy Development Organization (PEDO) for the Financial Year 2017-18, it was observed that the contract for Design, Procurement and Construction of Gorkin-Mataltan HPP and Karora HPP was awarded to CMC-Ghulam Rasool & Company (GRC) JV and payment of Rs. 3,110.543 million was made to the firms. However, income tax at the prescribed rate of 7.5% amounting to Rs. 233,290,768/- was not deducted from the payments made to the firm, as detailed below;

S. No.	Project	IPC	Payment (Rs. in million)	Tax Amount (Amount in Rs.)
1	Gorkin-Mataltan HPP	7	2751.328	206,349,611
2	Karora HPP	21-27	359.215	26,941,156
Total			3110.543	233,290,767

The lapse occurred due to violation of contract agreement.

In the DAC meeting held on 12.12.2024, it was decided that recovery of the amount pointed out may be made from the contractors. However, no progress was intimated to Audit till finalization of this report.

Audit recommends recovery of the amount of income tax and fixing of responsibility on the persons at fault.

PDP No. 617 (2017-18)



Chapter – 5

ELEMENTARY & SECONDARY EDUCATION DEPARTMENT

5.1A Introduction

The Department of Education has been reorganized into two separate Departments w.e.f. July 2001, i.e. Elementary & Secondary Education and Higher Education, Archives and Libraries. The Elementary and Secondary Education Department is the biggest of all departments of Khyber Pakhtunkhwa. It has more than 1,87,733 employees. About 4.381 million students are learning in more than 27,514 Government institutions having more than 1,42,623 teachers.

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of primary & secondary education; regulation, registration and supervision of private schools/training institutions; management of BISEs, Text Book Board, Public Schools & Colleges/Cadet Colleges and Elementary Education Foundation; grants of scholarships/stipends to students; administration of Boys Scouts and Girls Guide Associations in Khyber Pakhtunkhwa; and administering Curriculum and Syllabus.

Audit Profile of Education Department:

(Rs. in million)

S No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue/ Receipts Audited FY 2023-24
1	Formations	12	2	7,327	Nil
2	<ul style="list-style-type: none"> Assignment Account SDA (Excluding FAP) 	Nil	Nil	Nil	N/A
3	Authorities/Autonomous bodies etc under PAO	40	8	8,211	N/A
4	Foreign Aided Projects (FAP)	N/A	N/A	N/A	N/A

5.1B Comments on budget & accounts (variance analysis)

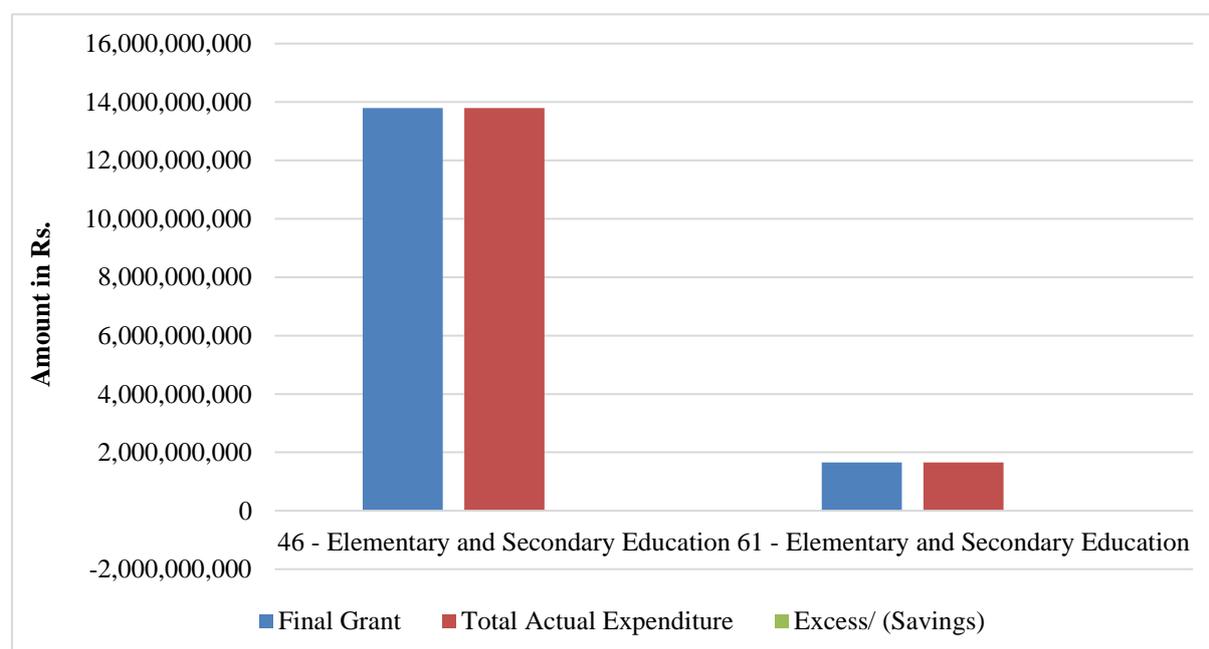
Summary of the Appropriation Accounts:

A summary of grants/appropriation of Education Department and expenditure by the department in financial year 2023-24 is given below:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

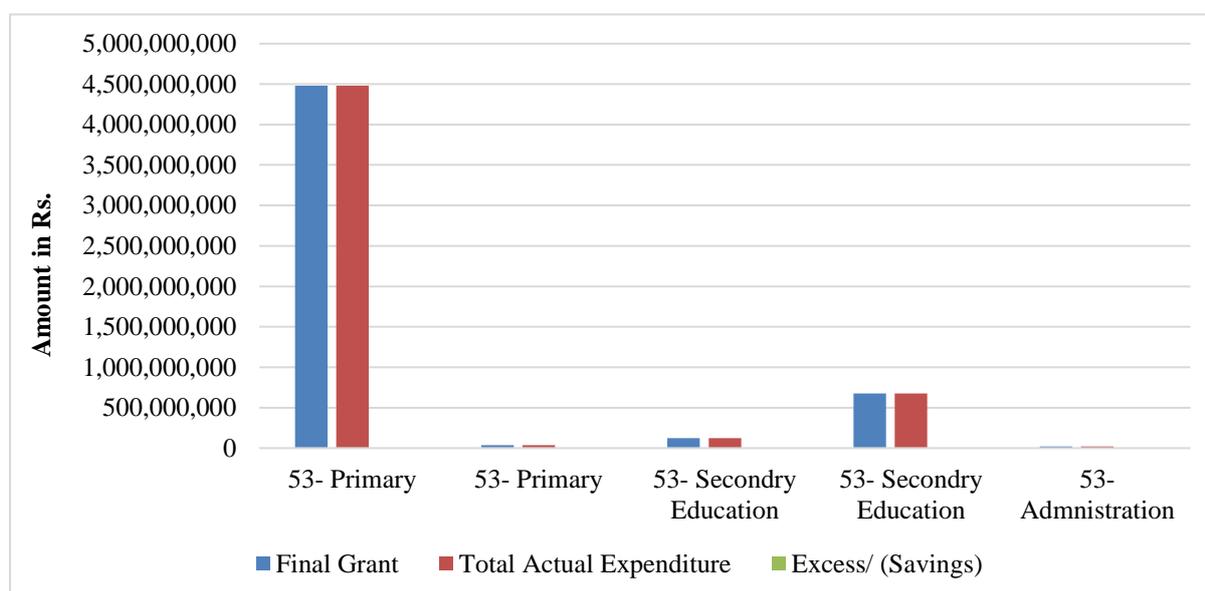
Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
46 - Elementary and Secondary Education	NC21	13,788,005,355	13,787,901,336	-104,019
61 - Elementary and Secondary Education	NC21	1,654,320,795	1,654,320,795	0
Total		15,442,326,150	15,442,222,131	-104,019



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
53- Primary	NC 12	4,482,009,902	4,482,009,902	0
53- Primary	NC 22	36,547,795	36,547,795	0
53- Secondary Education	NC 22	121,471,619	121,471,619	0
53- Secondary Education	NC 12	677,102,968	677,102,968	0
53- Administration	NC12	20,000,000	20,000,000	0
Total		5,337,132,284	5,337,132,284	0



5.1C Issues in Elementary & Secondary Education Department

There were issues in the awarding of contracts for the supply of stationery items in the department. Misappropriation on account of duplicating papers was also noticed in the boards. The chairmen of the boards were drawing executive allowance to which they were not entitled. The audit also noticed weaknesses in the assets management of the department as well.

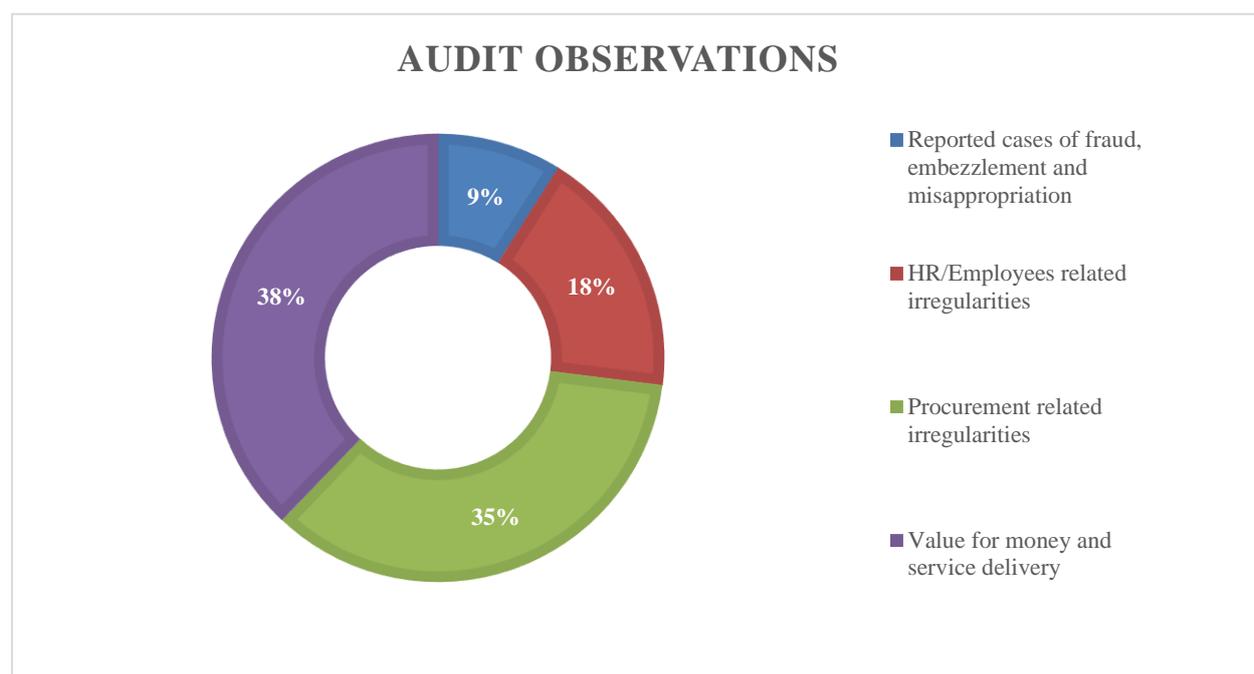
5.2 Summary of Audit Observations

Audit observations amounting to Rs 921.012 million were raised in this report during the current audit of Education Department. This amount also includes recoveries of Rs. 7.170 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

(Rs. in million)

S. No.	Classification	Amount
1	Reported cases of fraud, embezzlement and misappropriation	48.763
2	HR/Employees related irregularities	98.810
3	Procurement related irregularities	192
4	Value for money and service delivery	207.100
5	Others	374.339
Total		921.012



5.3 Brief comments on the status of compliance with PAC directives:

S. No.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2007-08	Education	10	06	-	04
2.	2008-09	-do-	06	02	-	04
3.	2009-10	-do-	11	02	-	09
4.	2010-11	-do-	33	15	-	18
5.	2011-12	-do-	13	09	-	04
6.	2012-13	-do-	10	04	-	06
7.	2013-14	-do-	19	09	-	10
8.	2014-15	-do-	31	07	-	24
9.	2015-16	-do-	32	06	-	26
10.	2016-17	-do-	66	25	-	41
11.	2017-18	-do-	-	-	-	-

12.	2018-19	-do-	6	1	-	5
13.	2019-20	-do-	7	-	-	7

5.4 Audit Paras

5.4.1 Suspected misappropriation on account of duplicating papers - Rs. 48.763 million

According to Rule 148 and 149 of the General Financial Rules Volume-I, all materials received should be examined, counted, measured or weighed as the case may be. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register. When materials are issued from stock the officer in charge of the stores should see that an indent in the prescribed form has been made. When materials are issued, a written acknowledgment should be obtained from the person to whom they are ordered to be delivered or from his duly authorized agent.

During audit of the accounts of Board of Intermediate and Secondary Education Mardan for the Financial Year 2022-23, it was observed that expenditure to the tune of Rs. 48.763 million was incurred on purchase of 32,450 reams (24,000 + 8,450) of Duplicating Paper for printing of question papers, as detailed below;

(Amount in Rs.)				
S. No.	Name of Item	Quantity	Rate	Amount
1	Duplicating Paper	8450	967.00	8,171,150
2	Duplicating Paper	24000	1695.50	40,592,000
Total				48,763,150

However, further scrutiny of record revealed that 24,000 paper were entered in a simple register by the Admin Officer on 05.02.2023, with a note that due to non-availability of space actual supply will be made after utilizing the existing stock. While the 8,450 reams were not found in any stock register. The duplicating paper was not supplied by the contractor till the date of audit i.e. 01-2024 even after lapse of 01 years.

Moreover, scrutiny of stock register revealed that 20,000 reams of paper was issued to the Controller Examination in 2020-21. However, due to COVID-19 only four (04) papers were conducted from 26-10-2020 to 17-10-2023 (03 years). A total quantity of 4,884,490 answer books were issued for examinations for which 10,000 reams of question papers were sufficient (10,000 x 500 pages per ream). As evident from the physical verification of the stock, 20,000 reams previously issued were not utilized. There was no need of purchase of such huge quantity of paper of 32,450 reams costing Rs.48.763 million in the first place as there was no demand from the end user i.e. Controller of Examination for the purchase of such a huge quantity of stationery items.

When pointed out in December 2023, it was stated that the due to shortage of storing space in the board premises the duplicating paper will be supplied by the contractor on need basis. This shows the interest of management in making hastily payments without receipt and

inspection of store, and making sure that the quality and quantity is correct, by violating the financial rules in facilitating undue benefits to the contractor and jeopardizing board interest. The making of payments on the basis of fake documentation and violation of rules makes the payment fictitious and tantamount to misappropriation of board funds with the active connivance of the contractor.

The lapse occurred due to weak administrative controls.

In the DAC meeting held on 17.10.2024, it was decided that a detailed inquiry may be conducted. However, no progress was intimated to Audit till finalization of this report.

Audit recommends detail inquiry into receipt and utilization of paper during the last five years, fixing of responsibility, disciplinary action against the officers/officials at fault besides recovery.

PDP No. 238 (2022-23)

5.4.2 Non transparent awarding of contract for supply of stationery - Rs. 192.000 million

According to Rule 379 of CTR, as a general rules payment for supplies is not permissible unless the stores have been received and surveyed.

According to Government of Khyber Pakhtunkhwa, Planning & Development Department Notification No.Chief/INF/P&D/003-02/2022/01 dated 03-01-2022, all the interested eligible bides shall deposit their Call Deposit Receipt (CDR) in the name of procuring entity five days prior to the closing date of bid submission. The procuring entity shall ensure that the bids of only those bidders be opened whose security deposit has been credited to their official account before opening of bids. In case no security deposit is credited, the bid shall be considered non-responsive and shall summarily be rejected.

Clause III of Supply Order provides that 10% security will be retained for three months up to satisfactory results of items supplied.

During audit of the accounts of Board of Intermediate and Secondary Education Mardan for the Financial Year 2022-23, it was observed that expenditure to the tune of Rs. 192.000 million was incurred on the purchase of stationery items for examinations. Scrutiny of the tenders documents and paid vouchers revealed the following discrepancies;

- A sum of Rs.70.00 million was paid to the Contractor M/S Zarpanra Printers as Advance with the condition that ex facto sanction will be obtained for advance payment, in violation Rule 379 of CTR
- Bid Security / CDR of only Rs.1.00 million was mentioned in the tender instead of 2% of bid cost which comes to Rs.5.00 million, extending undue favour to choice bidders, in violation of Rule 12 of KPPRA.

- The advertisement and bidding documents were not published/uploaded on KPPRA website in violation of Section 19 of KP Public Procurement Act 2012, limiting fair competition.
- The bank statement of the Security Account revealed that the Bid Security / CDRs of interested bidders were not credited / cleared but their bids were treated as responsive in violation of above mentioned clear instructions.
- 10% Security amounting to Rs.19.20 million as required under Clause-III of the supply order was not retained for three months after the successful completion of supply.

From the above facts is evident that the contractor was facilitated and extended undue favor throughout the procuring process which negates the essence of transparency and clear violation of fair competition, for the reasons best known to the management.

In the DAC meeting held on 17.10.2024, it was decided that record regarding utilization of stationery items costing Rs. 128.483 million may be provided to Audit for verification. However, no progress was intimated till finalization of this report.

Audit recommends investigation, fixing of responsibility and remedial action under intimation to audit.

PDP No. 237 (2022-23)

5.4.3 Non-recovery on account of executive allowance from the Board Chairmen - Rs. 7.170 million

According to the SO (Boards & Trg) - Elementary and Secondary Education Department letter No.SO(B&T)E&SE/10-1/All BISEs/KP/Vol-II dated 30.12.2023, Executive Allowance against the post of Chairman is not authorized under rules and therefore the amount of executive allowance may be recovered from the officers.

During audit of the accounts of Board of Intermediate & Secondary Education Mardan for the Financial Year 2022-23, it was observed that an amount of Rs. 7.170 million was paid to the following officers on account of Executive Allowance, in violation of the instructions *ibid*, as detailed below;

(Amount in Rs.)

Name	Executive Allowance	Period
Mr. Imtiaz Ayub	4,605,990	Dec 2019 to Sep 2022
Mr. Farid Khattak	2,567,475	Oct 2022 to Dec 2023
Total	7,173,465	

The lapse occurred due to violation of the administrative department directives.

In the DAC meeting held on 17.10.2024, it was decided that clarification may be obtained from Establishment Department or recovery be made and shown to Audit. However, no progress was intimated to Audit till finalization of this report.

Audit recommends recovery of the amount from the officers.

PDP No. 248 (2022-23)

5.4.4 Non-recovery of tablet PCs - Rs. 374.339 million

According to Rule 159 of the General Financial Rules Volume-I, physical verification of all stores should be made at least once in every year under rules prescribed by competent authority.

During audit of the accounts of Directorate of Professional Development Khyber Pakhtunkhwa for the Financial Year 2022-23, it was observed that the Elementary & Secondary Education Department vide office order dated 27.04.2022 constituted a committee for physical verification of 15,000 numbers of Tablet PCs costing Rs. 424,710,000/- distributed among the newly recruited teachers through DEOs (M&F) concerned for Induction Training Program.

However, further scrutiny of record revealed that despite repeated requests, only 1779 Tablet PCs were returned to the directorate and fate of the remaining PCs was not known. Out of 1779 PCs received, 79 PCs were non-functional and accessories like SD Cards, Charger, Ear Phone and Folio Cover etc. were missing.

The non-recovery of the remaining 13,221 PCs costing Rs. 374.339 million (Rs. 28,314 per PC) caused huge loss to public exchequer on one side and the expenditure on the purchase of more PCs for the same purpose is an extra burden on provincial exchequer.

The lapse occurred due to weak administrative controls.

In the DAC meeting held on 23.05.2024, it was decided that complete recovery of all the tablet PCs may be made and the project's latest status be shared with Audit. However, no progress was intimated to Audit till finalization of this report.

In the verification of record carried out, it was decided that recovery of tablets may be made besides taking disciplinary action against the delinquents for exhibiting laxity and negligence in recovery of the precious public assets worth Rs. 374.339 million.

Audit recommends implementation of the DAC decision.

PDP No. 156 (2022-23)

5.4.5 Irregular expenditure on account of supply & installation of signboards - Rs. 1.998 million
Less deduction of Income Tax - Rs. 59,925/

According to the Khyber Pakhtunkhwa Public Procurement Rules 2014, expenditure exceeding Rs. 300,000/- should be advertised in the press for economical rates.

According to Section 153(1) of the Income Tax Act, the rate of 75% shall be deducted from the payments made to the contractors for the Yew 20

During Special Audit of the Khyber Pakhtunkhwa Merged Districts Program - Naway Wraz financed by DFID, it was observed that a sum of Rs. 1.998 million was paid to My Shah Brother & Co. on account of supply & installation of signboards in various di hospitals. The expenditure was irregular on the grounds that no open tender system was adopted for obtaining the economical rates, as detailed below;

It was further observed that the Income Tax was deducted from the contractor's bills at the rate of 4.5%, instead of 7.5%, which resulted into a loss of Rs. 59,925/-

The lapse occurred due to violation of the public procurement rules.

When pointed out in June 2021, the management replied that proper approval from the UNICEF was obtained for supply & installation of signboards and that Income Tax will be recovered from the contractor and shown to Audit.

The reply was not convincing as no open tendering system was adopted to obtain the economical rates.

In the DAC meeting held on 03.02.2025, it was decided that the Para may be referred to the PAC.

Audit recommends recovery, besides regularization of the irregularity.

PDP No. 264 (2019-20)

5.4.6 Loss due to procurement of incompatible smart phones - Rs. 12.301 million

According to Para 20 of the General Financial Rules Volume-I, any loss of public money or other property held on behalf of government caused by defalcation otherwise should immediately be reported to higher ups.

During Performance Audit of the Project Director Independent Monitoring Unit (IMU) of E&SE Department, it was noticed that the local office incurred a sum of Rs. 12.301 million on the purchase of 520 Nos of smart phones from M/s Telenor Pakistan on 08-03-

2014 and payment made vide Ch. No. 206751 dated 27-03-2014. After lapse of two year, the local IT staff declared the said smart phones as out dated due to software incompatibility with the monitoring application (software) developed locally Since then the said smart phones lying on the ante. This indicates that the procurement was made without considering the need and requirement of the project. On one hand the project funds were wastefully incurred which resulted in loss to the project While on the other hand the activity for which procurement was made badly suffered.

Audit is of the view that main cause behind the loss and procurement of incompatible mobile phone occurred due to violation of General Financial Rules.

When pointed out in November 2019, the management replied that detail reply would be given after consulting the relevant record.

The department was requested vide management letter followed by a reminder dated 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiring the matter for fixing of responsibility against the persons at fault.

PAR Para No. 4.3.3 (AY 2019-20)



Chapter – 6

CLIMATE CHANGE, ENVIRONMENT, FORESTRY & WILDLIFE DEPARTMENT

6.1A Introduction

The Climate Change Forestry, Environment & Wildlife Department is striving to improve the Forest, Environment, and Wildlife through development & application of innovative technologies in Forest, Environment and Wildlife and efficient management of natural resources through institutional arrangements in the province.

The department is involved in provision of a better and improved environment to the citizens of the province, through protection, conservation, and rehabilitation measures as well as prevention and control of population and promotion of sustainable development. Its beneficiaries are general public and the ecological system of the province.

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of environmental protection and energy conservation; forest settlement; re-forestation, range management, erosion, denudation, cooperatives in Guzara forests, ecology and environmental factors, watershed management, applied research in forestry and forest training; protection, preservation, conservation and management of wildlife, habitat improvement, conservation education and training, applied research on wildlife and its habitat, sericulture, establishment of mulberry nurseries, distribution of mulberry saplings, its plantation and cultivation, import of hybrid silk worm eggs and its isolation, production,

hybridization, distribution, etc. of silk worm eggs, training of farmers and members of staff in the art of sericulture, control of silk worm diseases, control of mulberry diseases and insect pests, production of silk yarn, purchase of cocoons from farmers, development and expansion of sericulture and improvement of socio-economic condition of farmers.

Audit Profile of Environment Department:

(Rs. in million)

S. No.	Description	Total Nos	Audited	Exp audited FY 2023-24	Receipts audited FY 2023-24
1	Formations	102	4	304.99	0
2	<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP)	Nil	Nil	Nil	N/A
3	Authorities / autonomous bodies etc. under PAO	2	Nil	Nil	N/A
4	Foreign Aided Projects (FAP)	1	Nil	Nil	N/A

6.1B Comments on budget and accounts (variance analysis)

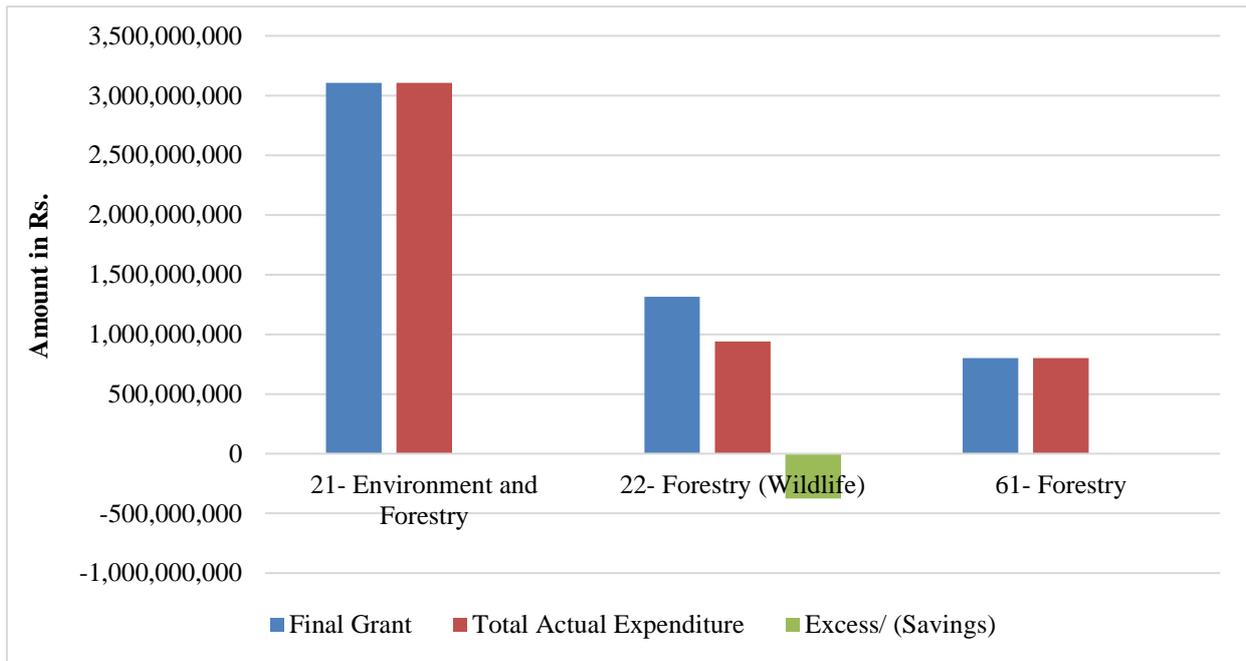
Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2023-24 against the total of grants/appropriation was as follows:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

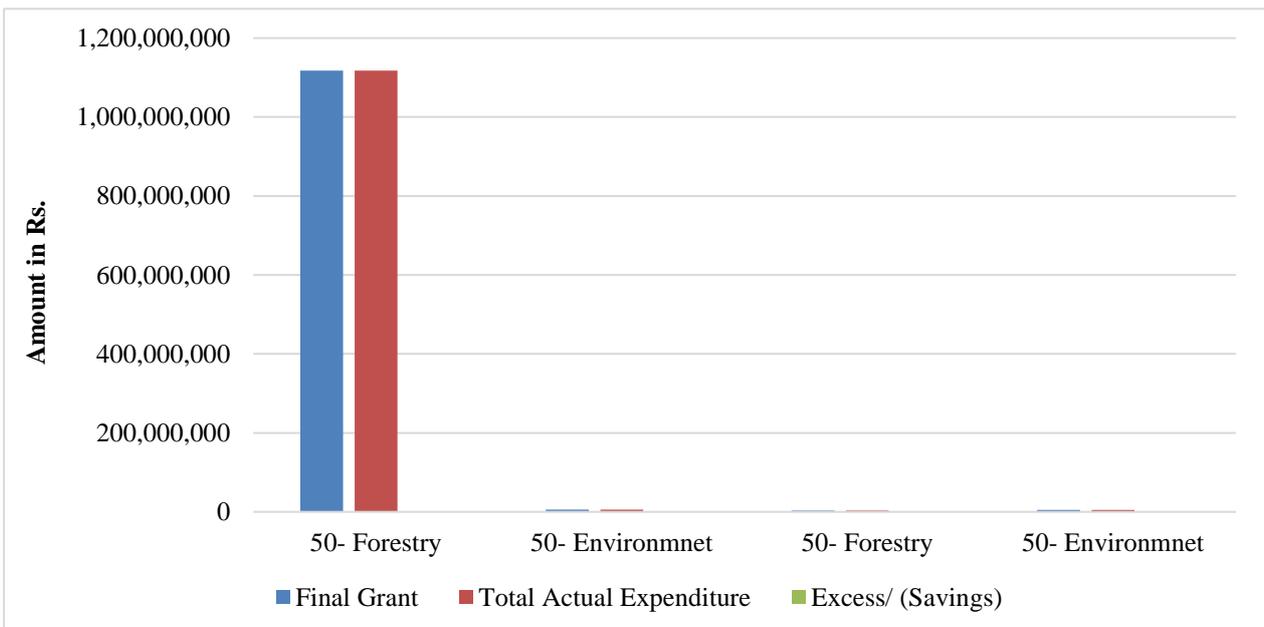
Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
21- Environment and Forestry	NC21	3,791,638,253	3,791,606,100	(32,153)
22- Forestry (Wildlife)	NC21	1,381,891,000	1,118,587,474	(263,303,526)
61- Forestry	NC21	996,246,410	996,246,410	0
Total		6,169,775,663	5,906,439,984	(263,335,679)



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
50- Forestry	NC22	1,117,303,372	1,117,303,372	0
50- Environment	NC22	5,712,483	5,712,483	0
50- Forestry	NC12	3,415,345	3,415,345	0
50- Environment	NC12	5,000,000	5,000,000	0
Total		1,131,431,200	1,131,431,200	0



6.1C Issues in Environment Department

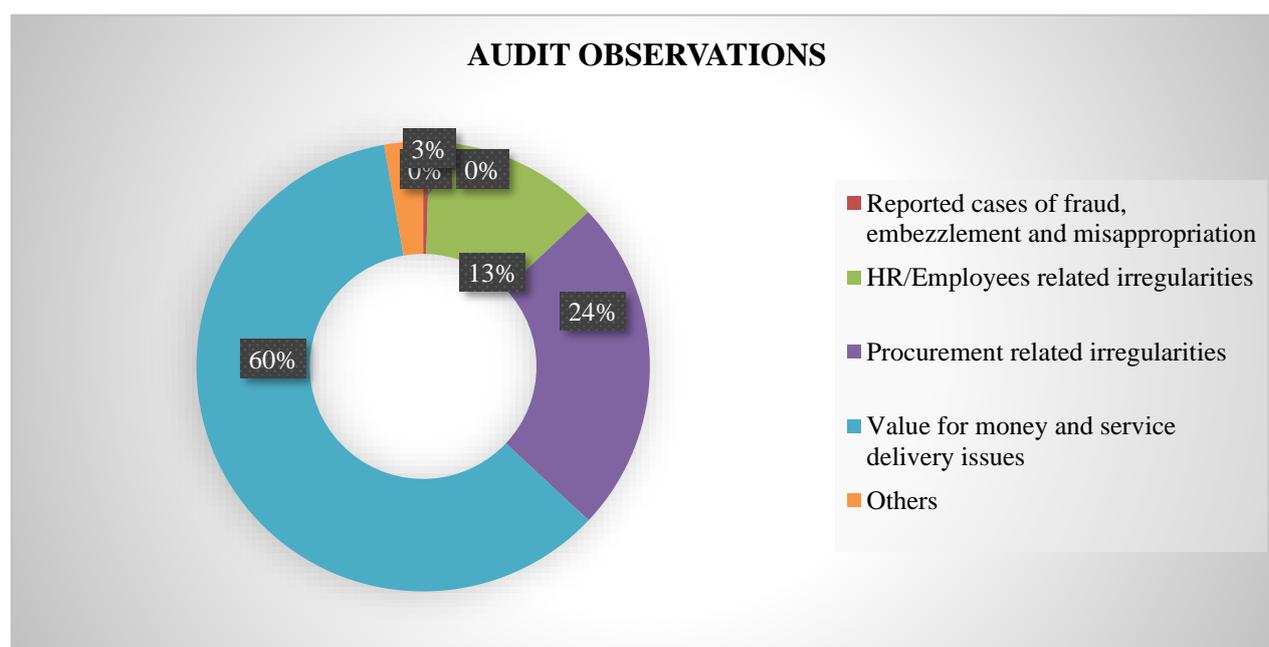
Fines and penalties were imposed by courts on different offenders, but the department could not recover the same from the offenders. There were issues of non-reflection of timber in relevant forms. In some of the cases, fines imposed were collected by the divisional forest officers, but were not deposited into the government treasury and misappropriated. Unjustified payment of rewards was also noticed in the department. Vehicles were purchased by the project management of Billion Tree Afforestation Support Project despite the fact that the same was a support project and other vehicles had already been purchased in 10 BTTP & BTAP for running the projects' affairs.

6.2 Summary of Audit Observations

Audit observations amounting to Rs. 730.555 million were raised in this report during the current audit of Environment Department which include recovery of Rs. 440.227 million. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

		(Rs. in million)
S. No.	Classification	Amount
1	Reported cases of fraud, embezzlement and misappropriation	3.218
2	HR/Employees related irregularities	91.500
3	Procurement related irregularities	175.451
4	Value for money and service delivery issues	440.227
5	Others	20.159
Total		730.555



6.3 Brief comments on the status of compliance with PAC directives:

S. No.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2003-04	Environment	12	07	-	05
2.	2004-05	-do-	29	13	-	16
3.	2005-06	-do-	18	07	-	11
4.	2007-08	-do-	07	01	-	06
5.	2008-09	-do-	09	03	-	06
6.	2009-10	-do-	10	06	-	04
7.	2010-11	-do-	22	13	-	09
8.	2011-12	-do-	03	01	-	01
9.	2012-13	-do-	05	01	-	04
6	2013-14	-do-	14	02	-	12
10.	2014-15	-do-	11	04	-	07
11.	2015-16	-do-	22	09	-	13
12.	2016-17	-do-	28	8	6	14

6.4 Audit Paras

6.4.1 Loss to the government due to unjustified and unnecessary appointment of Forest Chowkidars – Rs. 91.500 million

According to Para 10 (i) of the General Financial Rules Volume-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 audit of the accounts of Divisional Forest Office - Patrol Squad Swat for the Financial Year 2022-23, it was observed that 300 forest chowkidar posts were created in local office and made recruitment and filled all the said posts. These chowkidars were paid Rs. 91.500 million salaries and allowances for one year. Audit held that the creation of chowkidar posts in the Forest Department was unjustified. No need assessment was conducted, and similar vacancies do not exist in other divisions. Furthermore, the distribution of chowkidars was unequal across Upper Swat, Lower Swat, and Kalam Forest Divisions. Additionally, salaries were paid from the local office budget, despite duties being performed in other divisions. Unlike forest guards, these appointments lacked proper scrutiny, including physical fitness tests.

The lapse occurred due to violation of general financial rules.

The department was requested vide letter dated 16.05.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends conducting inquiry and fixing of responsibility against the person(s) at fault.

PDP No. 75 (2022-23)

6.4.2 Loss to the government due to missing of timber in timber forms - Rs. 17.795 million

According to Clause 4 of the Forest Act 2002, when an offence is established then apart from fines and sentences awarded by the court, all forest produce, tools, implements, carriages, including mechanically propelled vehicles, pack animals, sawing unit, chain saw, arms, ammunitions and other equipment and conveyances used in the commission or furtherance of a forest offence shall stand confiscated in favor of Government, in addition to the punishment awarded under this section.

Clause (79) of the Act provides that when the trial of any forest offence is concluded, timber or any other forest-produce in respect of which such offence has been committed shall, if it is the property of Government or has been confiscated, be taken charge of by a Forest Officer.

During audit of the accounts of Divisional Forest Officer Alpuri and Divisional Forest Office Chitral for the Financial Year 2022-23, it was observed that various court cases were decided in favor of the department imposing penalties on offenders along with confiscation of timber. However, timber valuing Rs. 33,850,802 was not taken into Timber Form 7 or Foem-17 by the concerned SDFOs/RFOs. Detail is given below.

(Amount in Rs.)

Name of the DFO	Quantity of timber (Cft)	Rate per Cft	Amount
DFO Alpuri Shangla	7118	2500	17,795,000
DFO Chitral	3822.82	4200	16,055,844
Total			33,850,844

The lapse occurred due to violation of Forest Act.

The department was requested vide letter dated 16.05.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the amount.

PDP No. 66 & 103 (2022-23)

6.4.3 Loss to the government due to non-deposit of fines - Rs. 2.332 million

According to Para 26 of the General Financial Rules Volume 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 Divisional Forest Officer Kalam for the Financial Year 2022-23, it was observed that 135 number of court cases were decided by the Forest Magistrate during the year and penalty amounting to Rs. 3,302,000/- was imposed on different forest offenders. However, further scrutiny of record revealed that only Rs. 969,500/- was deposited in the concerned bank account with the rest of the amount of Rs. 2,332,500/- still outstanding and not deposited.

The lapse occurred due to weak internal controls.

The department was requested vide letter dated 16.05.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends early deposit of the outstanding amount.

PDP No. 93 (2022-23)

6.4.4 Loss to the government due to non-recovery of outstanding government dues from FDC – Rs. 437.895 million

According to Paras 8 and 26 of the General Financial Rules-I, each administrative department to see that the dues of the government are correctly and promptly assessed, collected and paid into Government Treasury.

During audit of the accounts of Divisional Forest Officer Dir Kohistan at Sheringal for the Financial Year 2022-23, it was observed that an amount of Rs. 437,895,750/- was outstanding as government dues on account of fine imposed by the department on FDC lots for illegal cutting of forest as evident from the progress report for June 2023. However, no efforts were made by concerned DFO to recover the outstanding government dues from FDC.

The lapse was occurred due to violation of general financial rules.

When pointed out in March 2024, it was stated that detail reply will be submitted after consulting record.

Audit recommends recovery from the quarter concerned along with action against the responsible staff.

PDP No. 48 (2022-23)

6.4.5 Loss to the government due to excess claim of per hectare cost – Rs. 2.364 million

According to the Project Director 10-BTAP letter No. 846/TBT dated 04.05.2020, the Project Steering Committee forum in its 1st meeting decided to allow DFO Chitral to plant river training at 5x5 spacing with watering but care should be exercised that over ceiling for this provision should not cross.

During audit of the accounts of Divisional Forest Office Chitral for the Financial Year 2022-23, it was observed that the department incurred cost on per hectare in excess of the PC-I provision which resulted into loss of Rs. 2,364,725/- to the government.

The lapse occurred due to violation of the Project Steering Committee forum.

The department was requested vide letter dated 05.04.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery.

PDP No. 68 (2022-23)

6.4.6 Misappropriation on account of non-showing of timber - Rs. 3.218 million

According to Clause 70 of the Forest Ordinance 2002, every owner of a sale depot or a sawing unit shall maintain such record or keep such register as may be prescribed. (2) The record or register being maintained under sub-section (1) shall be open to inspection by the Forest Officer.

Para 23 of the General Financial Rules Volume I requires 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.

During audit of the accounts of Divisional Forest Office Chitral for the Financial Year 2022-23, it was observed during checking of Guard Book Form 15 that the following Damage reports were chalked out against various offender of forest but neither the collected penalties deposited in Govt Treasury nor the quantities of timber taken in any timber register of the division.

The lapse occurred due to violation of the forest ordinance.

When pointed out in March 2024, it was stated that detail reply will be submitted after consulting of record.

The department was requested vide letter dated 05.04.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends facts finding inquiry and recovery of the missing timber along with appropriate action against the person(s) at fault under intimation to audit.

PDP No. 67 (2022-23)

6.4.7 Wasteful expenditure on account of procurement of vehicles - Rs. 175.451 million

According to the PC-1 of the Billion Tree Afforestation Support Project (KFW Assisted) Annexure-1, the main activities to be carried out under the said project.

- Maintenance of enclosure, Plantation through VDC, development of Private Women Nurseries & MIS system carried out under 10-BTTP & BTAP.

During financial attest audit of the accounts of Billion Tree Afforestation Support Project (KFW Assisted) in Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that Rs. 175.451 million were spent on the purchase of 15 vehicles for the project, as detailed below;

(Amount in Rs.)

Particulars	Quantity	Invoice #	Amount
Toyota Hilux-E Double Cabin	15	22-01-24	132,468,000
Taxes			34,707,000
Honda Motorcycles CG 125	36	Cr,# 7/Div 8/23	7,013,196
Taxes			1,262,520
Total			175,450,716

Audit raised the following observations;

- It is a support project of 10 BTTP & BTAP and not a new project to be executed.
- Rs. 500.000 million (approximately) had already been spent for the procurement of vehicles under the 10 BTTP & BTAP projects and new double cabin vehicles had been supplied to all the DFOs, for field activities. Hence procurement of further 15 double cabin vehicles and 36 motor bikes for field activities is wasteful expenditure from the support project.
- No detail of already supplied vehicles to DFOs' were found available on record.
- Under the said project no new activity is going to be executed but only a follow up of the 10BTTP and BTAP project was the basic aim.

The lapse occurred due to violation of PC-I provisions.

When pointed out in September 2024, management replied that detailed reply will be furnished after consulting the record.

The department was requested vide letter dated 11.12.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiry for unnecessary wastage of project money on the procurement of vehicles.

PDP No. 404 (2023-24)



Chapter - 7

ESTABLISHMENT & ADMINISTRATION DEPARTMENT

7.1A Introduction

The Establishment and Administration Department is the core administrative organ of the province entrusted with General Administration and Establishment matters such as Posting Transfers within secretariat and throughout the province. Its functions also include providing Protocol to Chief Minister, President, and Prime Minister, State Guests and Official Delegation and arrangement of Cabinet meetings.

Estate Office of the Administration Department is responsible for maintaining official rest houses in Islamabad, Abbottabad and Peshawar and allotment of government residential accommodations and maintenance of these properties. Major beneficiaries of the department are the Provincial Government, District Government and Provincial and District Employees.

As per Rules of Business 1985 (amended to date), the department has been assigned the following business of determination of the principles of control of government servants, including recruitment, conditions of service and discipline; coordination of the policy of all the departments with respect to services under their control so as to secure consistency of treatment; securing to all government servants the rights and privileges conferred on them by or under any law for the time being in force; determining the strength and the terms and conditions of services of the personal staff of ministers; Cabinet Work, including Cabinet of

Minister; Chief Minister Secretariat Work; Honours, Awards & Sanads for Public Services; declaring Holidays and Office Hours; office management including management of Civil Secretariat.

The department is further tasked with all matters related to services like service rules and their interpretation; preparation of Civil List and Official Gazette; periodic review of the organization staff, function and procedures of the departments; improvement of general efficiency and economic in execution of the government business; training in organizations; looking after the affairs of the Anti-Corruption, Public Service Commission, Estate Office, Services Tribunal, Benevolent Fund, staff cars pool, and framing and alteration of Rules of Business of Provincial Government; allocation of business among Ministers and Departments; conducting of departmental examinations; welfare and group insurance of government employees; formation of cadres and classification of posts; instructions for the preparations and submission of Annual Confidential Reports; Secretaries Committee Meetings; constitution of Selection Board; relaxation of age limits rules; departmental enquiries; Government Servants Conduct Rules and their interpretation; condonation of interpretation / breakage in service; and Protocol matters.

Audit Profile of the Administration Department:

(Rs. in million)

S No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue/Receipts Audited FY 2023-24
1	Formations	13	03	1,680	-
2	<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP)	Nil	Nil	Nil	N/A
3	Authorities/Autonomous bodies etc. under PAO	Nil	Nil	Nil	N/A
4	Foreign Aided Projects (FAP)	Nil	Nil	Nil	N/A

7.1B Comments on budget and accounts (variance analysis)

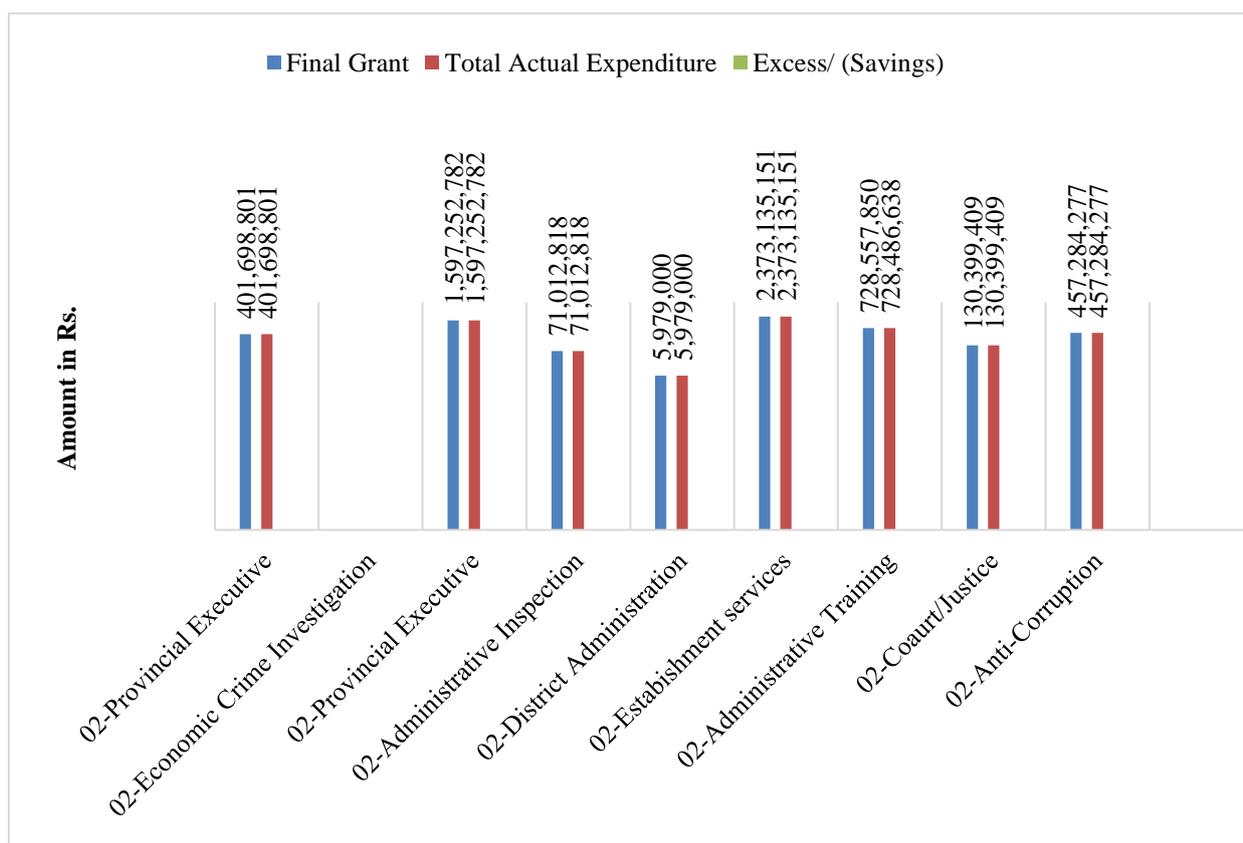
Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2023-24 against the total of grants/appropriation was as follows;

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

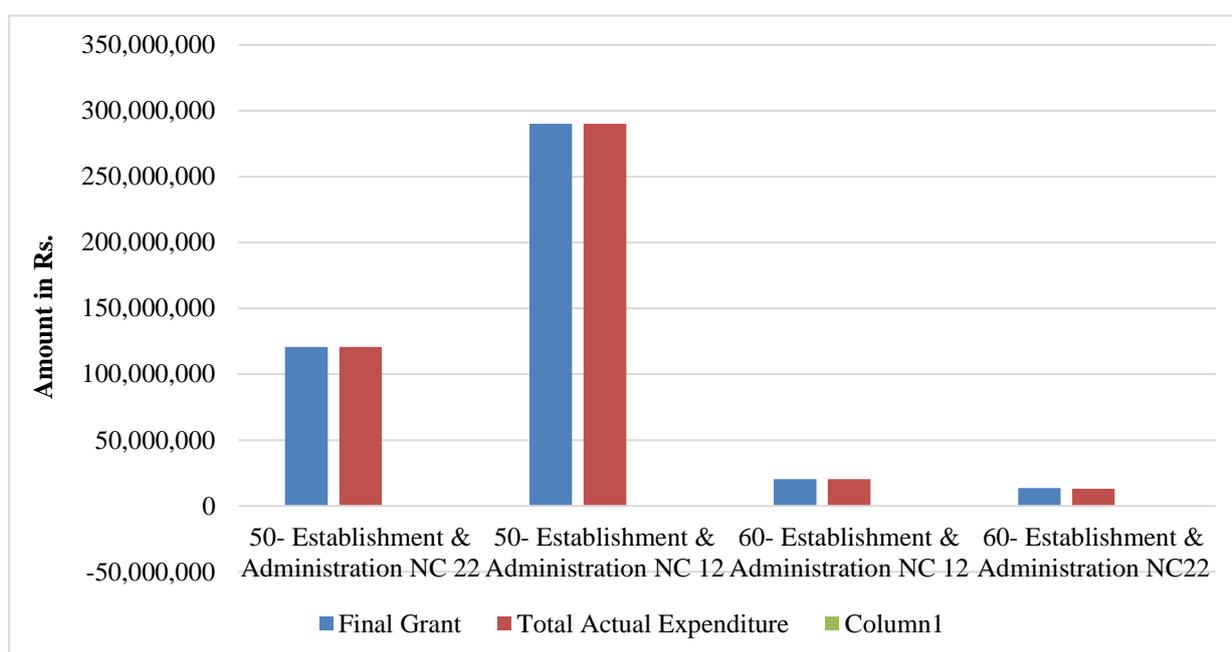
Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
02-Provincial Executive	NC24	401,698,801	401,698,801	0
02-Economic Crime Investigation	NC24	0	0	0
02-Provincial Executive	NC21	1,597,252,782	1,597,252,782	0
02-Administrative Inspection	NC21	71,012,818	71,012,818	0
02-District Administration	NC21	5,979,000	5,979,000	0
02-Establishment services	NC21	2,373,135,151	2,373,135,151	0
02-Administrative Training	NC21	728,557,850	728,486,638	(71,212)
02-Court/Justice	NC21	130,399,409	130,399,409	0
02-Anti-Corruption	NC21	457,284,277	457,284,277	0
Total		5,765,320,088	5,765,248,876	(71,212)



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
50- Establishment & Administration	NC22	120,616,392	120,616,392	0
	NC12	290,135,862	290,135,862	0
60- Establishment & Administration	NC12	20,325,324	20,325,224	0
	NC22	12,025,883	12,025,883	0
	NC22	1,591,484	1,105,280	(486,204)
Total		444,694,945	444,208,641	(486,204)



7.1(c) Issues in Establishment & Administration Department

The receipts generated by KP House Islamabad were partially deposited into the government treasury. Issues in the procurement of parts for helicopters and opening of LCs were noticed. Expenditure incurred on POL through fleet cards was also noticed. Some costly vehicles were missing without having any record with the department.

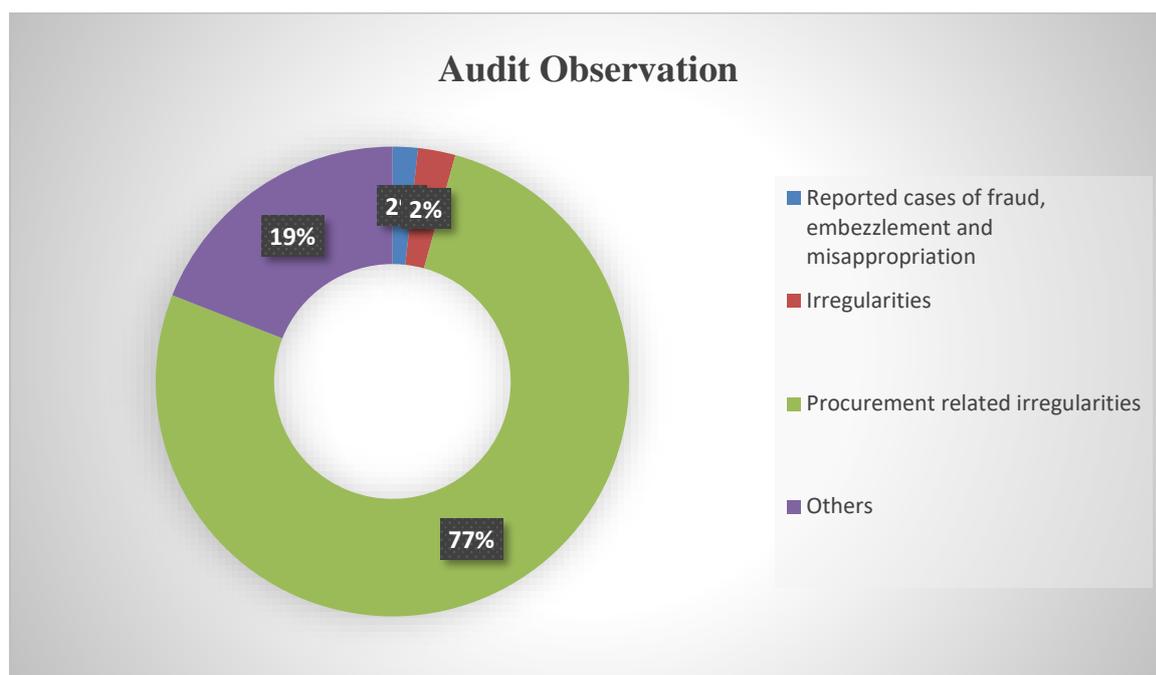
7.2 Summary of Audit Observations

Audit observations amounting to Rs. 482.387 million were raised in this report during the current audit of the Administration Department. This amount also includes recoveries of Rs. 8.362 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

(Rs. in million)

S. No.	Classification	Amount
1	Reported cases of fraud, embezzlement and misappropriation	8.362
2	Irregularities	12.335
3	Procurement related irregularities	370
4	Others	91.690
Total		482.387



7.3 Brief comments on the status of compliance with PAC directives:

S. No	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1	2001-02	Establishment & Administration	14	14	-	-
2	2002-03	-do-	12	11	-	01
3	2003-04	-do-	06	06	-	-
4	2004-05	-do-	03	01	-	02
5	2005-06	-do-	04	03	-	01
6	2008-09	-do-	14	05	-	09
7	2009-10	-do-	32	09	-	23
8	2010-11	-do-	25	08	-	17
9	2011-12	-do-	20	08	-	12
10	2012-13	-do-	08	07	-	01

11	2013-14	-do-	12	06	-	06
12	2014-15	-do-	-	-	-	-
13	2015-16	-do-	-	-	-	-
14	2016-17	-do-	09	3	4	2
15	2017-18	-do-	-	-	-	-
16	2018-19	-do-	3	-	-	3

7.4 Audit Paras

7.4.1 Loss to the government due to non-deposit of receipts into government treasury - Rs. 8.362 million

According to Article 118 of the Constitution of Islamic Republic of Pakistan, Rule-7 of the Treasury Rules and Rule 26 of GFR Vol-I, 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 Secretary Establishment & Administration Department Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that an amount of Rs. 8,362,900/- was realized in the KP House Islamabad on account of different heads of accounts for the period January to June 2024, as detailed below;

(Amount in Rs.)

Month	Room rent	Flood tax	Meeting hall revenue	Amount
January 2024	1,581,200	193,600	60,000	1,834,800
February 2024	1,317,600	155,000	30,000	1,502,600
March 2024	975,300	111,200	0	1,086,500
April 2024	952,000	111,000	10,000	1,073,000
May 2024	1,319,900	155,600	20,000	1,495,500
June 2024	1,229,900	140,600	0	1,370,500
Total				8,362,900

However, the house management failed to deposit the revenue into the government treasury till date of audit i.e. August 2024.

The lapse occurred due to violation of constitutional provisions.

When reported to the management it was stated that detailed written replies will be furnished after consulting the original record.

The department was requested vide letter dated 17.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the misappropriated amount along with interest @ 20% besides taking disciplinary action against the responsible(s).

PDP No. 1 (2023-24)

7.4.2 Loss to the government due to negligence of the then management of Peshawar Flying Club – Rs. 11.690 million

According to Para 10 read with para 23 of GFR Vol-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as person of ordinary prudence would exercise in respect of expenditure of his own money. Public moneys should not be utilized for the benefit of a particular person or section of community. Moreover, every government officer will be personally responsible for any loss or fraud on his part or on the part of his subordinate.

During audit of the accounts of Secretary Establishment & Administration Department Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that the Finance Department released a grant of Rs. 161.370 million for the years 2022-23 and 2023-24. Upon reviewing the records, it was found that an agreement was made with M/S Isenberg Engineering Ltd UK for overhauling of four Aeroplan's engines at a total cost of GBP 92,750, which is equivalent to PKR 17,158,750. A Letter of Credit (LC) for Rs. 19,691,000 was opened on 10.05.2019 with a 10% cash margin.

Out of the four engines, one Cessna-172K arrived in July 2019, with payment made on 12.11.2019. Two Piper Aztec engines arrived in November, 2019, and payment was made on 22.11.2019 in Peshawar. However, the last Cessna-172K engine arrived in Peshawar in December 2019 but was not released from Customs Department due to a shortfall of LC amount by Rs. 700,000. As a result, the engine remained in the SAPS Cargo Godown at Peshawar Airport from December 2019 until September 2023.

Audit findings indicate that if the additional Rs. 700,000 had been provided to M/S Isenberg Engineering Ltd UK at the time, a total of Rs. 11.690 million could have been saved. The breakdown of this loss is as follows:

- Rent for the Shaheen Airport Service Godown from 22.12.2019 to 13.09.2023 amounted to Rs. 7.000 million for the storage of the Cessna-172K engine.
- An indemnity bond payment of Rs. 2,635,170 was charged by Customs Authority, paid via cheque no. 55080762 dated 28.09.2023.
- Sales tax, income tax, and CESS due on import totaled Rs. 2,058,692, paid via PSID 55080770 to Sharif Custom Clearing Agency for further payment to FBR. These taxes were not applicable at the time of arrival in December 2019.

The lapse occurred due to weak administrative controls.

When reported to the management it was stated that detailed written replies will be furnished after consulting of original record.

The department was requested vide letter dated 17.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovering this amount from the responsible parties and holding them accountable for the oversight.

PDP No. 3 (2023-24)

7.4.3 Irregular expenditure on procurement of spare parts for helicopters - Rs. 370.000 million

According to Clause 1.4 of the MOU between the Govt. of KP and Army Aviation dated 30.07.2013 for supply of the stores related to Mi-171 helicopter and As-350B3 Fcureuil Helicopter. That all the stores shall be provided by the supplier to the buyer (KP Govt.) through Central Aviation Stores Depot (CASD), Dhamial. According to Clause no.1 of the MOU states that CASD being supplier will provide spare parts, major assemblies, helicopter instruments and perishables stores etc. to the buyer (KP Govt). clause 5.5.3 states that all repair or overhaul of store shall be carried out from Original Equipment Manufacturer.

During audit of the accounts of Secretary Establishment & Administration Department Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that tenders were floated for major assemblies, overhaul kits, and miscellaneous spare parts / tools for MI-17E and AS-350B3 Ecuriel helicopters. The tenders were for parts in original OEM packaging, with the closing dates initially set for 14.12.2023 and 22.12.2023, later extended to 26.12.2023. Contracts for these parts, totaling Rs. 370,576,774, were awarded to different firms and an advance payment of Rs. 8,501,982/- was made.

Audit raised the following issues:

- Violation of MOU: Instead of purchasing from CASD (Pak Army), an open tender was called, which violates the existing MOU.
- Quality Inspection: CASD (Pak Army) was responsible for inspecting the spares/stores. It is unclear how these spares will be inspected or if the Civil Aviation Authority authorized the Center of Aviation/DG Civil Aviation KP to conduct this inspection.
- Foreign Exchange Authorization: DG Aviation KP requested procurement of major assemblies and spares from the CLS Secretariat GHQ Rawalpindi on 18.10.2023. The Director Finance Management and Monitoring (GHQ) Rawalpindi responded that KP Government should seek foreign exchange authorization from the Ministry of Finance

and adjust funds through the Ministry of Defense to the Army Budget. However, DG Aviation KP proceeded with open tendering instead.

- Pre-Purchase Inspection: Major assemblies, overhaul kits, and miscellaneous spares/tools were purchased in anticipation of needs and without inspection by the Army Aviation Base Dhamial Camp or 299 EME Battalion.
- Shelf-Life Certification: There is no information on who will certify the shelf life of the parts as per OEM instructions.

The lapse occurred due to violation of MOU.

When reported to the management it was stated that detailed written replies will be furnished after consulting of original record.

The department was requested vide letter dated 17.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends that an inquiry should be conducted into these matters, and appropriate action should be taken against those responsible.

PDP No. 6 (2023-24)

7.4.4 Unauthentic POL expenditure on pool vehicles through fleet cards – Rs. 12.335 million

According to Para 10 read with para 23 of GFR Vol-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as person of ordinary prudence would exercise in respect of expenditure of his own money. Public moneys should not be utilized for the benefit of a particular person or section of community. Moreover, every government officer will be personally responsible for any loss or fraud on his part or on the part of his subordinate.

During audit of the accounts of Secretary Establishment & Administration Department Khyber Pakhtunkhwa - Transport Wing for the Financial Year 2023-24, it was observed that expenditure amounting to Rs. 12,335,100/- approximately was recorded. This expenditure was for 41,117 liters of POL at a rate of Rs. 300 per liter, incurred for over 50 pool/protocol vehicles via fleet cards. The payment was recorded as being made to M/S Pakistan State Oil.

Audit has determined that this expenditure is not authentic. There are no available details concerning the official visits of the President, Prime Minister, State Guests, or other dignitaries, for which the Transport Pool is maintained. Records indicate that vehicles were frequently used for private purposes by officers and officials, including attending marriage ceremonies, hospital visits, and trips to native villages. Additionally, despite over 70 vehicles

consuming POL through fleet cards each month, detailed lists of issued fleet cards and corresponding vehicles from PSO were not provided. There is a substantial risk that these fleet cards may have been misused by unauthorized individuals.

Further scrutiny revealed that several unrelated individuals, under the reference of the Secretary Admin, used government vehicles and POL—such as (Mamoo, Pir Sahib, Murad Khan, Ishtiaq, Azmat Ali)—and that the DS Admin also unlawfully utilized more than one vehicle. The POL Assistant recorded all this un-authorized consumption by irrelevant persons using public funds. This raises serious concerns that the 70-plus pool vehicles designated for VVIP movement were not utilized for their intended purpose; in reality, only 5 to 10 were used on a few occasions. Consequently, the sanctioned pool vehicles and POL were improperly used by department officials and favored individuals.

The lapse occurred due to violation of general financial rules.

The lapse occurred due to weak internal control and financial mismanagement.

When reported to the management it was stated that detailed written replies will be furnished after consulting of original record.

The department was requested vide letter dated 17.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends to constitute a high-level committee to find out the facts and the responsible may be dealt with the responsible persons according to the rules.

PDP No. 10 (2023-24)

7.4.5 Missing of six Toyota land-cruiser Armored government vehicles - Rs. 80.000 million

According to Para 10 read with para 23 of GFR Vol-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as person of ordinary prudence would exercise in respect of expenditure of his own money. Public moneys should not be utilized for the benefit of a particular person or section of community. Moreover, every government officer will be personally responsible for any loss or fraud on his part or on the part of his subordinate.

During audit of the accounts of Secretary Establishment & Administration Department Khyber Pakhtunkhwa - Transport Wing for the Financial Year 2023-24, it was observed that four Toyota Land-Cruiser (Armored) vehicles were recorded as returned to M/S Toyota due to defects. Audit found that these vehicles were neither listed as active / operational assets nor issued to any officer or quarter after their repair. This raises serious

concerns about the current status of these vehicles which remain unverified. Additionally, there was no explanation provided for the specific flaws in the vehicles for which the government evidently incurred a substantial cost. Furthermore, no accountability was established for the issue, nor was there any recovery action taken against M/S Toyota (**Annexure-X**).

The lapse occurred due to weak administrative controls.

When reported to the management it was stated that detailed written replies will be furnished after consulting of original record.

The department was requested vide letter dated 17.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the case and fixing responsibility on the person(s) at fault.

PDP No. 12 (2023-24)



Chapter - 8

FINANCE DEPARTMENT

8.1A Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of management of public funds i.e. supervision and control of provincial finances, provincial budget, supplementary estimates, appropriations and re-appropriations and public accounts and public accounts committee; framing of financial rules for guidance of departments and supervision of maintenance of accounts; guidance of autonomous and semi-autonomous bodies in framing various financial regulations under the relevant Acts / Ordinances constituting the said body; framing of Civil Service Rules applicable to all government servants; floatation and administration of provincial loans; examination and advice on matters affecting the finances of the province; administration of public revenue; assets and liabilities committee; communication of financial sanction; examination of all proposals for increase or reduction of taxation; creation of new posts and examination of schemes of new expenditure; management of public debts; and treasuries and sub-treasuries.

Audit Profile of Finance Department;

(Rs. in Millions)					
S. No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue / Receipts Audited FY 2023-24
1	Formations	39	1	851	Nil
2	<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP)	Nil	Nil	Nil	N/A
3	Authorities / autonomous bodies etc. under PAO	2	Nil	N/A	N/A
4	Foreign Aided Projects (FAP)	2	2	12,000	N/A

8.1B Comments on budget and accounts (variance analysis)

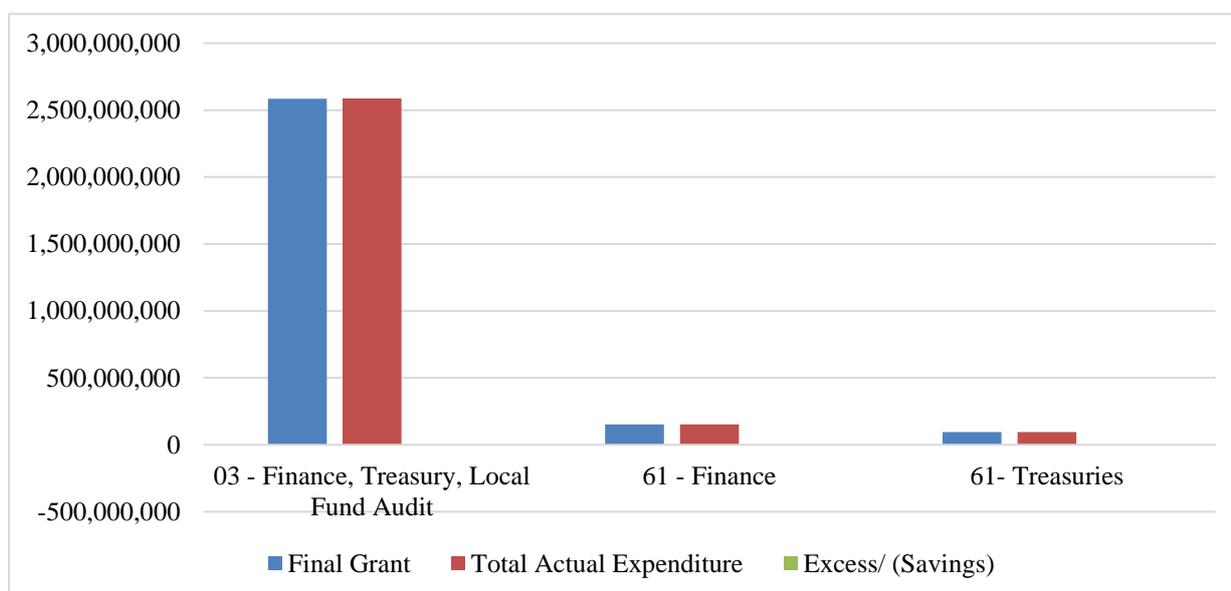
Summary of the Appropriation Accounts:

A summary of grants/appropriations and actual expenditure in FY 2023-24 is given below:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
03 - Finance, Treasury, Local Fund Audit	NC21	2,585,844,779	2,587,070,586	1,225,807
61 - Finance	NC21	151,646,464	151,646,464	0
61- Treasuries	NC21	95,886,650	95,855,126	(31,524)
Total		2,833,377,893	2,834,572,176	1,194,283



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
50-Finance	NC22	0	0	-
Total		0	0	-

8.1C Issues in Finance Department

There was a persistent trend of de-punching the unspent released budget and its reversal to make the expenditure aligned with the released budget. Similarly, to make the released budget and expenditure equal to the final budget, reverse entries were made after the close of the financial year. The Energy Monitoring Unit cleared electricity dues for various departments against electricity duty receivable from PESCO as a non-cash adjustment

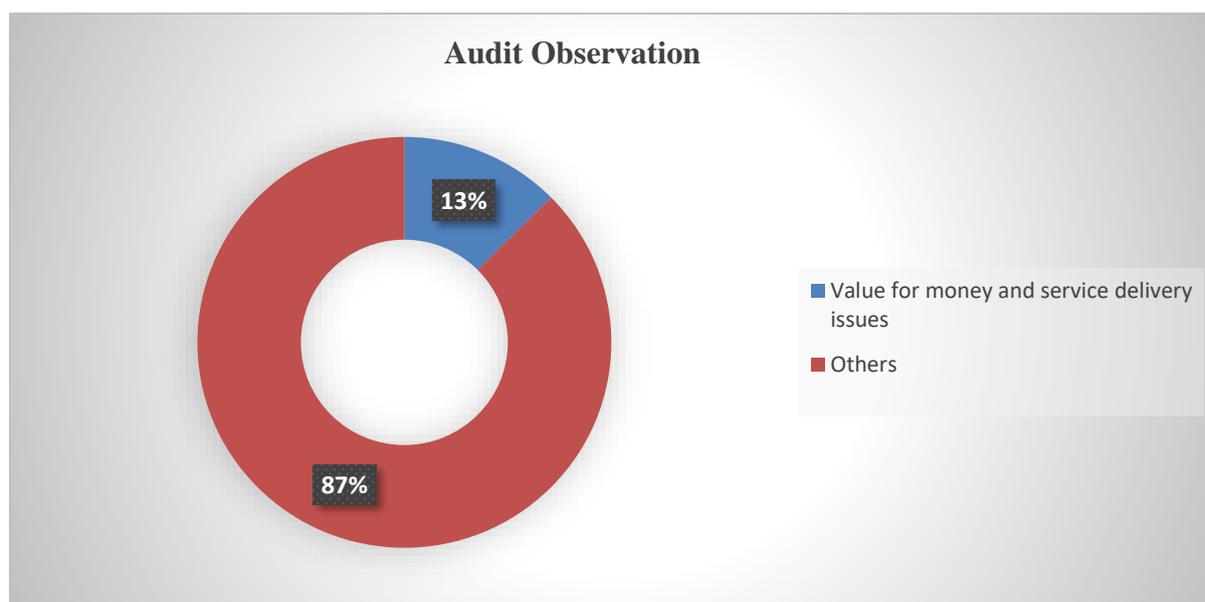
transaction, however, the expenditure was not charged against the departments on behalf of whom the electricity dues were cleared which resulted into understatement of their respective expenditure. Loss to the government on account of late payment surcharge due to non-adjustment of electricity duty was also noticed.

8.2 Summary of Audit Observations

Audit observations amounting to Rs. 16,766.799 million were raised in this report during the current audit of Finance Department. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

(Rs. in million)		
S. No.	Classification	Amount
1	Value for money and service delivery issues	2,102.725
2	Others	14,664.074
Total		16,766.799



8.3 Brief comments on the status of compliance with PAC directives:

S#	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2004-05	Finance	02	01	-	01
2.	2008-09	-do-	03	01	-	02
3.	2010-11	-do-	02	02	-	-
4.	2013-14	-do-	08	07	-	1
5.	2014-15	-do-	02	01	-	01

8.4 Audit Paras

8.4.1 Irregular reversal of released budget after the close of the financial year - Rs. 11,060.000 million

Irregular reduction in the original budget after the close of the financial year - Rs. 1,056.000 million

According to Para 3.7 of the budget manual, all Anticipated Savings should be surrendered to the government immediately they are foreseen but not later than 31st March of each year in any case. Unless they are required to meet excesses under some other unit or units foreseen at the time. However, savings accruing from funds provided after 31st March shall be Budget Manual Federal Government Finance Division 43 surrendered to the Government immediately they are foreseen but not later than 30th June of the Year. No savings should be held in reserve for possible future excesses.

During audit of the accounts of Secretary Finance Department Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that certain reverse entries were passed in the original and released budget. Detailed scrutiny of the developmental budget (NC12 and NC22) revealed that unspent released budget amounting to Rs. 11,060,297,779/- was de-punched and reversed to make expenditure aligned with the released budget. Similarly, to make the released budget and expenditure equal to the final budget, reverse entries amounting to Rs. 1,056,850,813/- were passed after the close of the financial year on 30th June. Further scrutiny revealed that budget releases were delayed, with Rs. 501,700,731/- released to cost centers on 27th and 29th June 2024. Audit held that delayed budget releases and continuous de-punching resulted in a significant portion of the budget remaining unspent. Instead of declaring these amounts as savings, the Finance Department reversed the unspent released budget, indicating weak budget administration.

The lapse occurred due to violation of the budget manual.

When pointed out in September 2024, it was replied that a detailed reply will be furnished after discussing the paras with the relevant sections.

The department was requested vide letter dated 08.11.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and improvement of the budget controls.

PDP No. 78 (2023-24)

8.4.2 Irregular/unjustified punching/de-punching of the budget

According to the Rules of Business 1985, the Finance Department Khyber Pakhtunkhwa is responsible for managing public funds, encompassing oversight and control of provincial finances, preparation of the provincial budget, and monitoring and evaluating current budget utilization. Additionally, the department is tasked with preparing supplementary estimates and demands for excess grants and handling appropriations and re-appropriations, excluding those related to the development budget, which require prior concurrence from the Planning and Development Department.

During audit of the accounts of Secretary Finance Department Khyber Pakhtunkhwa for the Financial Year 2023-24, anomalies were observed in the data extracted from SAP regarding budget releases. A detailed analysis of the sample data revealed the following

- An amount of Rs. 651 million was punched under object head A03303 (electricity) in the cost centre SW4567 on 19 occasions but de-punched 10 times amounting to Rs. 339 million resulting into a net release of Rs. 311 million.
- Sample study of 4 cost centres revealed that on 14 occasions, an amount of Rs. 824.170 million was released in the SAP, however, it was de-punched on the same day.
- As per common practice of the Finance Department budgets were de-punched at the end of the month and punched at the beginning of the next month. However, on the same day, some departments received budgets while others had theirs de-punched, e.g. Rs. 433.630 million punched to 5 cost centres on 07.9.2024 but Rs. 334.999 million de-punched from Secretary Health NMAs.
- In many cases, budgets were punched one day and de-punched after a few days, allowing for unjustified spending. It is impractical for departments to draw bills and complete pre-audit processes within a single day (**Annexure-XI**).

Audit held that de-punching budget is not covered in the release policy, which clearly provides guidelines for releasing budget under specific heads. The Finance Department does not follow a consistent pattern of withholding or de-punching the budgets. Releasing budgets to departments encourages expenditure, but de-punching the same at the time of payment creates unnecessary vendor liabilities and disrupts government operations. Making budget available for limited periods also fosters malpractices. Repeated requests to produce release files for verification were ignored. Without verification of the files, audit cannot ascertain the actual condition and causes of releases and de-punching of the budget. Moreover, daily cash balances were also not produced to audit to ascertain the need of de-punching the budget subject to unavailability of cash balance in Account-I.

The lapses occurred due to weak internal controls.

When pointed out in September 2024, it was replied that a detailed reply will be furnished after discussing the paras with the relevant sections.

The department was requested vide letter dated 08.11.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

The audit recommends investigating these cases, analysing the necessity of punching and de-punching, and establishing clear guidelines for budget release and utilization.

PDP No. 81 (2023-24)

8.4.3 Non-adjustment of electricity dues in the SAP system - Rs. 2,548.074 million

According to Clause 18 of the Rules of Business 1985, the Finance Department Khyber Pakhtunkhwa is responsible for monitoring and management of energy consumption in Government. Energy Monitoring Unit (EMU) was established on the development side in the Finance Department back in November 2004, operating as a wing under the Finance Department, is tasked with the “at-source adjustment” of electricity dues incurred by provincial government departments. They achieve this by utilizing funds received from PESCO as Electricity Duty (ED) on behalf of the provincial government. Their responsibilities encompass verifying bills, ensuring accuracy and making payments or adjustments within the due date to avoid Late Payment Surcharges (LPS) resulting into significant cost savings for the government. One of its main functions is to exercise efficient management of expenditures, effective control of funds and physical verification/monitoring related to Government Departments' electricity connections. To monitor the overall affairs pertains to PESCO and establish a strong working relationship between PESCO and the Provincial Government to ensure the prompt resolution of all issues.

During audit of the accounts of Secretary Finance Department Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that the Energy Monitoring Unit cleared electricity dues of Rs. 3514.683 million for various departments against electricity duty receivable from PESCO. This was a non-cash adjustment transaction, which needed to be booked / adjusted in the SAP, and the expenditure needed to be charged against the departments on behalf of whom the electricity dues were cleared. However, when the adjusting entries were traced in the SAP, it was observed in the data of 135 formations and their connections, whose electricity dues of Rs. 2,998.464 million were adjusted by the EMU, that an amount of Rs. 2,548.074 million was not allocated to these formations and their expenditure remained understated. Notably, in the minutes of the meeting on the reconciliation of electricity duty and electricity bills, budget officers were stressed to appropriate for the expenditure booked and make necessary adjustments accordingly, but this directive was not complied with (**Annexure-XII**).

Furthermore, in the data extracted from SAP, it was revealed that electricity charges amounting to Rs. 445.108 million have been adjusted for WSSP and other autonomous bodies having one line budget without any allocation made under the object head A03303

(electricity). No mechanism has been devised to ensure proper reflection of the adjusted electricity cost on behalf of autonomous bodies in their financial statements.

The lapse occurred due to weak administrative controls.

Non-recording of the expenditure against the departments not only understated the expenditure of these departments by Rs. 2,548,074,590 but also understated the expenditure of the Government of Khyber Pakhtunkhwa by the same amount, while the revenue of the electricity duty was reduced by the complete amount and disturbing the balance of double-entry bookkeeping. This lapse in accounting procedures has led to inaccurate financial reporting and potential misallocation of resources.

When pointed out in September 2024, it was replied that a detailed reply will be furnished after discussing the paras with the relevant sections.

The department was requested vide letter dated 08.11.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends corrective actions.

PDP No. 87 (2023-24)

8.4.4 Loss to the government on account of late payment surcharge due to non-adjustment of electricity duty - Rs. 725.460 million

According to the Rules of Business 1985, the Finance Department of Khyber Pakhtunkhwa is responsible for (18) Monitoring and Management of energy consumption in Government. Energy Monitoring Unit (EMU) was established on the development side in the Finance Department back in Nov 2004, operating as a Wing under the Finance Department, is tasked with the “at-source adjustment” of electricity dues incurred by provincial government departments. They achieve this by utilizing funds received from PESCO as Electricity Duty (ED) on behalf of the Provincial Government. Their responsibilities encompass verifying bills, ensuring accuracy, and making payments or adjustments within the due date to prevent late payment surcharges (LPS), resulting in significant cost savings for the government. One of its main functions is to exercise efficient management of expenditures, effective control of funds, and physical verification/monitoring relates to Government Departments' electricity connections. To monitor the overall affairs related to PESCO and establish a strong working relationship between PESCO and the Provincial Government to ensure the prompt resolution of all issues.

During audit of the accounts of Secretary Finance Department Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that the Energy Monitoring Unit adjusted Rs. 3514.683 million out of the total of Rs. 3784.564 million in electricity duty receivable from

PESCO against the electricity dues of various formations. However, despite having total outstanding electricity charges of Rs. 1232.22 million, the balance of electricity duty amounting to Rs. 269.777 million was neither collected in cash nor adjusted against the liabilities of the Government departments.

Further scrutiny of SAP data revealed that despite 100% release in the electricity head as required under the release policy, the Finance Department did not release 100% budget for electricity. In fact, the Department sometimes de-punched the budget in the electricity head, restricting its utilization. Due to non-payment / adjustment of the electricity charges the provincial government suffered late payment surcharge of Rs. 725.46 million during FY 2023-24.

The lapse occurred due to weak administrative controls.

When pointed out in September 2024, it was replied that a detailed reply will be furnished after discussing the paras with the relevant sections.

The department was requested vide letter dated 08.11.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends strengthening of the Energy Monitoring Unit, close liaison with budget sections to monitor budget release under the head of electricity, and coordination with Government departments for timely assessment of PESCO bills and subsequent adjustment with electricity duty. This will help to avoid such lapses in the future and ensure efficient utilization of resources.

PDP No. 88 (2023-24)

8.4.5 Loss to the government due to investment of funds at lower rates – Rs. 192.042 million

According to Rule 4 of the General Provident Fund Investment and Pension Fund Investment Rules 1999, the Board may, in consultation with Government, invest any portion of the Fund which is not immediately required for disbursement:- (i) In Government securities; (ii) In Government guaranteed securities/National Saving Schemes; (iii) In Profit-bearing deposits in Banks as per Government approved list/policy; and (iv) In such other investments as the Board may think fit/beneficial.

During audit of the accounts of Secretary Finance Department Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that investments were made in TDRs with various commercial banks. Upon detailed scrutiny, it was observed that in some instances, investments were made at lower rates, disregarding higher rates offered by other banks without adequate justification. Audit observed the following:

- Rs. 5,000 million was invested in the 150th meeting with Soneri Bank at 22.8%, while Rs. 7,000 million was invested with Faysal Bank at 22.9% and Bank Alfalah at 22.85%. Despite diversification, investing with Soneri Bank at the lowest rate wasn't justified. The amount should have been invested with Faysal Bank, earning an additional Rs. 1.25 million. This decision resulted in an opportunity loss of Rs. 1.25 million.
- An investment of Rs. 16,550 in T-bills for one year was made in the 154th meeting, citing minimization of risk through diversification, despite Bank Alfalah offering higher rates. However, this decision is questionable, as Bank Alfalah, an AA-rated bank, was already an existing investment partner. Prioritizing T-bills over Bank Alfalah's higher rates resulted in a 0.37% interest loss, which is unjustifiable considering a previous opportunity loss of 0.10 % was tolerated. Moreover, this principle was overlooked again in the 155th meeting, where Bank Alfalah was selected for a one-year investment of Rs. 4,784 million. It resulted in loss of Rs. 61.235 million
- An investment of Rs. 13,743 million was made in the investment committee 155th meeting with the Faysal Bank @ 21.70 %, ignoring the higher rate of Bank Alfalah of 21.80 % resulting in a loss of Rs. 13.743 million.
- An investment of Rs 31,825.9 was made with Bank of Khyber (BoK) at a rate of 20.37%. However, most of the securities matured in April 2024, prior to the auction date of Treasury Bills (T-Bills) on May 2, 2024, when the annual T-Bills rate was 20.8990%. Despite being due for reinvestment, these funds remained uninvested until May 9, 2024, resulting in a missed opportunity to earn higher returns. Consequently, the funds were invested at lower rates. It resulted in loss of Rs. 63.334 million.
- In the 159th meeting, Rs 15,000 million was invested with Soneri Bank and Habib Bank at rates of 20.22% and 20.03%, respectively. However, this decision was made despite the fact that Treasury Bill (T-Bill) rates were higher at the time (20.41%). The 154th meeting had previously decided that T-Bills carry lower risk and funds were available in the accounts on May 2, 2024, the day of the T-Bill auction. As a result of not investing in T-Bills, a potential earning of Rs 52.480 million was missed, resulting in a loss.

Due to not investing in more profitable investment opportunities, the funds sustained a loss of Rs. 192.042 million due to investment in lower rates.

The lapse occurred due to violation of rules & regulations and financial mismanagement.

When pointed out in September 2024, it was replied that a detailed reply will be furnished after discussing the paras with the relevant sections.

The department was requested vide letter dated 08.11.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends formulating a comprehensive investment policy that considers all relevant factors, including interest rates, time value of money, risk, and diversification. Besides, strengthening the fund investment unit to ensure more effective management and monitoring of investments.

PDP No. 90 (2023-24)

8.4.6 Revenue foregone due to unjustified yearly investment during the high interest rates period – Rs. 666.870 million

According to Rule 4 of the General Provident fund investment and Pension fund investment rules 1999, the Board may, in consultation with Government, invest any portion of the Fund which is not immediately required for disbursement:- (i) In Government securities; (ii) In Government guaranteed securities/National Saving Schemes; (iii) In Profit-bearing deposits in Banks as per Government approved list/policy; and (iv) In such other investments as the Board may think fit/beneficial.

During audit of the accounts of Secretary Finance Department Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that an investment of Rs. 15,172 million was made with Bank Alfalah on 01.11.2022 for the period of one year @ 16.23. It was observed that the investment was made during a period of high interest rates (SBP policy rate remained at 22% from August 2023 to May 2024). The investments were made without the option of non-imposition of penalty on premature encashment. Investing for a longer period in increasing interest rates without the option of premature encashment is not justified, as funds can generate more profits by investing for shorter periods due to the compounding factor during times of high interest rates. Although short-term investments have slightly lower yields than longer investments, the compounding factor still outruns the total yield that short-term investments can earn compared to longer investments during times of high or increasing interest rates. After comparing the actual rate of return with the SBP policy rate it was observed that the the fund could have earned a higher profit of Rs. 666.87 million if the investments were made for a shorter period and compounded quarterly.

The lapse occurred due to weak internal controls and financial mismanagement.

When pointed out in September 2024, it was replied that a detailed reply will be furnished after discussing the paras with the relevant sections.

The department was requested vide letter dated 08.11.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends considering the impact of compounding for investments in the future.

8.4.7 Loss to the government due to mismanagement of RBDC funds - Rs. 248.576 million

According to rule 8 (2) of the Retirement and Death Compensation Act 2014, In case of deduction of contribution at the source from the pay of a civil servant, the Accountant General, after compilation of accounts with all District Account offices and other offices, as the case may be, shall transfer the amount to the accounts of the Fund, up to the tenth day of each month. According to para 3 (6) of the Khyber Pakhtunkhwa RB & DC fund rules 2017 the board shall reconcile the funds with the Accountant General every month. Para 4 of the same rules the board shall invest the funds directly into Government securities etc.

During audit of the accounts of Secretary Finance Department Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that the monthly subscription of the RBDC funds have not been timely reconciled and collected from the Accountant General Khyber Pakhtunkhwa. Further scrutiny of the record it was revealed that in some cases the collection of funds was delayed for many months. Due to delay in collections the funds were not invested in the profitable government securities or kept in the daily product account to earn minimum interest. Due to the non-realization of RBDC subscription the fund sustained a loss of Rs. 248,576,296/- (**Annexure-XIII**).

The lapse occurred due to financial mismanagement which resulted into a loss of Rs. 248.576 million.

When pointed out in September 2024, it was replied that a detailed reply will be furnished after discussing the paras with the relevant sections.

The department was requested vide letter dated 08.11.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends corrective measures.

8.4.8 Inaccurate/unreliable data provided by withholding agents to KPRA - Rs. 33.785 million

According to the CEISB guidelines of the information system Audit, maintenance of Data Integrity is one of the basic objectives of database. Data integrity includes the safeguarding of the information against unauthorized addition, deletion, modification or alteration. The desired features of the data are described here under;

- Accuracy Data should be accurate. Inaccurate data may lead to wrong decisions and thereby hindering the business development process.
- Confidentiality Information should not lose its confidentiality It should be protected from being read or copied by anyone who is not authorized to do so.
- Completeness. Data should be complete.
- Reliability Data should be reliable because all business decisions are taken on the basis of the current database.
- e. Efficiency. The ratio of the output to the input is known as efficiency If output is more with the same or less actual input, system efficiency is achieved, or else system is inefficient. If computerization results in the degradation of efficiency, the effort for making the process automated stands defeated. Is auditors are responsible to examine how efficient the application in relation to the users and workload.

During Information System Audit of Khyber Pakhtunkhwa Revenue Authority Peshawar for the Financial Year 2019-20, data provided by the withholding agents was analysed to verify that the rate of withholding was correct and that the remaining nu-withheld amount has been deposited by the service provider or not. After analysing the data following discrepancies were identified which restrained audit to efficiently verify the said data;

- Out of 19,846 transactions 157 cases were detected where sales tax amounting to Rs 11,968,276, shown deducted was more than the actual value of sales tax and in 115 cases were found whereby less than 1% tas amounting to Rs. 21.817.027 was withheld from the total sales tax involved. Cases like this make this data extremely unreliable (Annex A(1) & (ii))
- Accuracy of total sales tax could not be verified as total value of services involved was not mentioned.
- Comparison of the data of withholding agents with monthly tax returns of the services providers revealed that in most of the cases WAPDA has shown the total value of services the sales tax involved column (Annex A(iii))
- Clustering of invoices were done in the withholding CPR Data which made it impossible to cross match the taxes withheld with the returns of service providers for confirmation of payment of remaining un withheld tax. It resulted in millions of un-withheld taxes un reconciled.
- There was no invoice number column in the data.
- In many cases the sale tax values mentioned in the withholding CFR data were different from the data provided in the sales tax returns.

Audit held that the lapse occurred due to weak management controls and lack of communication with withholding agents.

The lapse occurred due to weak internal controls.

When pointed out in March 2021, no reply was furnished by the management

The department was requested vide letter dated 27.04.2021, followed by reminders dated 20.08.2021, 29.11.2021 and 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends withholding agents may be guided about sales tax on services. Proper format should be communicated to the withholding agents for data provision which contains maximum information.

PDP No. 322 (2019-20)



Chapter – 09

FOOD DEPARTMENT

9.1A 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; controls over the price and distribution of sugarcane; control over the price and distribution of sugar and other matters; management of civil supplies; and price of food items.

Audit Profile of Food Department:

(Rs. in million)

S. No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue/Receipts Audited FY 2023-24
1	Formations	245	02	50,084.83	Nil
2	<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP)	Nil	Nil	Nil	N/A
3	Authorities/Autonomous bodies etc under PAO	01	Nil	Nil	N/A
4	Foreign Aided Projects (FAP)	Nil	Nil	Nil	N/A

9.1B Comments on budget & accounts (variance analysis)

Summary of the Appropriation Accounts:

The Summarized position of actual expenditure 2023-24 against the total of grants/appropriation was as follows:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

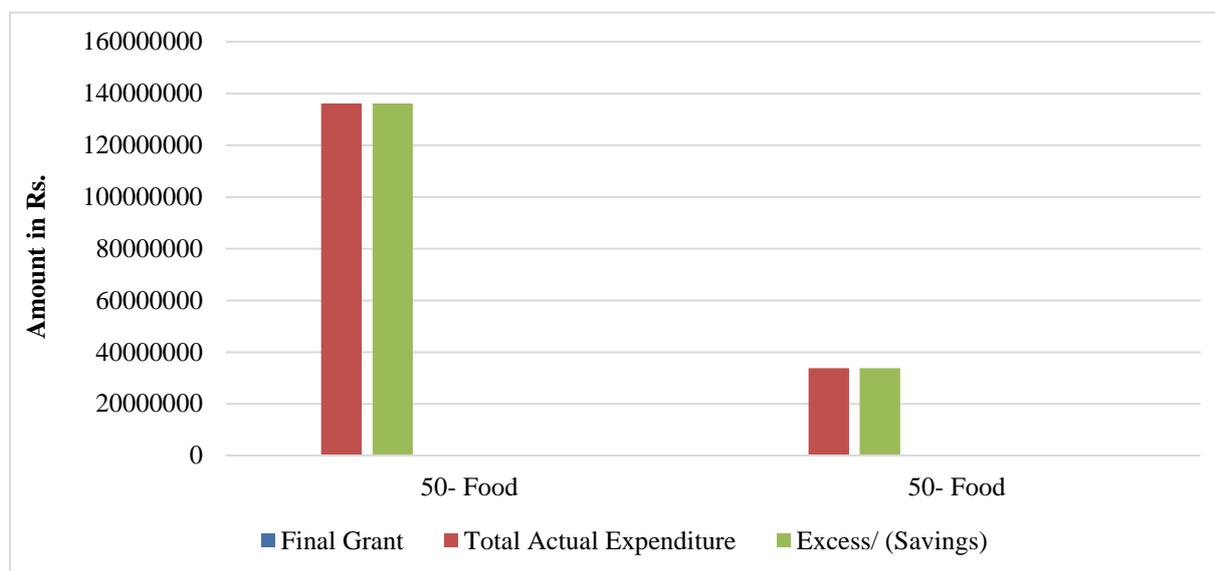
Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
49- State Trading in food grains & Sugar	NC11	68,911,371,256	68,911,371,256	0
49- State Trading in food grains & Sugar	NC14	151,646,464	151,646,464	0
Total		69,063,017,720	69,063,017,720	0



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
50- Food	NC22	136,173,300	136,173,300	0
50- Food	NC12	33,816,247	33,816,247	0
Total		169,989,547	169,989,547	0



9.1C Issues in Food Department

The project Insaf Food Card was not executed due to which blockage of funds was noticed. The current account was not converted to PLS account which resulted into revenue being forgone. There were issues in awarding of contracts by ignoring the tax factor. Imported wheat which had exhausted its shelf life was procured. Delivery of wheat to different PRCs was delayed but neither the contracts were awarded at the risk and cost of the defaulter contractors nor were penalties imposed on the contractors. There were instances when funds were expended on the purchase of machinery items already available in the department. Expired licenses were not renewed which resulted in the non-realization of revenue.

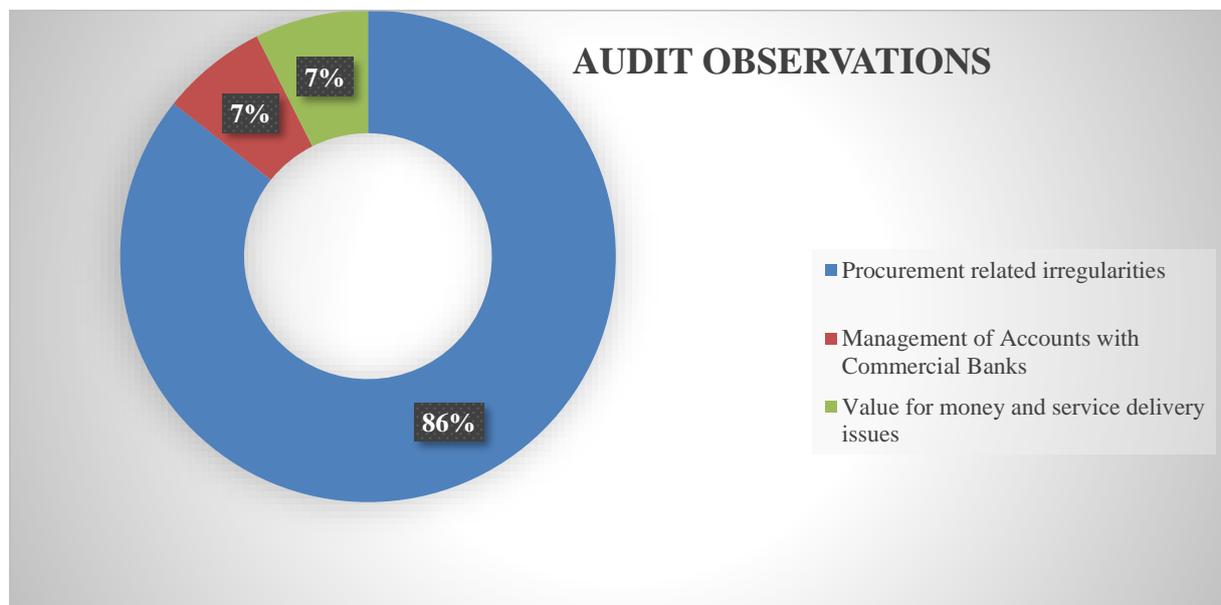
9.2 Summary of Audit Observations

Audit observations amounting to Rs. 7,197.923 million were raised in this report during the current audit of Food Department. This amount also includes recoveries of Rs. 133.525 million as pointed out by the audit. Summary of the audit observations classified by nature is as follows:

Overview of Audit Observations:

(Rs. in million)

S. No.	Classification	Amount
1	Procurement related irregularities	6,164.791
2	Management of Accounts with Commercial Banks	500.000
3	Value for money and service delivery issues	533.132
Total		7,197.923



9.3 Brief comments on the status of compliance with PAC directives:

S#	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2010-11	Food	40	-	13	27
2.	2011-12	-do-	12	-	09	03
3.	2012-13	-do-	06	06	-	-
4.	2015-16	-do-	12	08	04	-

9.4 Audit Paras

9.4.1 Non-execution of project Insaf Food Card and blockage of funds - Rs. 500.000 million

Revenue forgone due to non-conversion of the current account to PLS account - Rs. 188.958 million

According to Para 12 of the PC-I of the project Insaf Food Card, regarding the implementation schedule, the project's start date is 1st July 2022 and its end date is 30th June 2023.

According to Para 4 of the approved summary to the Chief Minister Khyber Pakhtunkhwa, the allocated subsidy amount under the proposed scheme to be provided to poor families through Insaf food cards shall be maintained in the designated branches of the Bank of Khyber in the province, and the amount of profit accrued on the said account shall go to the provincial exchequer.

During audit of the accounts of Secretary Food Department Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that an amount of Rs. 500.000 million was allocated for the Insaf Food Card (IFC) program in the Financial Year 2021-22. The project was approved by the Chief Minister of Khyber Pakhtunkhwa on 29th April 2022 and approved by the Cabinet in its 80th meeting held on 13 September 2022, wherein the Food Department was allowed for direct sourcing and signing contract with the Bank of Khyber, and the IFC project permitted to function through Secretariat staff until establishment of the Project Management Unit (PMU). Accordingly, funds amounting to Rs 500 million were also released by the Finance Department and were placed in the Bank of Khyber in a current account in July 2022. However, despite the lapse of considerable time, the project could not be initiated and the distribution of Insaf Food Cards not made.

Furthermore, the initial release of Rs 500 million is still lying in the current account, unutilized since July 2022, resulting in unnecessary blockage of funds. As a result, the department forewent the potential profit that could have been earned, as suggested in the summary to the Chief Minister KP. A PLS account could have earned Rs. 188,958,333/-.

The lapse occurred due to violation of PC-I provisions.

When pointed out in October 2024, it was replied to the department that the project is temporarily dormant and no release have been made for it is FY 2023-24. The matter will be taken up with the appropriate forum for its fate.

The department was requested vide letter dated 07.05.2024 followed by number of reminders dated 04.12.2024 and 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and fixing responsibility besides surrender of the amount to finance department.

PDP No. 38 & 39 (2023-24)

9.4.2 Loss due to awarding of contract at higher rates - Rs. 10.141 million

According to Clause 11 of the tender notice for transportation of wheat from Punjab to various districts of Khyber Pakhtunkhwa, the contractor is bound to pay income tax, KPRA tax, Stamp Duty, DPR funds and professional tax according to the prescribed rates fixed by the Government.

During audit of the accounts of Directorate of Food Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that the tender documents and tender forms didn't bind the contractors to quote the rates with the explanation of inclusive or exclusive of taxes. Resultantly, bidders of tax exempt and taxable districts offered the rates without mentioning inclusive/exclusive of taxes. On comparison of the rates of 1st quarter Muzaffar Khan belonging to District Dir (tax exempt district) offered rates to Swat and Buner (tax exempt districts) without mentioning the exclusive of taxes. His rates were taken as exclusive of taxes and was awarded the tender being lowest.

Later on, the contractor also claimed exemption and income tax and sales tax on services were not deducted from his bills. If the rates quoted by the second lowest bidder were adjusted for taxes, his rates would have been the lowest and the loss of Rs. 10,141,664/- could have been avoided, as detailed below;

(Amount in Rs.)

District	Contractor	Rate accepted	2nd lowest bidder	Adjusted rate	Diff.	%age Diff.	Total claims	Loss
Swat	Muzaffar Khan	7.44	7.67	6.5	0.9444	12.69%	35,651,013	4,522,704
Buner	Muzaffar Khan	8.44	9.2	7.79661	0.647789	7.67%	73,247,133	5,618,960
	Total							10,141,664

The lapse occurred due to weak internal controls.

When pointed out in October 2024, the paras were discussed however, written replies were not given by the department.

The department was requested vide letter dated 07.05.2024 followed by number of reminders dated 04.12.2024, and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter, fixing responsibility and corrective measures in future.

9.4.3 Irregular expenditure on account of procurement of imported wheat – Rs. 6,130.850 million

According to the Rules of Business 1985, the Food Department Khyber Pakhtunkhwa has been entrusted with functions of (1) Food procurement, rationing, and distribution. (2) Storage of Food grain. (3) Control over the price and distribution of sugar cane. (4) Control over the price and distribution of sugar and other matters under the Sugar Factories Control Act, 1950. (5) Implementation of Sugarcane Development Cess Rules, 1964. (6) Civil Supplies. (7) Price of food items. (8) Services matters, except those entrusted to the Establishment and Administration Department.

During audit of the accounts of Directorate of Food Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that 200,000 metric tons of wheat will be procured through PASSCO. This included 73,000 metric tons of imported wheat from 2021 and 19,688 metric tons of wheat from 2022. Further scrutiny of record revealed that in the discussion of Agenda Item Number 6 of the Provincial Food Committee meeting held on 30.08.2024 it was noted that the imported wheat is about to complete its shelf life of three years and is still lying in different storages of the Food Department.

Audit held that the Food Department unjustifiably purchased imported wheat in June 2023, which was transported within the next three to four months and had already completed more than two years of its shelf life. The Food Department kept the wheat in the last year of its shelf life and it is now either expired or near to expiry. The actual quantities of the imported wheat from 2021 and 2022 were not produced to exactly calculate the value of the closing stock of this wheat.

The lapse occurred due to weak administrative controls.

When pointed out in October 2024, the paras were discussed however, written replies were not given by the department.

The department was requested vide letter dated 07.05.2024 followed by number of reminders dated 04.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and fixing responsibility.

9.4.4 Loss to the government due to non-imposition of penalty and non-recovery of additional cost - Rs. 133.525 million

According to Clause 7.1 of the agreements between the transport contractors and the Food Department, if the contractor does not lift the quantity specified in the work order/ allocation letter within the stipulated time, a penalty of 1% of the freight value per day of the quantity, which has not been transported, may be imposed by the Director Food Khyber Pakhtunkhwa. In case the transportation of the remaining quantity is not resumed within 20 days of the last date, the contract shall be canceled and the remaining quantity will be transported at the risk and cost of the contractor/firm.

During audit of the accounts of Directorate of Food Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that a Memorandum of Understanding (MoU) for the purchase of 100,000 metric tons of wheat was signed with PASSCO Punjab on 04.10.2023. The contracts for transporting of wheat were awarded to various contractors vide Office Order dated 09.10.2023, with delivery time of 38 days. However, out of the contracts awarded; contracts for 84,514 metric tons of wheat were canceled after the expiry of the contract period i.e. 31.12.2023 due to non-transportation and awarded to new contractors.

The contracts were awarded to the new contractors at higher rates on 19.01.2024 and 23.02.2024. Despite this, the contractors failed to transport 84% of the wheat allocated to them, even after 40 days of the expiry of the stipulated period. A penalty of 1% of the freight per day on the outstanding wheat amounting to Rs. 65,636,456/- was not imposed upon the contractors by the department. Additional transportation cost of Rs. 67,889,295/- was incurred due to the new higher rates. However, this additional transportation cost was also not recovered from the previous transporters as required under the agreement.

The lapse occurred due to weak administrative controls.

When pointed out in October 2024, the paras were discussed however, written replies were not given by the department.

The department was requested vide letter dated 07.05.2024, followed by reminders dated 04.12.2024 and 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of Rs. 133,525,752/- from the contractors and fixing responsibility on the persons at fault.

PDP No 55 (2023-24)

9.4.5 Unjustified expenditure on account of purchase of chromatography machine - Rs. 23.800 million

According to Para 145 of GFR Vol-I, purchases must be made in the most economical manner in accordance with the definite requirements of the public services. Care should be taken not to purchase store much in advance of actual requirements.

During audit of the accounts of Khyber Pakhtunkhwa Food Safety & Halal Food Authority for the Financial Year 2022-23, it was observed that expenditure amounting to Rs. 23,800,000/- incurred on a/c of purchase of Ultra High-Performance Liquid Chromatography (UHPLC) machine. In this connection it was observed that the same nature of machine was already available in the local office in Static Lab as evident from the stock register. It was further observed that both the machines were not utilized till date of audit. Therefore, incurrence of huge expenditure on the same kind of machines needs justification.

The lapse occurred due to weak administrative controls.

When pointed out by audit in May 2024, the department replied that detail reply will be furnished after consulting the record.

The department was requested vide letter dated 05.01.2024 followed by reminders dated 04.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends to inquire the matter for unnecessary purchase and fix the responsibility on persons at fault.

PDP No. 31 (2022-23)

9.4.6 Non-realization of revenue due to non-renewal of expired licenses of food establishments – Rs. 210.650 million

According to Sections 1 (2), 15 of the Khyber Pakhtunkhwa, Food Safety and Halal Food Authority Act 2014, it shall extend to the whole of the province of Khyber Pakhtunkhwa. License means a license granted under this Act. Any person desirous of obtaining a license for using any place for food business or commencing any food business, shall apply to the Authority on payment of prescribed fees. The license granted shall remain in force for a period of two years from the date of issue and may thereafter be renewed on payment of such fee as may be prescribed.

During audit of the accounts of Khyber Pakhtunkhwa Food Safety & Halal Food Authority for the Financial Year 2022-23, it was observed that licenses were granted to the food establishments in the province. These licenses were issued for a period of 02 years and were required to be renewed on payment of prescribed annual fee. Record revealed that

21,065 food establishment licenses were expired in the province which were not renewed by the concerned nor the Authority made effort for renewal of licenses and realization of revenue from these licenses. The analysis of the soft data maintained by the Authority revealed that the number of expired licenses was increased from time to time instead of reduction in expired case which resulted in loss of Rs.210,650,000/- approximately (detail below) due to non-realization of licenses' renewal fee as tabulated below:

Current License Expired: 21,065 average rate per license Rs.10,000/- = Rs.210,650,000/-

Audit held that a fully facilitated Authority with all the work force and logistics is mandated to enforce the provisions of the Act and ensure its operations through licensing and product registration in the province was established with the aim to provide halal, hygienic food of prescribed standards and also ensure revenue. However, the management failed to renew the expired licenses and realize revenue from the renewal of expired licenses.

The lapse occurred due to weak internal controls.

When pointed out by audit in May 2024, the department replied that detail reply will be furnished after consulting the record.

The department was requested vide letter dated 05.01.2024 followed by reminders dated 04.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the outstanding dues besides fixing of responsibility against the person(s) at fault.

PDP No. 38 (2022-23)



Chapter – 10

HEALTH DEPARTMENT

10.1A Introduction

Health Department KP is a public entity; formulating and implementing health policies, governing healthcare institutions and leading healthcare interventions in Khyber Pakhtunkhwa. Towards decentralization and digitalization, it aims to provide healthcare at doorstep. Devolved into healthcare education and service provision, the department; ensures and realizes supply and demand equilibrium, channelizing healthcare knowledge attitudes and practices on modern scientific patterns, simultaneously trying to synchronize learned techniques with beliefs, local values and norms.

Statistically prioritized interventions; concentrating on epidemics, outbreaks, mutations, and precautions; being learnt, advised, intervened, supervised, and data-banked for future referrals. Striving towards access, affordability, and appraisal; synergic initiatives being initiated; complementing all the stakeholders, uplifting healthcare infrastructure and promoting public welfare.

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of leading and providing evidence-based direction to the health sector in framing health policy & reforms and health Planning, financing and budget; management of health education and community involvement and advocacy; disease prevention and control; management of occupational health, environmental health and rehabilitative care including primary, secondary and tertiary level curative services including mental health, rehabilitative care and health related preparedness and response to disasters.

The department is also tasked with health regulation and enforcement; management of health personnel, facilities and services; levying of fees and charges by medical professionals and facilities; quality assurance and control; facilities and services; drugs control; alternative systems of medicine; food and sanitation; prevention and control of adulteration in food; monitoring & reporting upon safe drinking water supply and sanitation services; health human resources planning and development; provision of quality medical and allied education; pre-service training of support medical and health profession; in-service training of health human resource; logistics and procurement; proposing medico-legal advice and litigation; monitoring and evaluation including performance assessment; health, medical and allied research and knowledge management for evidence based decision making.

Audit Profile of Health Department:

(Rs. in million)

S. No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue/Receipts Audited FY 2023-24
1	Formations	139	18	63,461	99
2	<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP)	09	03	349.514	N/A
3	Authorities/Autonomous bodies etc under PAO	14	02	5,279	N/A
4	Foreign Aided Projects (FAP)	02	02	795	N/A

10.1B Comments on budget & accounts (variance analysis)

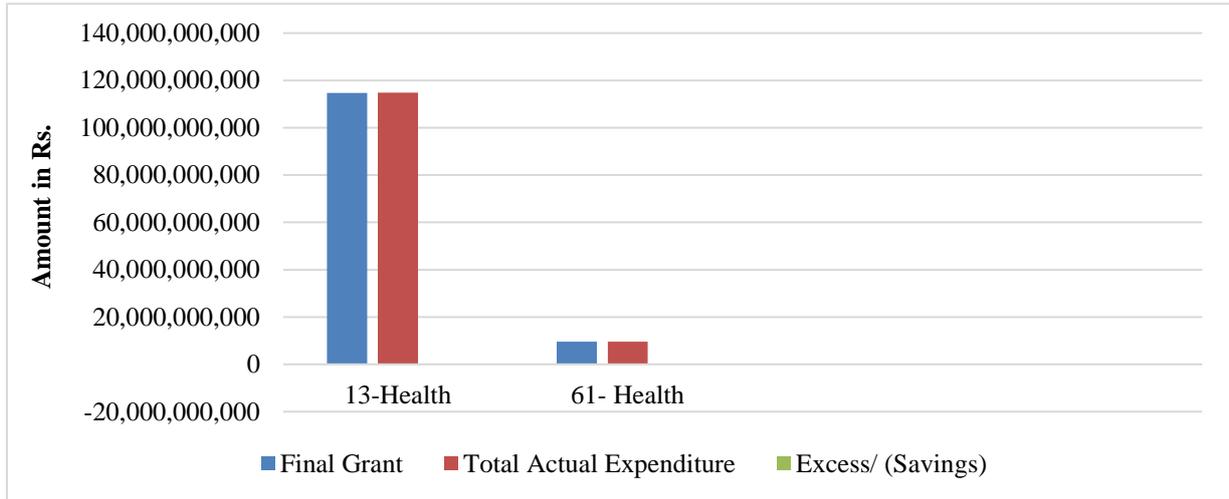
Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2023-24 against the total of grants/appropriation was as follows:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

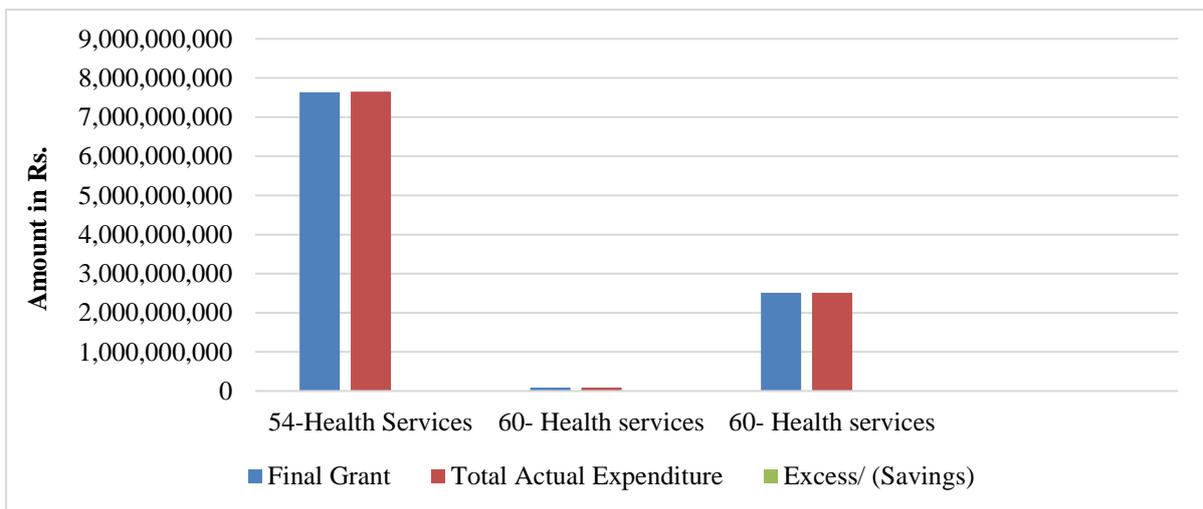
Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
13-Health	NC21	135,696,859,721	135,691,318,267	(5,541,454)
61-Health	NC21	10,952,650,435	10,951,819,885	(830,550)
Total		146,649,510,156	146,643,138,152	(6,372,004)



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
54-Health Services	NC-22/ NC12	7,638,728,306	7,647,881,276	9,152,970
60- Health services	N12	84,829,220	84,829,220	0
60- Health services	NC22	2,509,934,856	2,509,934,856	0
Total		10,233,492,382	10,242,645,352	9,152,970



10.1C Issues in Health Department

Misappropriation in the purchase of consumables from the essential / top-up medicines budget, repair of vehicles and purchase of stationery items were noticed in the department. Medicines, consumables and equipment were purchased at higher rates which

resulted into loss to the government. There were instances where pay and allowances were being paid to the civil servants in the hospital, however, the same were shown as continuously absent leading to payment to non-existent employees. MRI machine was said to have been purchased in a hospital by trading off the old machine for the new one but without determining the prices of the new machine purchased and the old one traded off.

Health Professional Allowance was being paid at enhanced rates in certain hospitals. In some of the hospitals, government revenue realized was not being deposited into government treasury. Capitation fee was less deposited by some of the hospitals. In some of the hospitals, IBP incentives were being paid to the doctors working in the IBP in addition to the same being paid through share in the IBP receipts as per the distribution formula in violation of the existing government rules. Non-imposition of penalty upon suppliers for late supply of equipment items were also noticed in the department. Some of the newly purchased assets were misappropriated in the department. The contract for supply of Full Body Scans was awarded to the choice firm by adopting doubtful technical evaluation process and then these high-cost medical equipment items were distributed to the hospitals in the newly merged districts without their demand where these items were found uninstalled and dumped in the hospitals.

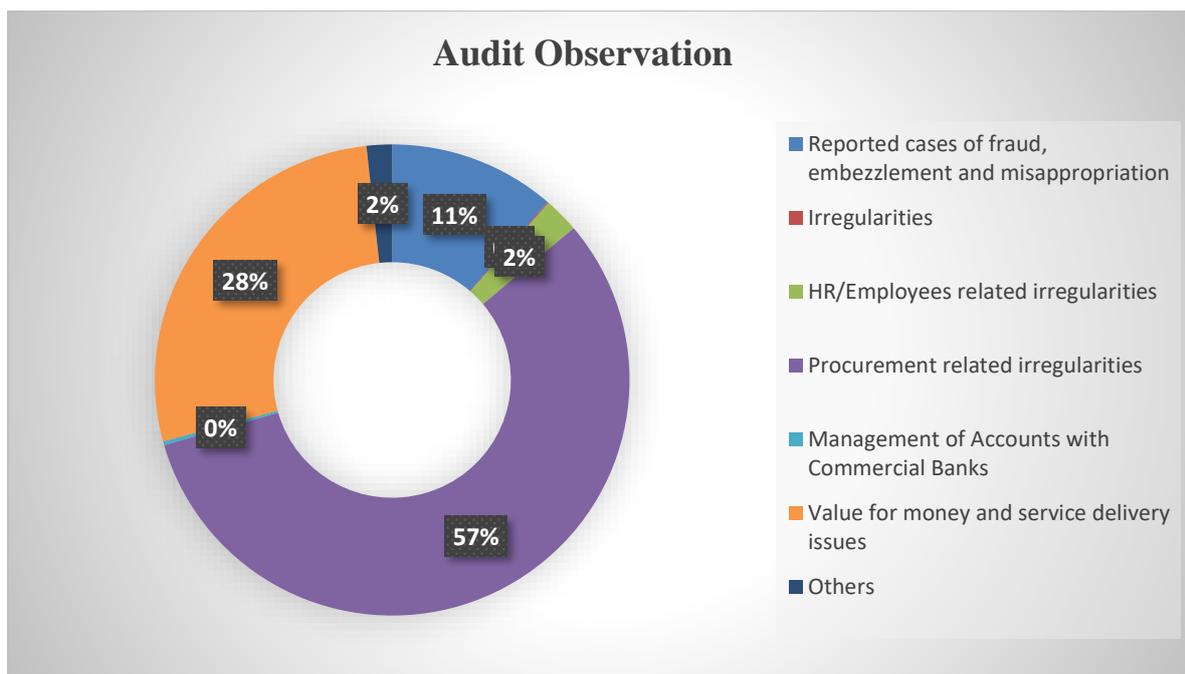
10.2 Summary of Audit Observations

Audit observations amounting to Rs. 4,311.66million were raised in this report during the current audit of Health Department. This amount also includes recoveries of Rs. 93.877 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations;

(Rs. in million)

S. No.	Classification	Amount
1	Reported cases of fraud, embezzlement and misappropriation	490.353
2	Irregularities	3.555
3	HR/Employees related irregularities	103.500
4	Procurement related irregularities	2,443.799
5	Management of Accounts with Commercial Banks	11.608
6	Value for money and service delivery issues	1,184.098
7	Others	74.747
Total		4,311.66



10.3 Brief comments on the status of compliance with PAC directives:

S. No.	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial compliance	Nil compliance
1.	2001-02	Health	31	21	-	10
2.	2002-03	-do-	18	14	-	04
3.	2003-04	-do-	11	06	-	05
4.	2004-05	-do-	42	11	-	31
5.	2005-06	-do-	12	06	-	06
6.	2007-08	-do-	18	05	-	13
7.	2008-09	-do-	16	07	-	09
8.	2009-10	-do-	23	12	-	11
9.	2010-11	-do-	19	07	-	12
10.	2011-12	-do-	33	18	-	15
11.	2012-13	-do-	14	09	-	05
12.	2013-14	-do-	46	23	-	23
13.	2014-15	-do-	27	14	-	13
14.	2015-16	-do-	39	12	-	27
15.	2016-17	-do-	52	13	-	39

10.4 Audit Paras

10.4.1 Mis-appropriation on account of purchase of drugs and medicines - Rs. 22.500 million

According to Para 23 of General Financial Rules Volume-I, every public officer is personally responsible for any loss sustained by government through fraud or negligence on his own part or on the part of subordinate disbursing officers.

During audit of the accounts of Directorate-General Health Services Peshawar for the Financial Year 2023-24, it was observed that an amount of Rs. 22,500,000/- was paid to M/S Shaad Traders vide Cheque No. 2703718 dated 07.02.2024 on account of purchase of 1,200,000 Male Latex Condoms at the rate of Rs. 18.75 per condom. Accordingly, the items were shown supplied directly to the following District Health Offices;

S#	Name of Office	Quantity
1.	DHO North Waziristan	700,000
2.	DHQ Bajaur	60,000
3.	DHQ Dir Lower	100,000
4.	DHO Malakand - Category B-Hospital Dargai	150,000
5.	DHO Kurram - Category D-Hospital Munda	50,000
6.	DHO Dir Lower	140,000
Total		1,200,000

However, further scrutiny of record revealed that;

- The supply order was issued on 29.01.2024 with the manufacturing date mentioned on the supplier invoice as April 2024. The receiving date of the condoms in the district health offices was 02.02.2024 and the month of import mentioned in the goods declaration forms was November 2023. It, prima facie, shows that the items were imported and delivered to the district health offices before their manufacturing.
- Neither demand from the hospitals / district health offices was obtained before issuing the supply orders nor were standard operating procedures developed for the purchase and distribution of the items.
- The department is to clarify on the directions / orders of whom, 1,200,000 were purchased from the essential medicines budget.
- Neither details of the persons and their designation receiving the items in the district health offices were available on record nor inspection or quality check of the items carried out by DGHS Peshawar / DHOs.
- The local office failed to provide the rationale behind distribution of condoms in only 6 districts and abnormal distribution of almost 58% of the purchased condoms to one district i.e. North Waziristan. Moreover, the list of items received under top-up medicines provided by the DHO North Waziristan did not include the 700,000 condoms shown distributed by DGHS Peshawar.

Audit held that due to suspected procurement of 1,200,000 condoms i.e. without demand, receipts of items before their manufacturing period, unauthorized purchase and distribution, it appears that an amount of Rs. 22.500 million has been misappropriated.

The lapse occurred due to financial mismanagement.

When pointed out in November 2024, no reply was furnished.

The department was requested vide letter dated 06.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends conducting a fact-finding inquiry for fixing of responsibility against the person(s) at fault besides affecting recovery of the misappropriated amount.

PDP No. 271 (2023-24)

10.4.2 Un-justified purchase on account of disposable gloves under essential / top-up medicines budget - Rs. 1119.135 million

According to the concept note for procurement and supply chain of top-up medicine circulated vide DGHS Peshawar letter dated 07.12.2021, the government allocated additional funds of Rs. 3,500.000 million at the disposal of DGHS for procurement of medicine for primary and secondary healthcare facilitates to improve healthcare service delivery to patients and support adequate dispensation of medicines across the province. This is with the aim to provide additional free medicines for out-patients (OPD), in-patients (IPD) and Emergency and the purpose of the initiative is to ensure that all hospitals receive medicines in equitable quantities.

According to Finance Department Khyber Pakhtunkhwa letters dated 02.02.2024 and 06.02.2024, an amount of Rs. 2.909 Billion was released to the Health Department exclusively for the procurement of essential medicines.

During audit of the accounts of Directorate-General Health Services Peshawar for the Financial Year 2023-24, it was observed that expenditure amounting to Rs. 3,193,753,224/- was incurred on account of purchase of top-up medicines during the Year. However, further scrutiny of record revealed that the expenditure included an amount of Rs. 1,119,135,000/- incurred on the purchase of 43,984,000 Disposable Examination Gloves at the rate of Rs. 22.61 per pair, which is 35% of the total essential / top-up medicines budget.

Audit held that purchase of disposable gloves in huge quantities from the essential medicines budget did not align with the intended purpose of allocation of budget to the Health Department for enhancing healthcare service delivery of the provincial government objectives.

The lapse occurred due violation of rules and regulations.

When pointed out in November 2024, no reply was furnished.

The department was requested vide letter dated 06.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends conducting inquiry regarding expenditure on purchase of non-essential items and recovery of the amount for reinforcing the government policy of enhanced healthcare service delivery.

PDP No. 256 (2023-24)

10.4.3 Suspected misappropriation on account of repair of vehicles - Rs. 45.078 million

According to Para 23 of General Financial Rules Vol, every public officer is personally responsible for any loss sustained by government through fraud or negligence on his own part or on the part of subordinate disbursing officers.

During audit of the accounts of Directorate-General Health Services Peshawar for the Financial Years 2023-2024, it was observed that an amount of Rs. 45,078,050/- was paid to M/S Israr-Ud-Din Khan in the month of November 2023 on repair of 11 vehicles (**Annexure-XIV**).

Moreover, the repair expenditure was not recorded in the logbooks / history sheets.

The lapse occurred due to violation of general financial rules.

When pointed out in November 2024, no reply was furnished.

The department was requested vide letter dated 06.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiring the matter for fixing responsibility against the person(s) at fault besides affecting recovery of the suspected amount of repair.

PDP No. 282 (2023-24)

10.4.4 Loss to the government due to purchase of medicines at higher rates - Rs. 243.757 million

According to Section 3 of Khyber Pakhtunkhwa Public Procurement Regulatory Authority Act 2012, all public procurement shall be conducted in a manner to promote the

principles transparency, economy, value for money, accountability and swift grievance handling.

During audit of the accounts of Directorate-General Health Services Peshawar for the Financial Year 2023-24, it was observed that an expenditure of Rs. 785,548,815/- was incurred on the purchase of various medicines at the rates approved by MCC. The same medicines were purchased by MTI Hayat Abad Medical Complex Peshawar at lower rates in comparison with Directorate-General Health Services during the same financial year resulting into loss of Rs. 243,756,961/- to the public exchequer.

The lapse occurred due to violation of public procurement rules.

When pointed out in November 2024, no reply was furnished.

The department was requested vide letter dated 06.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends conducting a fact-finding inquiry for fixing responsibility against the person(s) at fault besides affecting recovery of the loss sustained by the government.

PDP No. 338 (2023-24)

10.4.5 Loss to the government due to purchase of insecticides at higher rates - Rs. 43.037 million

According to Section 3 of Khyber Pakhtunkhwa Public Procurement Regulatory Authority Act 2012, all public procurement shall be conducted in a manner to promote the principles transparency, economy, value for money, accountability and swift grievance handling.

During audit of the accounts of Directorate General Health Services Peshawar for the Financial Year 2023-24, it was observed that an amount of Rs. 53,487,500/- was paid to M/S Tufail Enterprises vide cheque # 2716642 dated 29.02.2024 for the procurement of 2,750 liters of Lambda Cyhalothrin 2.5% EC manufactured by Sygenta, under the Dengue Action Plan to control dengue outbreaks.

However, further scrutiny of record revealed that the local office shortlisted two firms i.e. M/S Bio Pharma and M/S Tufail Enterprises for procurement of insecticides. The contract was awarded to M/S Tufail Enterprises for supplying imported Lambda Cyhalothrin 2.5% EC @ Rs. 19,450/- per liter. However, it was revealed from the website of Sygenta that it also produces the same product locally under the name Karate Lambda Cyhalothrin 2.5% EC, which was available at the rate of Rs. 3,800/- per liter (Rs. 950 per 250 ml). Despite this, the local office opted to purchase the imported variant resulting into a loss of Rs. 43,037,500/- (Rs. 19,450 – 3,800 = Rs. 15,650 X 2750 liters) to the government.

The lapse occurred due to violation of public procurement rules.

When pointed out in November 2024, no reply was given.

The department was requested vide letter dated 06.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends conducting a fact-finding inquiry to investigate the loss, identifying the individuals responsible, effecting recoveries and taking corrective actions to avoid such lapses in the future. Additionally, procurement practices should be reviewed and strengthened to ensure transparency and achieve cost-efficiency in public spending.

PDP No. 269 (2023-24)

10.4.6 Misappropriation on account of purchase of stationery items - Rs. 79.994 million

According to Para 23 of General Financial Rules Vol, every public officer is personally responsible for any loss sustained by government through fraud or negligence on his own part or on the part of subordinate disbursing officers.

During audit of the accounts of Directorate General Health Services Peshawar for the Financial Years 2023-24, it was observed that an amount of Rs. 79,994,804/- was paid to M/S Combined Vision Traders on account of purchase of different stationery items. However, further scrutiny of record revealed that payment to the supplier was made from the DGHS designated bank account for which no provision was available under the head purchase of stationary items, as detailed below;

(Amount in Rs.)

Cheque No.	Dated	Month	Particulars	Supplier	Amount
43642186	25.01.2024	Jan-24	Purchase of stationery items	Combined Vision Traders	20,082,400
43642186	25.01.2024	Jan-24	-do-	-do-	19,916,040
43642165	16.11.2023	Nov-23	-do-	-do-	39,996,364
Total					79,994,804

Audit also raised the following shortcomings;

- The department also incurred more than 15 million on stationary items from regular budget.
- The payments were made to M/S Combined Vision Traders (deals in all kinds of office, IT equipment & after sales services) who has no relevancy with the stationary business as evident from the income tax registration.
- The bills submitted by the contractor did not show any serial no and date.
- The purchases were made without the approval of purchase committee notified by the DGHS office vide notification dated 27-03-2023.
- As per TORs of the purchase committee dated 27-03-2023, the committee was responsible to physically verify the purchased items, however, no such inspection was carried out.
- As per TORs of the purchase committee dated 27-03-2023, the committee was responsible to recommend payment to the vender after successful purchases of items, however, payment to the vendor was made without the recommendation of the committee.

- All the stationary items purchased were not entered in proper stock register.
- The sanction accorded by the competent authority did not bear any issue number and date.
- The sanction was addressed to the Accountant General KP, which seem dubious as the amount was drawn from the designated account without submission to the AG office.
- A quantity of 4800 legal paper rim and 5200 A4 paper rim were purchased in the month of November 2023 and January 2024 and shown issued in total in the same months.
- A quantity of 1585 toners (different types) were purchased in the month of November 2023 and January 2024 and shown issued in total in the same months.
- Audit obtained data from the diary and dispatch, which revealed that a total of 302,206 letters were issued from different sections of the DGHS office from July 2023 to June 2024. Audit held that a total of 10,000 reams of paper, each containing a minimum of 500 papers (total of 5,000,000 papers), were shown utilized during the same period.

Keeping in view the above facts, Audit concluded that the utilization of designated bank account fund in a hasty manner on the pre-fabricated bills in addition to the regular budget allocation tantamount to a fraudulent withdrawal of public fund and misappropriation by the dealing hands.

The lapse occurred due to financial mismanagement.

The department was requested vide letter dated 06.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery and investigating the matter taking appropriate action besides fixing responsibility against the person at faults.

PDP No. 283 (2023-24)

10.4.7 Loss to the government due to purchase of MCC medicines at higher rates - Rs. 219.515 million

According to Section 3 of Khyber Pakhtunkhwa Public Procurement Regulatory Authority Act 2012, all public procurement shall be conducted in a manner to promote the principles transparency, economy, value for money, accountability and swift grievance handling.

During audit of the accounts of Directorate General Health Services Peshawar for the Financial Year 2023-24, it was observed that an amount of Rs. 3,673,358,721/- was spent on the purchase of medicines. However further scrutiny of records revealed that the purchase of these medicines was made on the approved MCC rate of 2023-24 under the supervision of committee headed by the DG Health instead of DG Drug KP Peshawar. A comparative analysis was made by audit which indicates that some of the medicines were purchased at very higher rate as compared to the rates of previous MCC 2022-23, which resulted into a loss Rs. 219,515,600/- to the provincial government.

The lapse occurred due to violation of public procurement rules.

The department was requested vide letter dated 06.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and recovery besides fixing responsibility against the persons at faults.

PDP No. 340 (2023-24)

10.4.8 Misappropriation on account of pay and allowances – Rs. 88.603 million

According to Clauses 8.17.1 and 8.17.4 of the Tripartite Agreement signed on 14.04.2022 for outsourcing the hospital under Public Private Partnership (PPP), the Third Party i.e. Implementing Partner shall take over the responsibilities for Human Resource Management of Government Employees posted in the Assigned Health Facility having been seconded to the Third Party. If the seconded staff does not comply with the instructions, policies and procedures and has been reported by the Third Party, the Second Party shall take appropriate action within one month failing which the said seconded employee shall stand repatriated to the Second Party.

During audit of the accounts of District Headquarters Hospital Wana South Waziristan for the Financial Year 2023-24, it was observed that an amount of Rs. 204,425,198/- was paid to 199 different government employees on account of their pay and allowances, as evident from the SAP HR Data. Further scrutiny of the budget details submitted by the implementing partner duly countersigned by the District Health Officer South Waziristan to the Finance Department revealed that 80 different employees were shown as continuous absent / relieved from the hospital during the period. However, these employees were still paid on account of their salaries amounting to Rs. 88,603,273/- during the Year.

Audit held that making payments to the continuous absent and relieved employees from the hospital funds / cost center was a serious lapse on the part of hospital management and leads to misappropriation.

The lapse occurred due to violation of the tripartite agreement for outsourcing the hospitals.

The department was requested vide letter dated 06.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the amount from the employees concerned and taking disciplinary action against the persons at fault.

PDP No. 243 (2023-24)

10.4.9 Loss to the government on account of purchase of MRI machine - Rs. 233.450 million

According to Section 3 of Khyber Pakhtunkhwa Public Procurement Regulatory Authority Act 2012, all public procurement shall be conducted in a manner to promote the principles transparency, economy, value for money, accountability and swift grievance handling.

During audit of the accounts of MTI Ayub Teaching Hospital Abbottabad for the Financial Year 2023-24, it was observed that an expenditure amounting to Rs. 233,450,000/- was incurred on account of purchase of MRI machine in the Year 2021-22. However, further scrutiny of record revealed that there was no mention of the price of the machine purchased or the cost on which the old machine was traded-off for the new one. Moreover, expenditure amounting to Rs. 110.000 million was also incurred on the repair of old MRI machine as well.

It is worth mentioning here that the government and board of governors took notice of the issue and advised an inquiry in the matter. Accordingly, the inquiry report was submitted to the 90th BOG meeting held on 16.12.2023 with the findings that heads of departments like IMC, MD, HD, DA, In-charge procurement and In-charge medical equipment failed miserably to perform their duties and responsibilities and violated the established protocols. However, despite the inquiry committee's recommendations, the management failed to take any corrective and disciplinary action against those responsible for the procurement process till the date of audit i.e. September 2024.

The lapse occurred due to violation of public procurement rules.

When pointed out in September 2024, no reply was given.

The department was requested vide letter dated 30.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends implementation of the inquiry committee recommendations besides recovery of loss sustained by the hospital.

PDP No. 141 (2023-24)

10.4.10 Loss due to purchase of Laparoscopic System 4k at higher rate - Rs. 37.019 million

According to the Director General Health Services KP Peshawar approved rates of machinery and equipment at S. No. 24 for the Year 2022-23 issued vide letter dated 29-11-

2022, the rate of Laparoscopic System 4k Germany of M/S B Braun @ Rs. 20,990,444/- was approved.

During audit of the accounts of MTI Ayub Teaching Hospital Abbottabad for the Financial Year 2023-24, it was observed that the hospital management incurred an expenditure of Rs. 79,000,000/- on the purchase of 2 Laparoscopic System 4k Germany from M/S Allmed Solution at the unit rate of Rs. 39,500,000/- and paid vide Cheque No. 248799 dated 29-08-2023, against the approved DGHS rate of Rs. 20,990,444/- which resulted into loss to the hospital fund amounting to Rs. 37,019,112/- (Rs. 39,500,000 - 20,990,444 = Rs. 18,509,556 X 2 units).

Audit held that the management was required to purchase the same specification item from the approved DGHS contractor instead of hospital tender system which could have saved a handsome amount to the hospital fund.

The loss occurred due to violation of the administrative department directives.

When pointed out in September 2024, no reply was given.

The department was requested vide letter dated 30.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and fixing of responsibility against the persons at faults besides recovery of the loss sustained by the hospital.

PDP No. 145 (2023-24)

10.4.11 Overpayment on account of Health Professional Allowance - Rs. 6.335 million

According to S. No. 79 of Table No. 4 of the Health Department Notification No. SOB-I/HD/5-7/Allowances/2020-21/Vol-VIII dated 04.11.2021, Civil Hospital Manglor Cat-D Hospital was categorized as “easy” and rate of HPA admissible for hospitals in easy category for MO was Rs. 65,000. Note: Civil Hospital Manglor is situated within the boundary wall of Miagul Abdul Haq Jehanzeb Kidney Hospital. Same was also endorsed by the Accountant General Letter No. H-24(76)/Swat/Vol-X/267 dated 09-05-2023.

During audit of the accounts of Miagul Abdul Haq Jehanzeb Kidney Hospital Manglor Swat for the Financial Year 2020-24, it was observed that Rs. 65,160,000/- was paid on account of Health Professional Allowances to the Doctors. Verification of record revealed that Health Professional allowance was paid to the Doctors @ Rs.72000/- per month instead of Rs.65000/- in violation of the above quoted rules, which resulted into overpayment of R.6,335,000/- and needs recovery.

The lapse occurred due to violation of the administrative department directives.

When pointed out in October 2024, the management did not furnish reply.

The department was requested vide letter dated 06.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of overpayment and disciplinary action against the persons at fault.

PDP No. 217 (2020-24)

10.4.12 Misappropriation on account of non-deposit of hospital receipts - Rs. 3.426 million

According to Para-12 of GFR Vol-I, the controlling officer should see that all sums due to government are assessed, realized and duly deposited into public account. Read with Health Department letter No.SOB-I/HD/1-27/PR/Vol-IV dated 13.08.2021, 25% share of doctors is only admissible to the qualified doctors posted in the health facilities in their relevant specialties of Pathologists and Radiologists, otherwise, the 25% share will be deposited into the government treasury. Read with Health Department Notification No.SO (Budget)Health/I-97/User Charges dated 25.06.2002, getting share of doctors by the MS, in case the concerned specialist / doctor is not posted in the hospital, has no logic in any other government department and is thus not allowed.

During audit of the accounts of Miagul Abdul Haq Jehanzeb Kidney Hospital Manglor Swat for the Financial Year 2020-24, it was observed that Rs. 3,426,682/- was realized as doctor share from the radiology unit. The amount of radiologist share was required to be paid to the designated radiologist or deposited into the government treasury, which was not done and the amount was paid to the MO / pathologist.

The lapse occurred due to violation of the administrative department directives.

When pointed out in October 2024, the management did not furnish reply.

The department was requested vide letter dated 06.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery besides disciplinary action against the persons at fault.

PDP No. 222 (2023-24)

10.4.13 Loss to the government due to purchase of dengue spray at higher rates - Rs. 35.040 million

According to Clause 14 (ix) of the KPPRA Rules 2014, the bid found to be the lowest evaluated bid shall be accepted by the procuring entities.

During audit of the accounts of Directorate General Health Services Peshawar for the Financial Year 2022-23, it was observed that an amount of Rs. 69,740,000/- was paid to M/S Alaftageen vide cheque No.97981183 dated 15.06.2023 on account of supply of different items to control the dengue outbreak. However, further scrutiny of record revealed that the purchases were made from the supplier on quotation basis but ignoring the lowest rates offered by different suppliers, which resulted into loss of Rs.35,040,000/- as detailed below;

(Amount in Rs.)

S. No.	Item	Rate accepted	Lowest rate	Diff.	Quantity	Loss
1	Deltamethrin 1.5%	1,450	480	970	15000 ltr	14,550,000
2	Deltamethrin 5%	1,525	700	825	20000 kg	16,500,000
3	Temphose 500E	3,500	3,200	300	3000 ltr	900,000
4	Temphose 1%	699	390	319	10000 kg	3,090,000
Total						35,040,000

Audit further observed that;

- No rate analysis or market survey was conducted to compare the rates quoted by different suppliers with the market rates.
- Neither any time for supply of items was mentioned in the quotation nor standard bidding documents prepared for the said items.
- Quotation was issued on 07.09.2017 and the purchase committee meeting was held on 14.09.2017 after 7 days of issuance of quotation wherein the terms and conditions were approved, as against conducting the meeting before the issuance of request for quotation.
- The lowest bidder offered a supply period of 10 to 40 days, whereas the selected bidder did not mention any period for supplying the items. However, later on a supply period of 10 days was mentioned hand-written on the quotation offered by the selected bidder. Moreover, upon receipt of the items, the items were laying in the main store and were issued with effect from 18.10.2017 to 19.01.2018 (almost 105 days after receipt of the items) meaning thereby that unnecessary clause in the request for quotation was inserted to favour the choice supplier.
- The rate offered by the lowest bidder at Serial No. 4 above was rejected on the grounds that the item was not approved by WHO, however, no such condition was mentioned in the request for quotation.

Moreover, the amount pertaining to the Financial Year 2017-18 was paid to the supplier in June 2023, after the lapse of more than five years, without obtaining concurrence of the Finance Department and / or conducting departmental inquiry, which also raises doubts about the authenticity of the payment made.

The lapse occurred due to violation of public procurement rules.

The department was requested vide letter dated 29.01.2024, followed by a reminder dated 29.11.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends to inquire the matter for fixing responsibility and to ensure recovery of higher rates from the quarter concerned under intimation to audit.

PDP No. 107 & 108 (2022-23)

10.4.14 Unauthorized expenditure on purchase of medicines for flood affected areas of Balochistan - Rs. 4.336 million

As per DGHS approved mechanism for need Assessment procurement and supply chain of medicine for provincial and District level health care facilities circulated vide letter No.9246-68/DGHS dated 07-12-2-21; the budget shall be utilized for Provincial and district's level i-e BHUs & RHCs etc.

During audit of the accounts of Directorate General Health Services Peshawar for the Financial Year 2022-23, it was observed that an amount of Rs. 94,426,000/- was transferred by the government to the DGHS Peshawar designated bank account as medical aid for the citizens of flood affected areas of Balochistan. However, further scrutiny of record revealed that instead of utilizing this fund, medicines of Rs. 4,336,223/- were supplied to the flood affected population of Balochistan from the top-up medicines budget.

The amount transferred for the flood affected areas population of Balochistan was lying unspent in the designated bank account till date of audit i.e. December 2023.

Furthermore, details of acknowledgments of the supplied medicines were also not available on record.

The lapse occurred due to violation of the administrative department directives.

When pointed out in December 2023, no reply was given by the management.

The department was requested vide letter dated 29.01.2024, followed by number of reminders dated 29.11.2024, 02.01.2025 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiring the matter, surrender of the amount and fixing of responsibility against the person(s) at fault.

PDP No. 111 (2022-23)

10.4.15 Loss to the hospital fund due to less deposit of capitation fee by private medical college – Rs. 16.760 million

According to Clause No. 11 of the Tripartite Agreement, in lieu of using the facilities at the hospital for clinical training of the under graduate medical students, the third party shall be liable to pay yearly capitation fee equivalent to 10% of the gross annual fee per year charged by the third party from their students.

During audit of the accounts of Benazir Bhutto Shaheed District Head Quarter Hospital Abbottabad for the Financial Year 2022-23, it was observed that 200 students were enrolled by the Women & Dental College Abbottabad. However further scrutiny of record revealed that an amount of Rs. 100,000/- per student was collected as Capitation Fee from the institute instead of the required amount of Rs. 183,800/- per student which resulted into loss of Rs. 16,760,000/- (Rs. 183,800 – 100,000 = Rs. 83,800 X 200 students).

Audit is of the view that capitation fee was required to be deposited as per terms and conditions which was not done which put the hospital fund to loss.

The lapse occurred due to violation of the tripartite agreement.

When pointed out department stated that detail reply will be given after consulting relevant record.

The department was requested vide letter dated 06.05.2024, followed by number of reminders dated 29.11.2024, 02.01.2025, and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the college besides taking disciplinary action against the responsible(s).

PDP No. 592 (2022-23)

10.4.16 Non recovery of withholding tax from insurance health premium – Rs. 80.000 million

According to Section 233 of the Income Tax Ordinance 2001, income tax @ 8% is required to be deducted on services rendered at source by the withholding agent.

During audit of the accounts of Social Health Protection Initiatives Khyber Pakhtunkhwa for the Financial Year 2022-23, it was observed that payment of Rs. 1,000,000,000/- was made to State Life Insurance Corporation, however, income tax @ 8% amounting to Rs 80,000,000/- was not deducted from the claims paid to SLIC.

Non deduction of income tax was not only violation of the income tax ordinance but adversely affects the ways and means of the government consolidated fund as well.

The lapse occurred due to violation of the income tax Ordinance.

When pointed out, department stated that detail reply will be furnished after checking the record.

The department was requested vide letter dated 10.07.2024, followed by reminders dated 29.11.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from quarter concerned.

PDP No. 875 (2022-23)

10.4.17 Unjustified payment on account of subsidy to private firm - Rs. 3.555 million

According to contract agreement for installation, operation, management and delivery of the diagnostic services i.e. CT scan on public private partnership basis, the second party i.e. M/S Laiba International Peshawar will install, operate and manage a CT Scan Machine on their own cost which will work round the clock. The second party will charge the patients as per agreed price and the first party i.e. the Hospital will provide free space, security and utilities facility to be recovered on actual cost basis.

According to Section 8(B) of KP Health Foundation Act 2016, the Health Agency shall be fully empowered to enter into public private partnership with private parties under mutually agreed terms and condition in one or several Health Projects with the approval of Health Foundation and in accordance with the provision of this Act.

During audit of the accounts of District Headquarter Hospital (MTI) D.I. Khan for the Financial Year 2022-23, it was observed that a sum of Rs. 3,555,560/- was shown paid to M/S Laiba International Peshawar as subsidy for providing CT Scan services to the patients of the hospital installed on public private partnership. However, no approval from the Health Foundation KP was obtained which is clear violation of the Act and mis-use of authority by the then HD / MD.

Audit further observed that the firm was getting a handsome amount as per market rate from the patients and charging Rs. 700/- per CT scan from the hospital budget as subsidy as well. The payment of subsidy was neither reflected in the contract agreement nor approved by the Board of Governors.

The lapse occurred due to violation of contract agreement provisions.

When discussed, it was stated that detailed reply will be furnished to DAC after consultation of record.

The department was requested vide letter dated 08.04.2024, followed by number of reminders dated 19.11.2024, 02.01.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of subsidy from the firm. The health department may issue direction to all the MTI(s) to refrain from such practice in future.

PDP No. 525 (2022-23)

10.4.18 Loss to the government due to purchase of disposable items at higher rates - Rs. 26.159 million

According to DGHS Peshawar letter No.1838/MCC/KP dated 19.08.2022 addressed to all health institution in Khyber Pakhtunkhwa, the rates for different drugs / medicines, surgical disposables, medical devices and non-drug items have been approved by the competent forum for the Year 2022-23. The procurement of these items may be carried out from the suppliers mentioned in the approved list.

According to Para 23 of GFR Vol-1 read will Para 290 of CTR, every government officer will be personally responsible for any loss or fraud on his part or on the part of his subordinate.

During audit of the accounts of District Headquarter Hospital (MTI) D.I. Khan and Mufti Mehmood Memorial Teaching Hospital (MTI) D.I. Khan for the Financial Year 2022-2023, it was observed that different medicines and disposables were purchased at rates higher than the DGHS approved MCC rates, which resulted into loss of Rs. 26,159,520/- (**Annexure-XV**).

The lapse occurred due to violation of the approved MCC rates.

When discussed, it was stated that detailed reply will be furnished after consultation of record to DAC.

The department was requested vide letter dated 08.04.2024, followed by number of reminders dated 19.11.2024, 02.01.2024, and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiry and recovery of subsidy from the firm. The health department may issue direction to all the MTI(s) to refrain from such practice in future.

10.4.19 Unauthorized payment on account IBP incentive - Rs. 97.165 million

According to Clause 7(1)(a) & (l) of the MTI Act 2015, the Board of Governors shall be responsible for ensuring that the objectives of the Medical Teaching Institution within the overall ambit of the government policy are achieved, and that the government policies and standards are complied with, and to obtain prior approval from government in case of any deviation.

During audit of the accounts of MTI Khyber Teaching Hospital Peshawar for the Financial Year 2022-23, it was observed that an amount of Rs. 97,165,000/- was paid to various doctors on account of IBP incentive from the regular budget allocation. However, further scrutiny of record revealed that an amount of Rs. 419,992,039/- was realized from IBP against which an amount of Rs. 277,664,357/- was shown distributed among the doctors as IBP share.

Audit held that payment of IBP incentive in addition to their daily IBP share was unauthorized and a serious lapse on the part of hospital administration.

The lapse occurred due to violation of the MTI Act.

When pointed out in May 2023, no reply was given.

The department was requested vide letter dated 27.07.2024, followed by number of reminders dated 10.11.2024, 31.12.2024, and 02.01.2025, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends immediate stoppage of IBP incentive besides recovery of the already paid unauthorized share during the year.

10.4.20 Loss due to non-imposition of penalty for contract of HVAC System – Rs. 48.400 million

According to the work order dated 20.03.2018 issued to M/S DWP Technologies for Replacement of HVAC System by New Latest Energy Efficient System, the time for completion of work was 12 months after execution of the contract agreement on 26.03.2018.

According to Clause No. 11.1 and 22 of the terms and conditions of the contract agreement, the supplier shall make delivery of the goods in maximum 90 days from the date of issuance of this contract on 26.03.2018 or opening/ establishment of LC. In case of late delivery, penalty as specified in the SCC shall be imposed upon the supplier.

During audit of the accounts of MTI Khyber Teaching Hospital Peshawar for the Financial Year 2022-23, it was observed that the contract for Replacement of HVAC System by New Latest Energy Efficient System was awarded to M/S DWP Technologies for an amount of Rs. 484,000,000/- vide work order dated 20.03.2018. However, further scrutiny of record revealed that the contractor failed to complete the project within due course of time despite awarding multiple extension up to 31-12-2021. Furthermore, the supply and installation of the system could not be completed till the date of audit i.e. May 2023.

Audit held that the hospital administration was required to impose penalty upon the contractor at the prescribed rates amounting to Rs. 48,400,000/- (Rs. 484,000,000 X 10%).

The loss occurred due to violation of the contract agreement provisions.

When pointed out in May 2023, no reply was given.

The department was requested vide letter dated 27.07.2024, followed by number of reminders dated 10.11.2024, 31.12.2024 and 02.01.2025, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends imposition of penalty and affecting recovery.

PDP No. 890 (2022-23)

10.4.21 Loss to the government due to awarding of contract at higher rates - Rs. 7.190 million

According to Rule 14 (ix) of Government of Khyber Pakhtunkhwa Procurement of Goods, Works and Services Rules 2014, the bid found to be the lowest evaluated bid shall be accepted.

During audit of the accounts of MTI Lady Reading Hospital Peshawar for the Financial Year 2022-23, it was observed that the Procurement Department issued various award letters for the contract of different items (tender of left over misc items 2021-22). Further Scrutiny of record revealed that the tender was awarded at higher rates, as detailed below.

(Amount in Rs.)

S. No.	Item	Rate accepted	Lowest rate	Diff.	Quantity	Amount
1-	Toner-39-H	26,400	19,700	6,700	15	100,500
2-	39-H (original)	78,200	33,690	44,510	76	3,382,760
3-	52-A	42,600	23,000	19,600	90	1,764,000
4-	26-A	24,900	3,288	21,612	90	1,945,080
Total						7,192,340

The lapse occurred due to violation of the public procurement rules.

When pointed out in June 2024, the Management replied that detail reply will be submitted after going through the record.

The loss occurred due to violation of the Government of Khyber Pakhtunkhwa Procurement of Goods, Woks and Services Rules 2014.

The department was requested vide letter dated 29.07.2024, followed by number of reminders dated 19.11.2024, 31.12.2024 and 02.01.2025, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends conducting inquiry into the matter for fixing responsibility against the persons at fault besides recovery of the loss.

PDP No. 1082 (2022-23)

10.4.22 Overpayment by allowing work at enhanced rates – Rs. 53.266 million

According to Paras 56, 58 and 95 of the CPWD Code, proposals in the estimates must be structurally sound and estimates are accurately calculated and based on adequate data. Work should not be commenced until administrative approval and a properly detailed design have been sanctioned. A public officer is strictly prohibited to deviate from sanctioned design in the course of execution of work.

During audit of the accounts of Institute of Kidney Diseases (IKD) Peshawar for the Financial Year 2022-23, it was observed that contract for “Annual M&R beautification, refurbishment and construction work” was awarded to M/S Shahriaz Group of Company for the Financial Year 2021-22 @ 2% below on MRS 2020 for a contract period of one year initially while the same was extended for the Year 2022-23 and 2023-24. Up to date payment of Rs. 308.840/- million was made till June 2022-23.

Audit held that an overpayment of Rs. 53.266/- million was made to the contractor due to allowing the revised rates based on MRS 2022 instead of original rates of MRS 2020 (2% below).

The lapse occurred due to violation of the CPWD Code..

When pointed out in April 2024, the management replied that detailed reply will be furnished after scrutiny of record.

In the DAC meeting held on 19.12.2024, the Para was referred to PAC.

Audit recommends conducting inquiry for fixing the responsibility on person(s) responsible besides recovery from the firm.

PDP No. 681 (2022-23)

10.4.23 Loss to the government due to misappropriation of newly purchased assets – Rs. 8.193 million

According to Section 3 (b) (iv) and 30 under Miscellaneous Provisions of the Khyber Pakhtunkhwa Public Procurement Rules 2014 updated till 2022 and notified by Finance Department, KP vide No. SO (FR)/FD/9-7/2010/Vol-II dated 03.02.2014, the lowest offer from the qualified bidder shall be accepted for award of the contract and will be the best evaluated bid. Each procuring entity shall plan its procurements with due consideration to transparency, economy, efficiency and timeliness, and shall ensure equal opportunities to all prospective bidders in accordance with Section 22 of the Act.

According to Para 23 of the GFR, every Government officer should realize fully and clearly that he would 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 Hayatabad Medical Complex (MTI) Peshawar for the Financial Year 2022-23, it was observed that payment of Rs.8.193 million was made to M/S Yasir Enterprises on account of supply of Air Conditioners vide cheque No. 232353 dated 28.11.2022. The supply order was issued on 24.06.2022 and inspection was carried out on 31.10.2022 as per following particulars:

(Amount in Rs.)

S. No.	Item	Qty.	Amount
1	Acson Daiken 1 Ton wall mounted split (H&C)	10	1,535,200
2	Acson Daiken 2 Ton floor stand split (H&C)	12	5,467,200
	GST (17%)		1,190,408
Total			8,192,808

Audit held that since initiation of the procurement process till delivery of 22 Air Conditioners and payment, the whole process was managed for ill-intentions as enumerated below:

- Rates were called through tender wherein 02 bidders namely M/S Bacha General Order Supplier and M/S Yasir Enterprises participated.
- The offered bid of M/S Bacha General Order Supplier was Rs.4.043 million which was accepted while M/S Yasir Enterprises quoted rate of Rs.8.193 million.
- As per Note Sheet submitted by the Dealing Assistant, supply order was placed to M/S Bacha General Order Supplier but he refused to supply but no documentary

evidences were available nor action taken against the said firm i.e. forfeiture of bid security and black listing for withdrawal of opened bid.

- The office note was submitted for guidance but Sub-Engineer (Electrical) added the remarks “the season is coming and ACs are required for different units”
- In continuation to above, the Manager Facilities added the remarks “Highly recommended for processing on priority, the offer may be made to the next supplier for smooth functioning”
- While recommending placement of order to the 2nd bidder by the Manager Facilities, neither opinion was sought from the Purchase Committee as the committee did not recommend M/S Yasir Enterprises in the comparative statement nor were views of the Purchase Department obtained.
- As per budget availability status, Director Finance clearly mentioned that funds under the relevant head had already exhausted and for the purchase of split ACs, maximum commitments have already been made in start of the year. However, the Hospital Director directed to place order for the supply and that the claim would be entertained after approval of budget.
- The placement of order to the next bidder namely M/S Yasir Enterprises despite the fact that the differential amount between the 02 bidders was Rs.4.15 million i.e. more than 100% while KPPRA rules categorically provides that “The PE shall evaluate difference between the quoted rates by the lowest bidder and second lowest bidder on the general principle of economy. If the difference is more than the forfeited amount of the successful bidder the contract shall not be awarded to the seconded lowest bidder and the procurement opportunity shall be advertised afresh”
- The participation of 02 bidders, selection of lowest bidder and withdrawal of lowest bid was a pre-planned strategy to place order to the 2nd bidder whose bid was higher by 100%. It also indicated that both the firms belonged to the same owner and the lowest bidder was added in the bidding process to pretend competition.
- Manager Facilities being head of the Facilities Department, chairman of the purchase committee and also end-user in this case, recommended the placement of supply order to the 2nd bidder but did not conduct market survey for reasonability of rates.
- The firm charged GST of Rs.1.190 million in the invoice, though in comparative statement and his bid, nothing was mentioned whether the offered rates were inclusive of GST or otherwise.
- The supply order was placed on 24.06.2022 and shown delivered on 22.07.2022 as per delivery challan.
- As per certificate of the store keeper, the stock was taken on Page 161 and 165 of the stock register and photocopies were attached to the bill. However, original stock registers of small ACs, small equipments and heavy equipment have no such reflection of stock taking, its issuance nor indents, demands or end-users work satisfactory completion / installation certificates were available. This indicated

that the store keeper used loose pages of stock register for processing of bills for payment through Finance cell but original stock registers have no such record.

- Previous stock status of ACs i.e. procured, issued and available in stock was not brought on record.
- Neither installation reports of these ACs were available nor these ACs were available in the store which showed that these ACs were misappropriated which was also proved from the inquiry in the matter and charge sheet served to Manager Material Management and Biomedical Engineer.

Keeping in view the urgency and acute need of the ACs as highlighted by the Manager Facilities, placement of supply orders without availability of budget, without market survey for reasonability of rates, the non-installation of these ACs after lapse of 02 years, clearly indicated that no such acute need existed making the whole process dubious.

The lapse occurred due to weak administrative controls.

When pointed out in June 2024, the management acknowledged the audit observation but no reply was furnished.

The department was requested vide letter dated 31.07.2024, followed by a reminder dated 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the missing ACs or their cost from the HD/ Facilities Manager and Procurement Committee.

PDP No. 1215 (2022-23)

10.4.24 Concealment of hospital receipts in various bank accounts and non-transfer to reserve fund account – Rs. 778.515 million

According to Section 19 of the MTI Act 2015 amended till 2020, there shall be a Fund to be known by the name of each Medical Teaching Institution and shall vest in the Medical Teaching Institution concerned. (2) The Fund established under Section 16 of the Khyber Pakhtunkhwa Medical and Health Institution and Regulation of Health Care Services Ordinance, 2002, shall be deemed to have been established under this Act. (3) The Fund shall consist of- (a) grants from the Government as a single line budget. (b) receipts and user charges as specified by Board in consultation with Government from to time in such manner as may be prescribed; (c) voluntary contributions or donations; and (d) grants from other sources.

During audit of the accounts of Hayatabad Medical Complex (MTI) Peshawar for the Financial Year 2022-23, the following position was reflected in the financial statements:

(Amount in Rs.)

Particulars	Cash Book	Bank
Opening Balance 01.07.2022	295,014,589	321,088,061
Receipts during the year	3,827,033,619	3,827,033,619
Cancelled cheque, taken back in receipts in cash book	962,638	
Total available funds	4,123,010,846	4,148,121,680
Expenditure during the year	4,121,025,424	4,085,532,996
Closing balance	1,985,422	62,588,684
Un-presented cheques		60,603,262

As per Financial Statements duly presented and approved from the BoG, a closing balance of Rs.1.985 million was shown available as on 30.06.2023. However, record revealed that an amount of Rs.778.515 million was available with the hospital as on 30.06.2023 in various bank accounts maintained at BOK which was concealed and not transferred to Reserve Fund account to retrieve the differential amount from the government as Grant in Aid.

(Amount in Rs.)

S. No.	Account Title	Account No.	Balance
1	Receipts Account	3002107103	40,577,678
2	Institutional Based Private Practice	3002108428	152,766,177
3	LCs Account	3002191357	585,170,805
Total			778,514,660

Moreover, the above available balances were also not reported to the BoG at the time of submission of Financial Statements and

Audit held that all these funds should have been transferred to Reserve Fund Account to ascertain the total available balance against the required funds to determine the deficit amount to be released by the Finance Department but the same was not done.

The lapse occurred due to violation of the MTI Act.

When pointed out in June 2024, the management acknowledged the audit observation but no reply was furnished.

The department was requested vide letter dated 31.07.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends to inquire the matter for fixing of responsibility besides corrective action.

PDP No. 1136 (2022-23)

10.4.25 Loss due to non-payment of hospital share from MRI / CT scan - Rs. 12.550 million

According to contract agreement, under Public Private Partnership, between Hospital Director Qazi Hussain Ahmad Medical Complex Nowshera and M/S Millennium Consultant and Builders, the contract of MRI and CT scan, 80% share will be of M/S Millenium and 20% of the Hospital.

During audit of the accounts of Qazi Hussain Ahmad Medical Complex MTI Nowshera for the Financial Year 2022-23, it was observed that a sum of Rs. 13.136 million was generated as the 20% hospital share from the MRI / CT scan services outsourced to the private partner. However, further scrutiny of record revealed that no share was paid by M/S Millennium Consultant and Builders with effect from July to October 2022 and then from March 2023 till date of audit. (**Annexure-XVI**).

Audit further raised the following observations;

- There was no clause in the agreement specifying the formula for the distribution of the revenue share between the hospital and the contractor.
- The details regarding the distribution formula, was neither printed on stamp paper nor signed by the Hospital Director, making it of no legal value and thus cannot be considered a part of the contract agreement.
- CT scan and MRI machine was not connected with HMIS, due to which the hospital has to rely on the information regarding MRI and CT scan done by the firm, the authenticity of which could be doubtful.
- The partner drew salaries, repair and kitchen expenses from the gross revenue which was not mentioned in the contract.
- The distribution of shares should have been calculated based on the gross revenue generated. However, the contract agreement did not include any clause addressing this matter.
- The calculation and verification of income generated, income received, and any liabilities associated with contracts related to MRI and CT Scan services were not adequately documented.
- As per contract only 10 patients of MRI and 10 patients of CT scan would be provided free of cost services on monthly basis.

The lapse occurred to violation of the contract agreement provisions.

The hospital management agreed to recover the outstanding liabilities from the firm along with free cases charged to hospital.

In the DAC meeting held on 09 and 10.10.2024, it was decided that recovery shall be made from the person(s) at fault and shown to Audit for verification. However, no progress was intimated till finalization of this report.

Audit recommends recovery from the firm besides well defined terms and conditions.

PDP No. 181 (2022-23)

10.4.26 Non-recovery of rent of flats and bungalow from frontier works organization - Rs. 4.116 million

Para 26 of G.F.R Vol 1 requires that it is the duty of the Departmental Controlling Officer to see that all sums due to government are regularly and promptly assessed, realized and duly credited in the Public Account.

During audit of the accounts of Qazi Hussain Ahmad Medical Complex MTI Nowshera for the Financial Year 2022-23, it was observed that an amount of Rs. 4.116 million was outstanding against the Frontier Works Organization (FWO) who occupied 12 flats and 1 bungalow within the premises of the hospital from January 2015 to 06/ 2023. Further scrutiny of the available record revealed that FWO occupied these 12 flats and 1 bungalow without making any rent payments to the hospital, as detailed below;

(Amount in Rs.)

S. No.	Particulars	Number	Head of Account	Months	Proposed Rate	Amount
1	Bungalow	1	Rent	98	30,000	2,940,000
2	Flats	12	Rent	98	12,000	1,176,000
Total						4,116,000

The hospital's failure to collect rent from FWO for these properties raises concerns about financial controls and mismanagement of hospital assets. Which needs justification.

The lapse occurred due to violation of general financial rules.

The hospital management agreed to take up case with FWO and recovered the outstanding amount of Rs. 4.116 million.

In the DAC meeting held on 09 and 10.10.2024, it was decided that recovery may be made from the person(s) at fault and shown to Audit for verification. However, no progress was intimated till finalization of this report.

Audit recommends recovery the quarter concerned.

PDP No. 194 (2022-23)

10.4.27 Loss to the institute fund due to illegal retention of assets - Rs. 11.096 million

According to Rules 23 and 159 of General Financial Rules Volume-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 and physical verification of all stores should be made at least once a year.

During audit of the accounts of Pakistan Institute of Prosthetics and Orthotics Sciences Peshawar for the Financial Year 2020-22, it was observed that assets of Rs. 11.096 million were transferred to Chal Foundation by the Institute which were illegally retained by the Foundation. The institute management failed to recover the assets from the foundation till date of audit.

Moreover, there was no provision for transferring the institute assets to the foundation.

Audit held that transfer of government assets to an NGO by the Institute management was unauthorized.

The lapse occurred due to weak administrative controls.

In the DAC meeting held on 14.05.2024, it was decided that recovery of the assets will be made with the help of administrative department within three months. However, no progress was intimated to Audit till finalization of this report.

Audit recommends immediate recovery of the assets.

PDP No. 1409 (2020-22)

10.4.28 Non-imposition of penalty due to late supply of Cooling Tower and Centrifugal Chiller – Rs. 7.387 million

According to the Supply Order No. 17-23/HMC dated 10.07.2018, the supply should be completed within 90 days after acceptance of LC, with an extendable grace period of 30 days.

According to Clause 25 at Page No. 14 of the bidding documents, if the contractor fails to attain completion of the supply or installation within the time for completion, he shall pay to the purchaser liquidated damages at the rate of 2% per month of the contract price, which shall not exceed 10% of the bid amount.

During audit of the MTI HMC Peshawar for the Financial Year 2019-20, it was observed that an amount of Rs. 73,873,750/- was transferred to BOK, on 03.11.2018 for opening of LC for the purchase of Cooling Tower and Centrifugal Chiller through M/S Smart Climate vide Supply Order dated 10.07.2018, with the opening date of LC i.e. 28.12.2018. However, further scrutiny of record revealed that the above equipment was delivered in pieces vide two different delivery challans on 27.07.2019 and 03.08.19 respectively, as against the required date of delivery by 28.04.2019, which was abnormally delayed, and still not installed/ commissioned till the date of Audit.

Furthermore, the penalty clause included in the bidding documents was skipped and an entirely new clause for imposing penalty was incorporated in the contract agreement and a favour granted to the supplier.

The hospital administration failed to impose penalty at the prescribed rate of 2% per month of the contract price, not exceeding 10% of the original bid price amounting to **Rs. 7,387,375/-** (Rs. 73,873,750 X 10%), which resulted into a loss to the hospital fund.

The lapse occurred due to financial mismanagement.

When pointed out in June 2021, it was replied that the administration has seen and discussed the observation. A detailed reply will be furnished after consulting relevant record.

In the DAC meeting held on 30.09.2024 and 01.10.2024, it was decided that penalty at the prescribed rate amounting to Rs. 7,387,375/- be imposed upon the contractor, recovery be made and shown to Audit for verification. However, no progress was intimated to Audit till finalization of this report.

Audit recommends implementation of DAC decision.

PDP No. 1404 (2019-20)

10.4.29 Loss on account of dollar fluctuation due to non-installation of HVAC (VRF) Systems - Rs. 2.498 million

According to Clause 1 & 22 of the HMC Peshawar Work Order No. 2040-2044/HMC and No. 2062-2066/HMC dated 12.10.2018, the supply should be completed within 90 days after acceptance of LC and that the work should be completed within 6 months and the date of commencement shall be started after the site clearance.

During audit of the accounts of the MTI Hayatabad Medical Complex Peshawar for the Financial Year 2019-20, it was observed that work orders for supply and installation of VRF + Packages Systems in Gynae, Dental, Skin, Paeds OPD and EPI Section, for an amount of USD 89,237/- and Rs. 14,794,420/- were issued to M/S DWP Technologies vide HMC Peshawar letter dated 12.10.2018, with a completion period of 06 months. However, the work

could not be completed (supply not ensured) till the date of Audit i.e. June 2021, after a lapse of 31 months. The pre-bid meeting for the said project was held on 11.07.2018.

Furthermore, the LC could not be issued till 21.01.2021, due to which the said installation could not be completed on time, which resulted into a loss of **Rs. 2,498,636/-** ((USD 89,237 X 28 (Rs. 150 – Rs. 122)) due to dollar fluctuation from 01 USD = 122 PKR in October 2018 to 01 USD = 150 PKR in May 2021, to the hospital fund.

The lapse occurred due to weak internal controls.

When pointed out in June 2021, it was replied that the administration has seen and discussed the observation. A detailed reply will be furnished after consulting relevant record.

In the DAC meeting held on 30.09.2024 and 01.10.2024, it was decided that complete recovery of the loss on account of late supply of equipment be made and shown to Audit for verification. However, no progress was intimated to Audit till finalization of this report.

Audit recommends implementation of DAC decision, investigating the matter and taking appropriate action.

PDP No. 1422 (2019-20)

10.4.30 Loss due to procurement of Echocardiography Machine at higher rates – Rs. 1.159 million

According to the Department of Paeds Cardiology HMC letter No.467/MTIHMC/P Cardiology dated 18.10.2019, two echocardiography machines were requisitioned by the Incharge Paeds Cardiology, with pediatric probe and a transesophageal probe for the pediatric cardiology department.

During audit of the accounts of the MTI Hayatabad Medical Complex Peshawar for the Financial Year 2019-20, it was observed that an amount of Rs. 20,309,000/- (USD 107,700) was paid to M/S Friends Traders on account of supply of an echocardiography machine. However, scrutiny of the bidding documents revealed that M/S Medequips was rejected despite being the lowest bidder as it offered a rate of Rs. 19,150,000/- (Rs. 13,000,000 + 6,150,000), as against the selected bidder which offered a rate of Rs. 20,309,000/- (16,859,000 + 3,450,000), thus resulting into a loss of Rs. 1,159,000/- to the hospital.

Audit further observed the following;

- M/S Medequips should have been awarded with 20% financial marks as against 16.16, as it was the lowest bidder and M/S Friends Traders should have been given 16.16 financial marks as against 20.

- M/S Medequips should have been awarded with 2 technical marks as against 0 on account of special features, as it duly quoted/ mentioned the special features in its proposal, whereas the same could not be found in the proposal of the selected firm i.e. Friends Traders, so it should not have been awarded with the 2 marks on this account.
- Resultantly, the total marks of M/S Medequips becomes 94.4 (74.4 technical marks (93 / 100 X 80) + 20 financial marks), whereas that of the selected bidder as 91.36 (75.2 technical marks (94 / 100 X 80) + 16.16). Thus, Medequips should have been selected as it was the highest ranked bid as it secured the highest total marks.
- The Multiplan TEE Transesophageal Probe (for adults) was neither requisitioned by the end user nor was it available in the initial bidding documents. It was later on included in the items in the pre-bid meeting held on 28.10.2019.
- A single Multiplan TEE Transesophageal Probe (to be used for both adults and in Paeds) was purchased, rather than purchasing two distinct and required probes; one for Paeds and one for adults.
- M/S Friends Traders later on vide letter dated 14.03.2020 clarified that the machine is composed of an ultrasound machine Epiq 7C where the letter “C” stands for Cardiography. However, the name of the machine specified in the undertaking of the said firm was Epiq-7 without the letter “C” in the end, which further creates doubts regarding the bidding process.
- The minutes of the financial bid opening meeting were not signed by the Deputy Director Finance of the hospital being member of the said committee.

The lapse occurred due to financial mismanagement.

When pointed out in June 2021, it was replied that the administration has seen and discussed the observation. A detailed reply will be furnished after consulting of the relevant record.

In the DAC meeting held on 30.09.2024 and 01.10.2024, it was decided that a joint inquiry be made for fixing of responsibility and making the loss good from the person(s) at fault within one month. However, no progress was intimated to Audit till finalization of this report.

Audit recommends implementation of DAC decision, investigating the matter and taking appropriate action.

PDP No. 1445 (2019-20)

10.4.31 Loss to the government due to non-crediting of profit into government treasury – Rs. 11.608 million

According to Finance Department KP letter No.2/3-(F/L)/FD/2007-08/Vol-IX dated 10/02/2014 and No. No. 2/3-(F/L) /FD/2019-20/Vol-XIII dated 03-02-2020, in case of

current account, the same be converted to PLS mode and the profit earned on designated bank accounts be deposited in Government Treasury under the following head of account:

C01	Total income from property and enterprise
C018	Total interest on loan – others
C01803	Interest realized on investment of cash balance
PR5562	RCO #

During financial attest audit of the accounts of Khyber Pakhtunkhwa Human Capital Investment Project – Health Component (D680-PK/6714-PAK) for the Financial Year 2023-24, it was noted that an advance payment of Rs. 250.000 million was made by the Project Director to the DG Provincial Health Services Academy KP for training of healthcare providers in the four districts of Peshawar, Nowshera, Haripur and Swabi. The funds were deposited into the Bank of Khyber Designated Account which earned interest amounting to Rs. 11.608 million. However, this interest was not credited to the treasury under the relevant head of account.

This lapse occurred due to violation of the Finance Department directives.

When reported to the management it was stated that para seen and reply will be submitted accordingly.

The department was requested vide letter dated 25.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

It is recommended that the accrued profit of Rs. 11.608 million be promptly credited to the treasury under appropriate head of account to ensure compliance with financial regulations and proper accounting practices.

PDP No. 82 (2023-24)

10.4.32 Irregular and uneconomical expenditure on account of doubtful selection of contractor for Full Body Scan - Rs. 474.000 million

According to Clause 28.1 of the Standard Bidding Documents, the procuring agency will award the contract to the successful bidder whose bid has been determined to be substantially responsive and has been determined to be the highest-ranking fair bid/ best evaluated bid under Section 2 (c)(i) of the KPPRA Act 2012, provided further that the bidder is determined to be qualified to perform the contract satisfactorily.

According to the project objectives of the PC-I of the AIP program, various medical equipment items will be purchased to remove the deficiencies of the equipment/ instruments in the existing functional health facilities and to reduce the mortality & morbidity through specialized and updated medical equipment/ instruments.

During special audit of Accelerated Implementation Program (AIP) – Directorate of Health Merged Areas for the Financial Year 2019-20, it was observed that a project Provision of Standard Medical Equipment Non-Medical Equipment at Secondary Hospitals was initiated. Accordingly, an amount of Rs. 474,000,000/- was paid to M/S Capri Medicals on account of supply of 3 Full Body Scans at the rate of Rs. 158,000,000/- per unit.

However, scrutiny of the bidding documents and companies' profiles revealed that;

- Only 02 firms took part in the bidding process i.e. M/S Capri Medicals and M/S Vertex International. However, the owner of both the firms was one person Mr. James Iqbal, thus putting question mark on the competition process.
- M/S Capri Medicals should not have been given 4 marks on account of Pakistan Origin Item, as the item supplied was imported from South Africa.
- M/S Capri Medicals was awarded 20 marks out of 40 for compliance with required specifications. Hence, 4 marks on account of additional features should not have been given, as it did not even comply fully with the required specifications.
- The firm was awarded with the contract despite the fact that 0 marks were given on account of its past performance in both the public and private sector.
- The technical marks of both the firms were taken into account in total, without converting them into percentage in 70 as per the set formula mentioned in the SBDs.
- The selected supplier secured 31.5 % technical marks ($53 - 8 = 45 / 100 * 70$) which were less than the benchmark of 49%. However, the firm was awarded with 53% of technical marks, instead of 31.5 %.

Audit held that a wrong bidding process, against the one mentioned in the bidding documents, was followed by the office and M/S Capri Medicals was selected as the sole qualified supplier of the item at a time when it did not technically qualify for the said supply, as it did not secure the minimum 49% technical marks, which resulted into an irregular and uneconomical expenditure of Rs. 474,000,000/-

Furthermore, these high value machines were not even found to have been installed in the tertiary hospitals like HMC, KTH and LRH etc.

Moreover, no proper need analysis of such a high value item was carried out before placing order. Hence, in absence of the need of the items, the expenditure incurred was held wasteful. The hospital neither demanded this machines nor had the technical hands to use them.

While visiting various selected health facilities in the merged areas, it was observed that CT scan and MRI Machines were not available and the management also stressed upon the provision of these facilities being required on daily basis. Rather than providing these basic machinery items, the directorate purchased and supplied the Full Body Scan, which was not even available in the whole of the province.

The lapse occurred due to violation of the standard bidding documents.

When pointed out in April 2021, it was replied that the items were purchased as per the PC-I approved by the Departmental Secretary and the P&D Department. The availability of the items at HMC, KTH and LRH is not known. However, government encourages the department to make the hospitals well-equipped in the best interest of general public.

The reply was not satisfactory as neither any need analysis was conducted before the purchase of such a heavy equipment / machinery nor was there any specialized health personnel available.

The department was requested vide letter dated 29.09.2021, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and taking appropriate action.

Note: The Para has already been printed as DP No. 5.1.8 in the Special Audit Report on the accounts of Accelerated Implementation Program (AIP), Sustainable Development Unit, Planning & Development Department, Government of Khyber Pakhtunkhwa for the Financial Year 2019-20.

PDP No. 1787 (2019-20)



Chapter – 11

HIGHER EDUCATION DEPARTMENT

11.1A Introduction

The Department of Education has been reorganized into two separate departments w.e.f. July 2001 i.e. Elementary & Secondary Education Department and Higher Education, Archives and Libraries Department. Presently, the following directorates are under the administrative control of the Higher Education Department:

- Directorate of Higher Education
- Directorate of Archives & Libraries
- Directorate of Commerce and Management

The Higher Education, Archives and Libraries Department was established to provide affordable quality education with emphasis on transferring skills and ensuring conducive learning environment with a view to develop knowledge-based economy. The Department constantly endeavors to promote higher education and to ensure increased intake by upgrading learning facilities and standards through introduction of market-oriented courses, expansion of facilities / infrastructure, provision of better trained teaching staff / faculty and managers. In achieving these goals, the department employs different teaching and non-teaching staff at different colleges providing higher education services to the enrolled students. Enrollment of female students stands at 41 percent in degree colleges. Functioning

through Directorate of Higher Education and Directorate of Archives and Libraries, the Department is also supported by seven autonomous/semi-autonomous bodies.

The department has been tasked with college & university education; formulation of policies relating to higher education; improvement of quality / standard of higher education; regulation, registration and supervision of private higher education institutions / universities; preparation of draft Acts / Ordinances; financial management; processing of pension, GP fund and promotion cases; processing of development projects; monitoring and review of Annual Developmental Plan; coordination with the Federal Government, other provincial departments and concerned directorates; inter provincial admissions on reciprocal basis; performance evaluation reports of provincial level officers; processing the cases of foreign visits / training and award of scholarships; dealing with the matters of autonomous bodies.

The department also deals with the matters of public sector universities; processing appointment of Vice Chancellors of public sector universities; serving as an administrative department of public sector universities; taking initiative to establish new universities and sub-campus; working on the complaints received against the private sector universities; financial grants to retired employees; and pension contribution of employee.

Audit Profile of Education Department:

(Rs. in million)

S No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue/ Receipts Audited FY 2023-24
1	Formations	423	11	31,042	297
2	<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP)	Nil	Nil	Nil	N/A
3	Authorities/Autonomous bodies etc under PAO	40	8	8,211	N/A
4	Foreign Aided Projects (FAP)	N/A	N/A	N/A	N/A

11.1B Comments on budget & accounts (variance analysis)

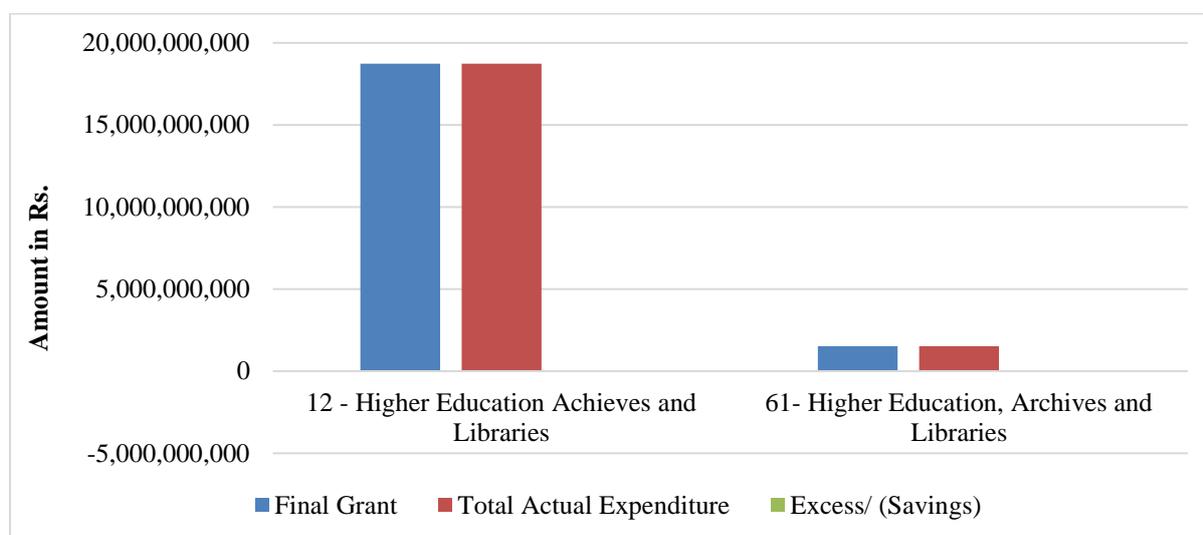
Summary of the Appropriation Accounts:

A summary of grants/appropriation of Higher Education Department and expenditure by the department in financial year 2023-24 is given below:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

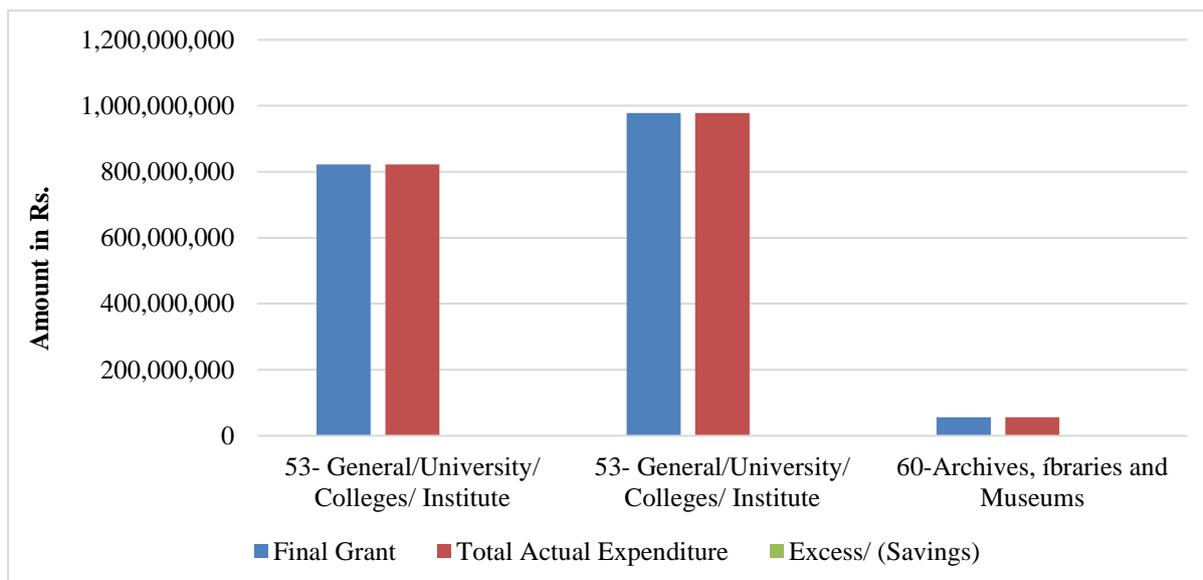
Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
12 - Higher Education Achieves and Libraries	NC21	22,674,835,876	22,674,835,876	0
61- Higher Education, Archives and Libraries	NC21	1,880,799,992	1,880,797,788	(2,204)
Total		24,555,635,868	24,555,633,664	(2,204)



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
53- General/University/Colleges/ Institute	NC12	822,751,179	822,751,179	0
53- General/University/Colleges/ Institute	N12	977,966,030	978,348,520	382,490
60-Archives, libraries and Museums	NC12 & 22	55,685,203	55,685,203	0
Total		1,856,402,412	1,856,784,902	382,490



11.1C Issues in the Higher Education Department

Expenditure was incurred under different heads of accounts from the public account in some universities. University properties were allotted / leased out at much lesser rates than the market. In some cases, the university accommodation was occupied by the personnel of other departments. House requisitions and medical allowances were drawn at rates higher than the ones approved by the provincial government. Some of the universities could not recover the outstanding amounts from the defaulters scholars who went abroad for their higher education funded by the government. In some universities, pay and allowances were paid in excess of the approved salaries in the project policy. In some of the universities, government taxes were not deducted from the payments made to the contractors. Overpayment to contractors on account of different items of work was also noticed.

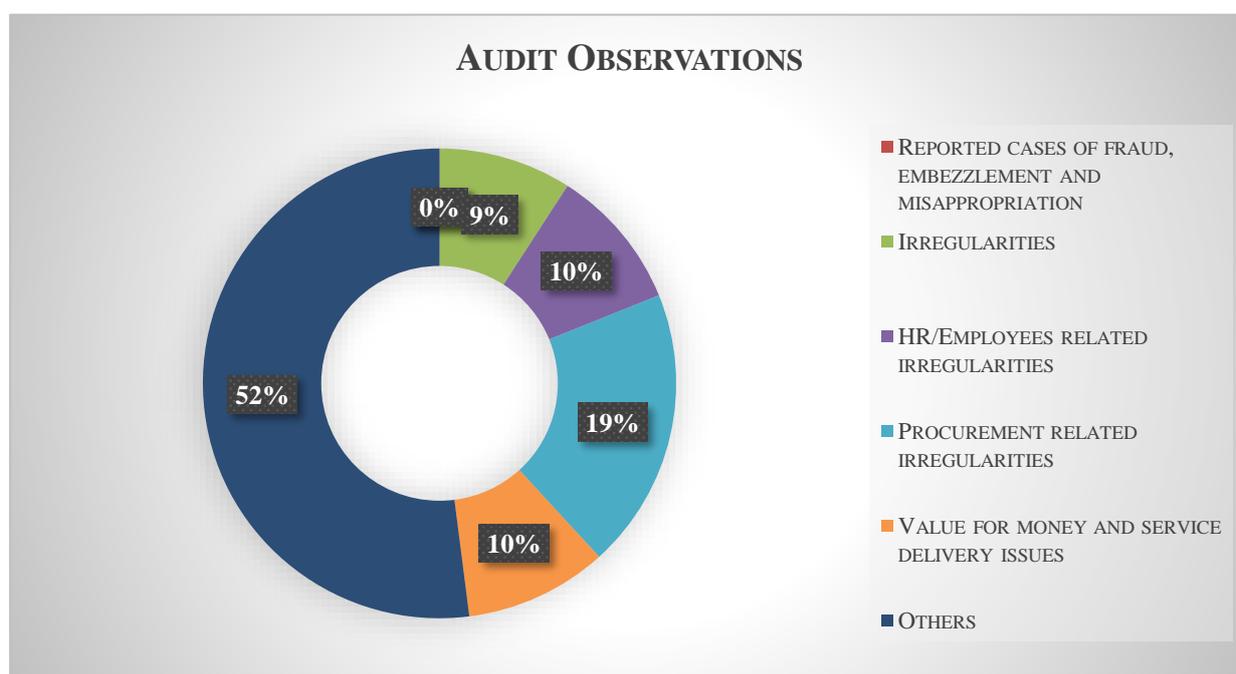
11.2 Summary of Audit Observations

Audit observations amounting to Rs. 7,594.589 million were raised in this report during the current audit of Education Department. This amount also includes recoveries of Rs. 1,016.303 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations;

(Rs. in million)

S. No.	Classification	Amount
1	Reported cases of fraud, embezzlement and misappropriation	1.760
2	Irregularities	689.245
3	HR/Employees related irregularities	743.386
4	Procurement related irregularities	1,468.301
5	Value for money and service delivery issues	741.893
6	Others	3,950.004
Total		7,594.589



11.3 Brief comments on the status of compliance with PAC directives:

S. No.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
14.	2007-08	Education	10	06	-	04
15.	2008-09	-do-	06	02	-	04
16.	2009-10	-do-	11	02	-	09
17.	2010-11	-do-	33	15	-	18
18.	2011-12	-do-	13	09	-	04
19.	2012-13	-do-	10	04	-	06
20.	2013-14	-do-	19	09	-	10
21.	2014-15	-do-	31	07	-	24

22.	2015-16	-do-	32	06	-	26
23.	2016-17	-do-	66	25	-	41
24.	2017-18	-do-	-	-	-	-
25.	2018-19	-do-	6	1	-	5
26.	2019-20	-do-	7	-	-	7

11.4 Audit Paras

11.4.1 Non-transparent awarding of contract on the basis of defective technical evaluations – Rs. 363.206 million

According to Section 3 (b) (iv) and 30 under Miscellaneous Provisions of the Khyber Pakhtunkhwa Public Procurement Rules 2014 updated till 2022 and notified by Finance Department, KP vide No. SO (FR)/FD/9-7/2010/Vol-II dated 03.02.2014, the lowest offer from the qualified bidder shall be accepted for award of the contract and will be the best evaluated bid. Each procuring entity shall plan its procurements with due consideration to transparency, economy, efficiency and timeliness, and shall ensure equal opportunities to all prospective bidders in accordance with Section 22 of the Act.

During audit of the accounts of University of Engineering and Applied Sciences Swat for the Financial Years 2021-24, it was observed that the contract for Construction of Boys & Girls Hostels, Barikot Campus (Package-A) was awarded to M/S Pakhtunkhwa Construction Co. at the contract cost of Rs. 363.206 million which was 2% above on Engineer's estimate framed on MRS-2020, vide Letter of Acceptance No. PD/SUET/1733 dated 05.08.2021. The contractor was paid Rs. 133.805 million on account of work done and escalation till 6th running bill.

Further scrutiny of the bidding documents revealed the following irregularities which indicated that tendering process was non-transparent and award of contract was made to the choice contractor:

- Initially the tendered process was held in April 2021 wherein 4 firms namely (a) M/S Pakhtunkhwa Construction Co. (b) M/S Amir Zeb Khan & Co. (c) M/S INDICO Developers Pvt. Ltd. (d) M/S ZHONGMEI & Al-Mehreen (JV) participated in the process. The process was not materialized as the package tendered was shown rejected in the Bid Evaluation Report with the remarks that "As there is contradiction between BOQs and Drawings with respect to the approved PC-I, hence it is recommended to reject the package and re-advertise it"
- The contradiction was not elaborated as how the contradiction was observed in the bid evaluation stage after opening of financial bids as no such anomaly was observed in the pre-bid meeting.
- M/S Consultancy Cell, UET Peshawar was hired and paid Rs.65.009 million for the Design and Supervision of the contract. In case of contradiction in the BOQ &

drawings prepared by the Consultants in comparison to PC-I, neither responsibility was fixed on the consultants nor penalized.

- The provision of Rs.341.843 million was available for the subject package in the approved PC-I while the initial NIT for tender process showed estimated cost of Rs.474.092 million which has no authenticity as from where the said estimated cost was taken for NIT.
- The contract was awarded to M/S Pakhtunkhwa Construction Co. as a result of re-tender at the premium rate of 2% above and in the initial bidding process, the same firm quoted rate of 8.75% above which was rebated to 6.75% above, hence net evaluated bid was 2% above. The quoting of same bid rate in initial bidding and re-bidding with same 4 bidders' participation in both stages made the process doubtful.
- Though the premium rate in initial and re-bidding was 2% above on MRS-2020 but the delay occurred due to re-bidding resulted in time and cost overrun as contractor was paid escalation of Rs.8.897 million.

The above irregularities indicated that award of contract to M/S Pakhtunkhwa Construction Co. was not transparent which resulted in irregular award of contract besides non-fixing of responsibility/ penalty on the consultants for contradiction in tendered BOQ/ drawings in comparison to PC-I.

The lapse occurred due to weak administrative controls.

When pointed out in October 2024, it was replied that detailed reply will be submitted after scrutiny of record.

The department was requested vide letter dated 30.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends independent inquiry for determination of facts and fixing of responsibility on the person(s) at fault and penalty on the consultants as well.

PDP No. 84 (2023-24)

11.4.2 Overpayment to contractor due to double payment of escalation for the month of November 2021 – Rs. 3.168 million

According to Part I – Procedure, Sections C 1 & 5 and Part-II (4) of the Standard Procedure and Formula for Price Adjustment, Pakistan Engineering Council Guidelines 2009 edition, except labour and POL, if any other adjustable item(s) is not used in a particular billing period then the ratio of current date price and base date price for that particular adjustable item(s) shall be considered as one. The billed amount of the Works for each calendar month will be obtained from the checked bills submitted by the Contractor. In case the billed amount is for more than one month, the amount of the bill shall be segregated for

actual work done in each month. The co-efficient for each specified adjustable element shall be determined by the user proportionate to its ratio in the total amount of the Engineer's Estimate, in accordance with the procedure B-1 given under Part 1.

During audit of the accounts of University of Engineering and Applied Sciences Swat for the Financial Years 2021-24, it was observed that contract for the construction of Academic Block & Boys Hostel, Kabal (Package-A) was awarded to M/S ARCO Construction Co. at the contract cost of Rs.526.085 million which was 5.43% above on Engineer's estimate framed on MRS-2020, vide work order No. PD/SUET/1776(1) dated 26.10.2021.

Further scrutiny of record revealed that escalation of Rs.9.145 million was paid to the contractor through EPC-1 for the month of October & November 2021. Later on, further escalation of Rs.8.824 million was paid through EPC-2 for the month of November 2021 to April 2022. However, Audit held that escalation for the month of November 2021 was paid twice in both EPC-1 and 2 as well. The EPC-1 was inclusive of escalation of Rs.7.783 million for the month of November 2021 and again the EPC-2 was inclusive of escalation of Rs.3.168 million for the month of November 2021 again. Hence, Rs.3.168 million was duplication of escalation for the same months.

Moreover, the consultant submitted the EPC-2 twice with different amount i.e. initially EPC-2 was submitted for Rs.5.538 million as on 07.04.2022 and again for Rs.8.824 million as on 01.06.2022 which was processed for payment. This also strengthened Audit contention of double payment of escalation for the month of November 2021 as the difference between both the EPCs was Rs.3.286 million (Rs.8.824 million – Rs.5.538 million) which was around the Audit objected amount of Rs.3.168 million.

The lapse occurred due to violation of Pakistan Engineering Council guidelines.

Audit observation was discussed in detail with the management; however, it was stated that detailed reply will be submitted after scrutiny of record.

The department was requested vide letter dated 30.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the contractor besides imposing penalty on the supervisory consultant being the Engineer of the project.

PDP No. 59 (2023-24)

11.4.3 Overpayment to contractors due to non-deduction of 7% cost to defray the amount added in MRS – Rs. 87.778 million

According to Finance Department Khyber Pakhtunkhwa Notification No. SO(Dev-II)/FD/12-6/2014-15 dated 21-04-2015, “All the Provincial Works Departments, while preparing cost estimates of developmental projects which fall in the tax-exempt areas such as PATA, shall frame the same on Market Rate System-2015 but with 7% less cost to defray the amount added in rate analysis of all works/ construction/ supply items to meet withholding tax. The instruction shall be applicable to all new contracts of the project to be undertaken in tax exempt area. All relevant department/ offices/Authorities shall ensure to incorporate the above provisions in preparation of cost estimates prior to processing Administrative Approval of the project”

During audit of the accounts of University of Engineering and Applied Sciences Swat for the Financial Years 2021-24, it was observed that an amount of Rs.1253.975 million was paid to various contractors on account of work done. Scrutiny of record revealed that 7% deduction was neither made in the cost estimates / Technical Sanction nor from payments to the contractors, to defray the amount already added in rate analysis of all works / construction / supply to meet the requirement of withholding tax from the contractors, as detailed below:

(Amount in Rs.)

S. No	Contractor	Particular	Up-to-date payment	07% income tax
1	M/S Bajaur Construction Co	7 th R.Bill	140,758,882	9,853,121
2	M/S Zain Ul Abideen & Sons	10 th R.Bill	359,836,989	25,188,589
3	M/S Pakhtunkhwa Const: Co	6 th R.Bill	133,805,295	9,366,370
4	M/S Bajaur Construction Co	7 th R.Bill	156,166,333	10,931,643
5	M/S Bajaur Construction Co	10 th R.Bill	182,422,786	12,769,595
6	M/S Farhat Ullah	6 th R.Bill	146,518,594	10,256,302
7	M/S Zain Ul Abideen & Sons	8 th R.Bill	134,466,300	9,412,641
Total			1,253,975,179	87,778,261

It is worth mentioning that 7% additional cost is already added in MRS/ Rate Analysis the project management was required to reduce the rates by 7% on MRS rates to meet the withholding tax. But no such deduction was made which resulted in overpayment of Rs.87.778 million to the aforementioned contractors.

The lapse occurred due to violation of notification of Finance Department directives.

Audit observation was discussed in detail with the management however, it was stated that detailed reply will be submitted after scrutiny of record.

The department was requested vide letter dated 30.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends to recover the income tax from the contractors being already inclusive in the MRS rates.

PDP No. 62 (2021-24)

11.4.4 Irregular release of retention money against the incomplete work – Rs. 69.459 million

According to Clause 3 of the Forms of Contract Agreement, Procurement of Works large Contracts, in consideration of the payments to be made by the Procuring Entity to the Contractor as hereinafter mentioned, the Contractor hereby covenants with the Procuring Entity to execute and complete the Works and remedy defects therein in conformity and in all respects with the provisions of the Contract.

During audit of the accounts of University of Engineering and Applied Sciences Swat for the Financial Years 2021-24, it was observed that various contracts for the construction of civil works at the 04 campuses of the university at Kabal, Arkot, Barikot and Kalam, were awarded to different contractors. During the field visit to the construction sites on 15.10.2024 along with Engr. Fahad Shahzad Civil Engineer, it was revealed that all the projects were incomplete and left abandoned by the contractors with 30%-40% physical completion. On one side the projects were not completed by the contractors, on the other hand, the project management released retention money of Rs.69.459 million to the contractors as below:

(Amount in Rs.)

S. No.	Contractor	Project	Retention money released
1	Ghani Rahman	Kalam campus	1,606,911
2	Bannu Construction	Arkot P-C	15,900,000
3	Zain-ul-Abideen	Arkot P-A	8,937,103
4	Zahir Shah & Bro.	Barikot P-C	7,700,000
5	ARCO Pvt. Ltd	Kabal P-A	17,400,000
6	Zain-ul-Abideen	Kabal P-B	17,914,897
Total			69,458,911

The contractors' ledger revealed that total retention money was Rs.134.684 million out of which Rs.69.459 million was released against the incomplete and abandoned sites.

Audit held that retention of securities is required till completion of defects liability period and in case of any defects, the contractors are under contractual obligation to remove the defects. However, release of securities against the incomplete projects was made in violation of the contract agreement.

The lapse occurred due to non-observing the rules/ instructions and provisions of the contract agreement which resulted in release of securities against incomplete & abundant sites.

Audit observation was discussed in detail with the management however, it was stated that detailed reply will be submitted after scrutiny of record.

The department was requested vide letter dated 30.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends disciplinary proceedings against the Project Director besides recovery of the released securities for retention till expiry of defects liability period.

PDP No. 77 (2021-24)

11.4.5 Unauthorized expenditure from public account of the university - Rs. 689.245 million

According to Clause 3(3) of the University Peshawar Statutes 2016, the GP Fund shall be utilized only for the purpose for which it is created and no payment shall be permissible from the fund outside its purview. Read with Clause 3(i) (d) of the said statute regarding Insurance and Endowment fund, the Board of Trustee of the University may invest moneys held in the fund in the Government securities and units of Investment Corporation of Pakistan or National Investment Trust, National Saving Investment schemes or in any other investment scheme or in other profitable venture.

During audit of the accounts of University of Peshawar for the Financial Years 2021-23, it was observed that Rs. 689.245 million was deducted on account of GP Fund, Endowment fund and Pension Contribution from the pay and allowances of the existing employees which were invested but on maturity of investment the same was withdrawn and whereabouts are not known where the employees' asset were spent, as detailed below;

(Rs. in million)

Particulars	Period	Amount with profit	Remarks
Pension contribution	2022-24	289.745	Investment matured in 1/23
GP fund		399.500	Investment matured in 10/23
Total		689.245	

But it was astonishing that instead of keeping the employees related funds in the relevant bank accounts or invested to secure the future of the employees, the same was incurred on account of pay and allowances and sundry expenses by the authorities without any reason violating the rules.

Audit held that missing of such asset is alarming and has put the financial affairs of the university in doldrums.

The lapse occurred due to violation of the university statutes.

When pointed out in June,2024, no written reply was furnished by the management.

The department was requested vide letter dated 30.09.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends that inquiry against the persons responsible (s).

PDP No. 795 (2022-23)

11.4.6 Loss to the university fund due to allotment of shops at lesser rates - Rs. 127.008 million

According to Clause 2.3.0 of the Financial Rules of the University of Peshawar 2001, the dues to the university may be recovered as arrears of land revenue. Clause 3.1.0 sub-clause (viii) provides that the Syndicate of the University of Peshawar under act 1974 has the power to receive and manage any property transferred and grants, bequests, trust, gifts, donations, endowments and other contribution made to the university. According to the practice in vogue, the rent of shops is increased by 25% every three years.

During audit of the accounts of University of Peshawar for the Financial Years 2021-23, it was observed that 16 numbers of shops situated in commercial area of University Town Peshawar were donated by “Waqfur Rashid Trust” in 1972 for awarding scholarship to the students and professors of the university out of the rent realized from the said property as per agreement executed on 21.08.1972. Further scrutiny of record revealed that Rs. 150/- was fixed as rent per shop at that time. However, the university management failed to increase the monthly rent of these shops at the rate of at least 25% every three years, as evident from the Treasurer University of Peshawar note sheet dated 10.09.2018 wherein the monthly rent shown deposited into the university account was Rs. 500/-.

The stance of Audit was further strengthened from the remarks of the Secretary of the Trust i.e. Mr. Yorid Ahsan Zia wherein he admitted that the monthly rent of commercial shops in the said locality was at least Rs. 80,000/- per shop.

Audit held that had the agreements with the occupants of shops renewed / increased @ 25% every three years the university would have been saved from the loss of Rs. 127,008,000/- (**Annexure-XVII**).

The loss occurred due to failure of syndicate to implement proper instructions in looking after the record of the trust and increase revenue generation.

When pointed out in June 2024, no written reply was furnished by the management.

The department was requested vide letter dated 30.09.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of loss from the concerned besides inquiry against the responsible(s) for not taking initiatives for the enhancement of rent at market value.

PDP No. 798 (2022-23)

11.4.7 Recurring loss to the university fund due to illegal possession of university houses by police personnel - Rs. 10.235 million

As per FR-45 read with PAC directives minutes 1990 and Finance Department Notification No. FD (SR-II) 2-1/78, dated 30.8.1978 and clarification-1981 of the finance department utility charges should be recovered from the persons/employees occupying government accommodation/nursing hostels. Rules-45 (C) of FR & SR provides that house rent may not be granted to officials who have been provided government accommodation.

During audit of the accounts of University of Peshawar for the Financial Years 2021-23, it was observed that nine number of the university's houses were occupied by police personnel with no house rent allowance deduction and electricity charges payment to the university affecting finances of the university. As they are not university employees, therefore, house rent as per grade is required to be recovered from police personnels as well as rent @ Rs.39 p/sft as defined by university authority for Banks and others be recovered from Police Department on account of CCP office. Furthermore, these residences are occupied since 2001, therefore, hiring ceiling and rent as per admissible rate may be calculated since 2001 and recovered.

Recurring loss of Rs.10.235 million occurred due to lack of interest of the management and weak internal controls. **(Annexure-XVIII)**.

The department was requested vide letter dated 30.09.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

When pointed out in June,2024, no written reply was furnished by the management.

Audit recommends recovery of Rs.10.235 million.

PDP No. 800 (2022-23)

11.4.8 Loss to the university fund due to non-recovery of rental charges of Post Mall - Rs. 321.829 million

According to the Treasurer University of Peshawar letter No. 991/Tr.12, dated 12.8.2012 and No.956/Tr.12, dated 15.8.2012 followed by reminder No.70/DS, dated 13.10.2017, monthly rent at prescribed rate shall be collected from Post Mall and deposited in University Account.

During audit of the accounts of University of Peshawar for the Financial Year 2021-23, it was observed that rental charges of Post Mall amounting to Rs. 321.829 million was not realized and had not been deposited in University of Peshawar bank account since 2001 (**Annexure-XIX**). Furthermore, no MOU/Contract agreement was produced to Audit.

Audit held that time and again the matter was raised and even the Vice Chancellor has issued directives to make recovery of dues failing which legal proceedings may be initiated against the defaulter, but no actions has taken so far.

The lapse occurred due to weak administrative controls.

When pointed out in June 2024, no written reply was furnished by the management.

The department was requested vide letter dated 30.09.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of Rs.321.829 million without any further delay.

PDP No. 776 (2022-23)

11.4.9 Unauthorized payment to the university employees on account of house requisition - Rs. 403.217 million

According to Higher Education Department KP letter No. SO(U-V)/HE/1-1/Gen-Misc 2021 dated 06.06.2022 endorsed by Governor's Secretariat KPK letter No.SO-1/19-4/GS/2022/6765-67 along with Higher Education Commission, Islamabad letter No.F.P.2-1/HEC/2021-22/826 dated 24.05.2022 regarding house rent ceiling / requisition to public sector University Employees in Provinces read with decision of the syndicate of UOP, vide Additional Agenda Item No. 1 in its 443rd meeting held on 21.06.2022 wherein the house unanimously agreed upon stoppage of house requisition with effect from 01.07.2022 onwards.

During audit of the accounts of University of Peshawar for the Financial Years 2021-23, it was observed that an amount of Rs. 403.217 million was paid to different employees of the university despite clear instructions of HEC Islamabad duly approved by the

Governor KP & unanimously approved by the syndicate regarding stoppage of house requisition w.e.f 01.07.2021 (**Annexure-XX**).

Audit held that the university management continued making payment of the house requisition despite weak financial position of the university.

The lapse occurred due to non-observance of government policy and lack of financial controls which resulted into unauthorized payment.

When pointed out in June 2024, no written reply was furnished by the management.

The department was requested vide letter dated 30.09.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends initiating inquiry against Treasure & other responsible (s) for making illegal payment of Rs.403.217 million besides recovery of overpayment immediately.

PDP No. 789 (2022-23)

11.4.10 Loss to the university fund due to transfer of land at lesser rates – Rs. 960.000 million

According to Section-23 of the Land Acquisition Act 1984, in determining the amount of compensation to be awarded for land acquired under this Act the Court shall take into consideration the market-value of the Land at the date of taking possession of the land.

The Peshawar High Court (PHC), In the case of construction of Khyber Pakhtunkhwa Agriculture University, Ameer Muhammad Khan Campus, Mardan at Mauza Palatoo, in its judgement in RFA No.241-P of 2018, announced on 18-11-2019, fixed rate of compensation as Rs.125,000 per Marla, 15% compulsory acquisition charges and 6% simple interest on the difference of the amount from the date of taking over possession till final payment minus the amount already paid to objectors. The rate fixed for payment to land owners by PHC was upheld in civil petition No.433-P of 2021 by the August Supreme Court of Pakistan in its judgement announced on 8th December, 2021 with Date of Delivery of copy on 12-01-2022.

During audit of the accounts of University of Agriculture Peshawar for the Financial Year 2022-23, it was observed that land measuring 2000 Kanal was initially acquired for construction of Agriculture University Ameer Muhammad Khan Campus Mardan on 28.09.2010 which was reduced to 1888 Kanal and 17 Marla on 24.02.2015. The initial compensation of the acquired land was fixed as Rs. 2800/- per Marla which was later on enhanced to Rs. 125,000/- per Marla by the Honorable Peshawar High Court Peshawar.

Out of the 1888 Kanal and 17 Marla, 400 Kanal (8000 Marla) land was transferred to the University of Engineering and Technology Mardan for an amount of Rs. 40.000 million @ Rs.5,000 per Marla instead of the rate at which the land was acquired i.e. Rs. 125,000/-. However, the Syndicate did not object the transfer of land at lower rates which resulted into loss of Rs. 960,000,000/- (Rs. 125,000 – 5000 = Rs. 120,000 X 8000 Marla) to the university fund.

When pointed out in March 2024, it was stated that detailed reply will be provided in DAC meeting.

In the DAC meeting held on 24.10.2024, the Para was referred to PAC.

Audit recommends recovery of the land compensation amount.

PDP No. 643 (2021-23)

11.4.11 Non-transfer of liabilities towards land purchaser – Rs. 1.811 billion

According to Rule-3(2) under Chapter-II of the Khyber Pakhtunkhwa Universities Act 2012, the Government may set up such universities as are considered appropriate by making an amendment in the Schedule through appropriate legislation and the provisions of this Act shall apply to each University set up after the commencement of this Act provided that the Government may set up a University in place of campus or sub-campus of any University listed in the Schedule and transfer all assets, liabilities, employees and students of such campus or sub-campus to such University.

During audit of the accounts of University of Agriculture Peshawar for the Financial Year 2022-23, It was Observed that due to fixing acquisition cost by court @ Rs.125,000 per Marla, 15% compulsory acquisition charges and 6% simple interest for acquiring 1888 Kanals and 17 Marlas for Amir Muhammad Khan Campus, Mardan by UAP, from the date of taking over possession of land till final payment, liabilities to the tune of Rs.1,810,880,700 on account of enhanced compensation cost, (to be paid to owners) was not transferred to University of Engineering and Technology, Mardan who purchased 400 Kanals out of total land from UAP at a total price of Rs. 40 million @ Rs.5,000 per Marla.

The liability of employees of Amir Muhammad Khan Campus, Mardan was also not transferred to UET, Mardan.

Non-safeguarding university's interest by statutory bodies resulted into non-transfer of accumulative liabilities of Rs.1.811 billion.

When pointed out in March, 2024, it was stated that detailed reply along with justification will be provided in DAC meeting.

In the DAC meeting held on 24.10.2024, the Para was referred to PAC.

Audit recommends that the matter may be placed before PAC to decide the fate of the Para.

PDP No. 645 (2021-23)

11.4.12 Loss to the Government due to unauthorized withdrawal of Medical Allowance at higher rate – Rs. 61.563 million

According to S.No. (iv) of letter issued from Higher Education Department vide No. SO(U-II)HE/1-5/F&PC dated 07.01.2021 addressed to all Vice Chancellors/ Directors/ Project Director of Public Sector Universities of Khyber Pakhtunkhwa, Medical Allowance in its current form will be abolished and shall be paid at the Provincial Government rates.

According to the Provincial Government Notification medical allowance @ Rs.1500/- is permissible to BPS-1 to 16. Similarly, Rs.1848, Rs.2421, 3690 and 4378 is permissible to BPS 17,18,19 & 20 respectively.

According to Prime Minister Secretariat Higher Education Commission (HEC) Wing letter No.F.P-2.157/ III/HEC/ 2009/580, dated 4th August 2009, variations in payments of additional allowances in excess of prescribed rates and extending additional allowances/incentives to faculty/staff by public sector universities create recurring financial burden in form of pay and allowances and advised the Governors of the Provinces to direct Vice Chancellors that facilities in excess of prescribed rates or **extending additional allowance/incentives to faculty/ staff other than admissible under the BPS scheme may not be allowed**, in case any financial implication beyond the approval of the HEC and Government of Pakistan shall be responsibility of the concerned university.

During audit of the accounts of Hazara University Mansehra for the Financial Year 2022-23, it was observed that a sum of Rs. 83.621 million was withdrawn on account of medical allowance and shown paid to employees of the University. The rate of medical allowance was required to be paid at the rate prescribed by the Provincial Government. But verification of record revealed that the medical allowance was paid at high rates, which resulted into loss of Rs. 61.563 million (Rs. 83.621 M – 22.058 M) on account of medical allowance.

Audit is of the view that the Medical Allowance needs to be paid in compliance of Higher Education Department Khyber Pakhtunkhwa letter mentioned above which was not done resulting into overpayment.

The lapse occurred due to weak internal controls and non-adherence to rules.

When pointed out in February- 2024, it was stated that detail reply will be given after consulting relevant record.

In the DAC meeting held on 24.10.2024, the Para was referred to PAC.

Audit recommends recovery in light of DAC decision.

PDP No. 251 (2022-23)

11.4.13 Loss to the university fund due to defective work done - Rs. 58.502 million

Para 94 of CPWD code provides that every officer or subordinate in charge of a work carried out under contract should furnish to the Divisional Officer at the beginning of each month a progress report of the measurements, and a calculation of the quantities of work paid for during the previous month, together with a return of all the materials at site on the last day of the month. It is the duty of the officer in charge to bring to notice **any dilatoriness, bad work, or anything militating against the interests of Government**, on the part of the contractor; and he will be responsible for any neglect in this respect.

During audit of the accounts of Abdul Wali Khan University Mardan for the Financial Year 2022-23, it was observed that the work, "Construction of remaining works of buildings and external development work at Garden Campus AWKUM" was awarded to contractor M/S Insaf Construction Pvt Ltd at Rs. 960.000 million. Expenditure to the tune of Rs. 314.000 million was shown incurred up to 6th IPC.

Further scrutiny of record revealed that the contractor has shown dismantled a quantity of 274658 sft of marble tiles executed on the walls of various buildings as the same were shown declared defective. The cost of defective work of marble tiles comes to Rs.58.502 million (**Annexure-XXI**). This shows that the defective work was done and recommended for payment by the consultant and engineering wing of AWKUM.

Audit held that before initiating dismantling work the AWKUM administration was required to obtain advice of a technical committee, conduct inquiry, fix responsibility for defective work done and initiate recovery from the delinquents. The local office has not taken any effective step towards recovery of loss sustained by public exchequer. Where about of the removed marble tiles was also not known to audit.

The lapse occurred due to negligence of the concerned staff.

When pointed out no reply was furnished.

The department was requested vide letter dated 29.08.2024, followed by a reminder dated 31.12.2024, holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiry, fixing of responsibility and making the loss good by the delinquents.

PDP No. 684 (2022-23)

11.4.14 Loss to the university fund due to execution of NSI item - Rs. 42.658 million

Para-10(i) read with Para-11 of GFR provides that 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. Each head of a department is responsible for enforcing financial order and strict economy at every step.

During audit of the accounts of Abdul Wali Khan University Mardan for the Financial Year 2022 -23, it was observed that luxurious high rate Non-Schedule Items were included in the PC-I of works, “Construction of remaining works of 01 Academic Block & Connecting Corridors (Package 1A)” and “Construction of remaining work of buildings and external Development AWKUM”. There was no need of execution of NSI at such a high rate despite availability of same kind of item in MRS at lesser and economical rates. No justification was provided for using non-scheduled item instead of scheduled item of durable quality, easily available in the local market. Granite Tile 24x24 was available in the MRS at Rs.152.00 per sft but the local office used and paid for Master Granite tile 24x24 at very high rate of Rs.423.00 per sft, just to benefit the contractor. Thus, due to use of NSI instead of MRS, the university was put to a loss of Rs.42.658 million (**Annexure-XXII**).

The lapse occurred due to negligence of the concerned staff.

When pointed out no reply was furnished.

The department was requested vide letter dated 29.08.2024, followed by a reminder dated 31.12.2024, holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiry, fixing of responsibility and recovery of loss from delinquents.

PDP No. 686 (2022-23)

11.4.15 Overpayment to contractor on account of printing work - Rs. 14.263 million

Para-10(i) read with Para-11 of GFR provides that 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. Each head of a department is responsible for enforcing financial order and strict economy at every step.

During audit of the accounts of Abdul Wali Khan University Mardan for the Financial Year 2022-23, it was observed that expenditure to the tune of Rs.14.263 million was shown incurred on the painting work of buildings. Further verification revealed that painting work of all the buildings have already been carried and only one coat (2nd or 3rd) was required to refresh the color. The PC-I was prepared for actual remaining work required to be done as clearly mentioned and not for renovation. The scraping, wall putty and 1st coat was not actually required. Scraping of only defective surface was required but the whole building was shown scrapped. Already painted surface does not require wall putty and 1st coat but require 2nd or 3rd coat. The allowing unauthorized payment for scraping, wall putty and 1st coat of painting resulted into overpayment of Rs. 14.263 million (**Annexure-XXIII**).

The lapse occurred due to weak administrative controls.

When pointed out no reply was furnished.

The department was requested vide letter dated 29.08.2024, followed by a reminder dated 31.12.2024, holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of overpayment from the contractor besides disciplinary action against the delinquents.

PDP No. 687 (2022-23)

11.4.16 Overpayment due to allowing higher rate - Rs. 8.165 million

Para 221 of CPWA code provides that before signing the bill, the Sub-divisional Officer should compare the quantities in the bill with those recorded in the measurement book and see that all the rates are correctly entered and that all calculations have been checked arithmetically. When the bill is on a running account, it should be compared with the previous bill.

During audit of the accounts of Abdul Wali Khan University Mardan for the Financial Year 2022-23, it was observed that the contractor was paid for a quantity of 61067 sft of a non-scheduled item "Lequer polish on Deodar Wood Doors" @ Rs.190/- per sft and

9818 rft of another non schedule item of work, “Providing & Fixing Deodar Wood Architrive 3”wide and ½” thick i/c lequer Polish” @ Rs.225 per Rft in the work, “Construction of remaining works of buildings and external development at Garden Campus” vide 6th IPC.

Further verification revealed that in the analysis of rates for Deodar Wood Doors the rate of Lecquer polish on Deodar Wood Doors including labour and material, was included as Rs.80/- per sft and rate of Deodar wood architrive including Lecquer Polish was included as Rs.148/- per Rft. The contractor was allowed higher rate than approved which resulted into overpayment of Rs. 8,164,557/- (**Annexure-XXIV**).

The lapse occurred due to mis-management of wood work by the concerned staff.

When pointed out no reply was furnished.

The department was requested vide letter dated 29.08.2024, followed by a reminder dated 31.12.2024, holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommend immediate recovery of overpayment.

PDP No. 690 (2022-23)

11.4.17 Loss to the university fund due to execution of NSI items at higher rate - Rs. 23.458 million

According to CSR 2019 the rate of items No.07-39-b Providing and Fixing Face Work with Brick Tiles (Gutka) of size 3" x 3" x 9" on interior, exterior wall with cement sand mortar 1:3 including ties and scaffolding complete in all respects, was approved as Rs.189.59 per sft.

During audit of the accounts of Abdul Wali Khan University Mardan for the Financial Year 2022-23, it was observed that a quantity of 274658 sft of a non-schedule item, “Providing and Fixing brick gutka size 9x2 ¼ x 3 make Butt Brothers Lahore” was executed @ 275/- per sft in the execution of work, “Construction of remaining works of building and external development” and an amount of Rs. 23,458,540/- was paid to the contractor vide IPC No. 6 (**Annexure-XXV**). The rate of Gutka Work of different sizes was available in CSR 2019 and there was no need of execution of NSI item at such a high rate in presence of same kind of item in the CSR at low approved rate. No justification was provided for using Non-Scheduled item.

The lapse occurred due to non-utilization of CSR rates by the concerned staff.

When pointed out no reply was furnished.

The department was requested vide letter dated 29.08.2024, followed by a reminder dated 31.12.2024, holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiry, fixing of responsibility and recovery of loss from delinquents.

PDP No. 692 (2022-23)

11.4.18 Wasteful expenditure on account of unnecessary execution of work - Rs. 90.768 million

Para-10(i) read with Para-11 of GFR provides that 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. Each head of a department is responsible for enforcing financial order and strict economy at every step.

During audit of the accounts of Abdul Wali Khan University Mardan for the Financial Year 2022-23, it was observed that expenditure amounting to Rs. 90.768 million was incurred on executing a quantity of 380005 sft of a non-schedule item of work Providing & Fixing of Brick Gutka of size 9x2¹/₄x3 laid in (1:2) cement surkhi mortar @ 275/- per sft in the work “Construction of remaining works of 01 Academic Block & Connecting Corridors (Package 1A)” and “Support to AWKUM”.

However, further scrutiny of record revealed that there were already marble tiles on the building walls but due to filling-off of some tiles the whole tile work was removed / dismantled, although the same could be repaired easily. The disposal of removed glazed tiles was not shown. All the marble tiles were removed as shown defective work done without cogent justification supported by documentary evidence and authenticated by building experts. There was no need of such a huge expenditure on the Gutka work as a simple plaster work was enough, suitable and durable and would not have cost more than Rs. 5.00 million. The seepage work was not treated but Gutka work was executed and the same is visible on the walls which will cause the Gutka falling off as well.

The funds were provided for remaining works only and it was categorically mentioned in the PC-I. The gutka work was not remaining work as best quality tile work was already executed on all the buildings’ external walls.

Before removing / dismantling marble tiles and execution of Gutka work, an expert opinion of a committee comprising of senior engineers from UET Mardan and C&W Department was required to be obtained, to ascertain the reasons for failure of the previous tile work on walls; to advise its removal or repair, proposing the best and economical solution and substitute item of work to rectify the dismantled external surface.

The lapse occurred due to negligence of the concerned staff.

When pointed out no reply was furnished.

The department was requested vide letter dated 29.08.2024, followed by a reminder dated 31.12.2024, holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiry, fixing of responsibility and appropriate action.

PDP No. 685 (2022-23)

11.4.19 Unauthorized withdrawal of Incentive Allowance - Rs. 56.086 million

According to GoKP Finance Department letter No.SOSR-III/FD/I-27/2003 dated 23-04-2003; in order to maintain uniformity and strict financial discipline within the province, all the universities in the province must follow the provincial government's pay package and other financial policies and must not adopt independently any policy without the concurrence of the provincial government.

During audit of the accounts of University of Haripur for the Financial Year 2021-22 and 2022-23, it was observed that a sum of Rs. 56,086,750/- was paid to the employees of the university on account of Incentive Allowance as per details attached.

(Amount in Rs.)

Descriptions	Year	Amount
Incentive Allowance	2021-22	28,169,459
	2022-23	27,917,291
Total		56,086,750

However, scrutiny of record revealed that the Incentive allowance was not admissible to the university employees in light of the government of Khyber Pakhtunkhwa Finance Department notification mentioned above. Therefore, audit held the withdrawal of Incentive Allowance by the university employees as unauthorized.

The lapse occurred due to weak internal controls which resulted in unauthorized withdrawal of Incentive Allowance.

When pointed out in January 2024, no reply was given.

In the DAC meeting held on 10.12.2024, the Para was referred to PAC.

Audit recommends immediate stoppage of this allowance besides recovery under intimation to audit.

PDP No. 179 (2022-23)

11.4.20 Loss to the university due to non-recovery from defaulter scholars - Rs. 28.096 million

According to Clause viii and ix of the Deed of agreement made between Dr. Qurat-UI-Ain Wahid and Khyber Medical University on 4th January 2018 for undertaking a course of studies Scholarship under (overseas scholarship scheme for PhD), The scholar shall return to Pakistan immediately after the completion of the approved course for which he/she was sent abroad, and shall serve in KMU for a period of five years as may be prescribed.

According to Khyber Medical University Letter No. KMU/P&D/2023/4660 dated 30.08.2023, addressed to Dr Abdul Wahid, the guarantor of Dr. Qurat-UI-Ain Wahid, in case of breach of any of the terms and conditions as well as the rules/terms and conditions of governing scholarship award, the scholar shall be bound to pay the HEC a penalty at the rate of 25% besides compensating the HEC by making a refund of total expenditure amount including travel cost etc. The expense occurred in a foreign currency will be recovered in same foreign currency.

During audit of the accounts of Khyber Medical University Peshawar for the Financial Year 2021-22 and 2022-23, it was observed that a sum USD. 120,046/- was incurred on the foreign studies of the Dr. Qurat-UI-Ain Wahid as per details attached.

Scrutiny of record revealed that Dr. Qurat-UI-Ain Wahid was shortlisted and consequently awarded scholarship for PhD in the college of Medical, Veterinary and Life Sciences as offered by the University of Glasgow under the PSDP funded project “Development of Khyber Medical University Peshawar”. The scholar was awarded PhD Degree by the University of Glasgow on 07.12.2022. However, despite repeated requests and reminders the scholar failed to join the university as required under clause viii of the contract agreement.

Consequently, the university approached the guarantor of the defaulter scholar who informed the university the he will pay the recoverable amount due to the university. An amount of Rs. 3,000,000/- vide cheque # 1793539541 dated 13.09.2023 and Rs. 12,000,000/- vide cheque # 1793539542 dated 25.01.2024 was recovered and the balance of Rs. 28,096,200/- was still outstanding against the defaulter scholar, as on date of audit, as per detailed below:

Recoverable in Dollars	Recoverable in Rupees	25% Penalty	Total recoverable amount	Recovery made	Balance
120,046	34,476,960	8,619,240	43,096,200	15,000,000	28,096,200

The lapse occurred due to weak internal controls which resulted in loss to the university due to non-recovery from defaulter scholar.

When pointed out in April 2024, no reply was given.

The department was requested vide letter dated 27.06.2024 followed by reminders dated 19.11.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery.

Note: The issue was reported earlier also in the Audit Reports for the Audit Year 2023-24 vide DP No. 13.4.14 having financial impact of Rs. 124.367 million and Audit Year 2022-23 vide DP No. 4.4.2 having financial impact of Rs. 478.347 million. Recurrence of same irregularity is a matter of serious concern.

PDP No. 797 (2022-23)

11.4.21 Non-implementation of the enquiry committee recommendation of HEC Project - Rs. 980.352 million

The Higher Education Commission Monitoring & Evaluation Division team visit dated 13-11-2019 prepared a detailed monitoring report highlighted the serious issues and recommended a fact-finding committee should be constituted by the KMU to inquire the reasons/ persons involved in concealment of fact and fix responsibility resulting an abnormal increase in the cost of PC-1 of the project.

In light of the above recommendations, an inquiry committee constituted by the KMU under the chairmanship of Professor Dr. Bashir Alam Director (P&D) UET Peshawar, who also submitted inquiry report on 26-02-2020 (copy attached) with the following recommendations;

- The persons involved in preparation of deficient PC-I may be dealt with according to E&D rules & for changes in structure design.
- Freezing time extension in contract, escalation and consultant fee.
- No additional payment to consultant beyond the prescribed duration of original contract.
- Submission of proper justification by the consultant for abnormal variation in quantities of steel and other allied items.
- Vetting of specification and cost of medical equipment from technical expert and its incorporation in the revised PC-1.
- Immediate revision of PC-1 as per actual requirement.

During audit of the accounts of Khyber Medical University Peshawar for the Financial Years 2021-23, it was observed that an amount of Rs. 267,394,317/- was paid to the contractor M/S Akhunzada Fazal Jamil & Co. up to 23rd running bill in the financial year 2021-22 under the head civil work vide voucher No 146 dated 24-01-2022. However, further scrutiny of records revealed that the university management failed to implement any single

recommendation of the inquiry committee report till the date of audit i.e. March 2024 which shows the weak administration on the part of university management.

It may be noted that the contractor and consultant were not made responsible for the delay of work despite the fact that sufficient funds were available. The consultant fee was not frozen as required under the recommendations of the inquiry committee. Rather the management released 50% retention money to the contractor amounting to Rs. 6,453,710/- and consultancy contract was re-awarded to the NESPAK without adopting open tender system.

Audit held that the university administration failed to implement any recommendation of the inquiry committee despite lapse of 4 years of the inquiry report, which speaks volume of the inefficiency, mismanagement, and negligence towards an important project, which not only included the cost factor of limited resources of government but also deprived the general public from the facilities as promised in the PC-I.

The lapse occurred due to weak internal controls, negligence and non-implementation of recommendations submitted by the inquiry team and HEC monitoring team.

When pointed out in April 2024, no reply was given.

The department was requested vide letter dated 27.07.2024 followed by reminders dated 10.11.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends implementing the recommendations of the committees in letter and spirit.

PDP No. 804 (2022-23)

11.4.22 Overpayment to the contractor due to unauthorized escalation - Rs 9.105 million

According to the PC-I of the Establishment of Construction of Boundary Wall with Watch Towers, Main Entry Gate & Overhead Water Tank at Bacha Khan University Charsadda New Campus ADP No.672/170560 2017-18, the project was approved with a completion period of one year and without provision for escalation.

According to the Section A-5 & 6.1 of the Standard Procedure and Formula for Price Adjustment (March 2009 Edition) issued by Pakistan Engineering Council, the basis for compensation will be only those items which are specifically listed as specified items in the tender documents. Commonly known elements subject to Price Adjustment is Cement, Steel, POL (HSD), Labour unskilled, Bricks and Bitumen.

During audit of the accounts of Bacha Khan University Charsadda for the Financial Years 2021-23, it was observed that the work “Construction of Boundary Wall with Watch Towers” was awarded to M/S Pirkhana Builders. Scrutiny of record revealed that Rs. 9,105,553/- was paid to the contractor as escalation. The payment was unauthorized as no provision for escalation was available in the PC-I.

Furthermore, time period for above work was originally one year, however, extended to 02 years. The approval of the revised PC-I from competent forum i.e. PDWP was not produced/available.

The lapse occurred due to un-authorized payment on account of unjustified escalation.

When pointed out by audit in February 2024, the department did not furnish reply.

The department was requested vide letter dated 16.04.2024, followed by a reminder dated 31.12.2024, holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the amount from the contractors.

PDP No. 364 (2022-23)

11.4.23 Loss on account of illegal appointments - Rs. 113.035 million

According to Governor Secretariat letter No.SO(ii)6(17)6/GS/10/89-95 dt. 23.9.2020, the competent authority ordered detailed inquiry into various complaints regarding holding of 5th Selection Board. Further V.C Bacha Khan University Charsadda directed to hold on further action till the conclusion of inquiry.

During audit of the accounts of Bacha Khan University Charsadda for the Financial Years 2021-23, it was observed that expenditure amounting to Rs. 113,035,859/- was incurred on account of pay & allowances due to appointment of 117 number of different staff from BPS-5 to 19 upon the recommendations of 5th and 6th Selection Board. In this connection the following irregularities were noticed;

- The Establishment & Administration Department vide their letter dated 31.03.2022 intimated that observations were raised by the member of the Selection Board on different agenda items e.g. most of the applicants were declared ineligible but later on they were recommended / appointed by the university management.
- The Deputy Secretary (Universities) Higher Education Department intimated that the scrutiny and quantification committee has not only malafide but intentionally

awarded experience marks with a purpose to select their blue-eyed ineligible candidates.

The lapse occurred due to weak Human Resource Management.

When pointed out by audit in February 2024, the department did not furnish reply.

The department was requested vide letter dated 16.04.2024 holding DAC meeting. However, the same was not convened till finalization of this report.

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

PDP No. 366 (2022-23)

11.4.24 Non-deposit of sales tax on services into government treasury - Rs. 24.791 million

Under the condition of serial No. 14 of the Schedule-II to the finance act 2021-22, it has been provided that the exemption allowed under this part shall not be construed or interpreted in any manner to claim or take any refund, waiver, dispensation or relief of tax already deposited, paid or recovered (including already withheld or deducted but not deposited or paid on or before 30th June 2021 on any ground.

During Audit of the accounts of the Islamia College University Peshawar for the Financial Year 2022-23, it was observed that the Package-I & II (Construction of Academic, Admin, Residential Blocks and External Development works) under the titled "IT Industrial Innovation, Research Centre and strengthening of Islamia College University, Peshawar" was awarded to FWO at a cost of Rs. 524.533 million and Rs. 596.214 million respectively vide work order No. 104-19/ICP dated 14.02.2019.

Further scrutiny of record revealed that an amount Rs. 24.791 million (Rs. 13.438 million and Rs. 11.353 million of Package I & II respectively) was deducted and retained from the contractor bills on account of KPRA sales tax on services which were required to be transferred to KPRA for deposit into government treasury under proper head of account but the management failed to do so till last date of Audit.

The lapse occurred due to weak internal controls which resulted in violation of government rules and the provincial government was deprived from revenue.

When pointed out in February 2024, the management replied that detail reply will be furnished after consultation of original record.

The department was requested vide letter dated 06.05.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the contractor.

PDP No. 402 (2022-23)

11.4.25 Loss to the university fund due to non-collection of rent of shop according to the approved standard rent - Rs. 45.204 million

Para 2.3.0 of the Financial Rules of the Islamia College Peshawar provides that the University or any person generally or specifically authorized by it may apply to the collector for recovery of any sum due to the University under any head or otherwise and the Board shall thereupon proceed to recover the sum due, as if it were arrears of land revenue.

During audit of the accounts of the Islamia College University Peshawar for the Financial Year 2022-2023, it was observed that fifty-five (55) Kanal land comprising of 221 shops is owned by the Islamia College Peshawar in Sabzi Mandi Charsadda Bazaar. The management, according to the actual rent of shops, forecasted an annual income of Rs 20.640 per annum. According to a rent assessment report of the Board of Management of ICP Rs. 30 per sft (approximately) was fixed for the financial year 2022-23. The total land occupied by various shops, after excluding the 10 Kanal land occupied by Mosque and about 5 kanal roads, was ascertained as 35 Kanal. An approximate, expected income (@ Rs. 30 per sft) was calculated as Rs. 65,844,000 per annum (35 kanal x 20 x 272 = 190400 sft x Rs. 30/per sft). But contrarily, the ICP was receiving a nominal amount of Rs. 20.640 per annum which resulted into loss of Rs. 45,204,000 during the financial year.

The lapse occurred due to weak administrative controls over the affairs of the University which resulted in loss to the university fund.

When pointed out in February 2024, the management replied that detail reply will be furnished after consultation of original record.

The department was requested vide letter dated 06.05.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the tenants.

PDP No. 407 (2022-23)

11.4.26 Loss to the university fund due to non-recovery from defaulter scholars – Rs. 30.749 million and UK Pounds 346,890

As per terms and condition of the agreement, the scholar shall be bound to serve the University for a period of five years after his/her return from abroad on successful completion of study/training and such period shall commence from the date Awardee join duty in the University, against any suitable post of which the University shall be the sole judge, and upon such terms and condition as the University may prescribed.

During audit of the accounts of Shaheed Benazir Bhutto Women University Peshawar for the Financial Year 2022-23, it was observed that a sum of Rs 30.749 million and 346,890 UK Pounds was paid to various foreign Universities as tuition and stipend to the PhD scholars in previous years (**Annexure-XXVI**). Audit observed that payment thus made was un-authentic because all the scholars have either not been able to complete their degrees or after completion of Ph-D degrees, preferred to stay abroad in violation of the agreement executed between University/HEC & Scholars wherein they were bound to come back and serve for at least 5 years.

The issue was time & again discussed and decided in the Syndicate meeting to recover the dues from the absconder Ph.D scholars but the university authority neither recovered the amount nor took action against the guarantors till the date of audit i.e. January, 2024.

The lapse occurred due to weak internal controls and non-observance of agreement.

In the DAC meeting held on 15 and 16.01.2025, it was replied that the university has exhausted all the available channels for this purpose and it was decided that the Para may be referred to the PAC for policy decision.

Audit recommends recovering the amount from the defaulters or its guarantors under intimation to audit.

PDP No. 204 (2022-23)

11.4.27 Overpayment due to illegal withdrawal of Executive Allowance – Rs. 5.240 million

According to Khyber Pakhtunkhwa, Finance Department (Regulation Wing), Notification No.FD(SOSR-II)8-7/2016-17 dated 02-02-2018, Executive Allowance was sanctioned to the tune of 1.5 initial Basic Pay per month as per Pay Scale 2017 to PAS, PCS and PMS officers working against scheduled posts of Establishment and Administration Department with the condition that the officers are posted against scheduled posts and are in receipt of such allowances other than regular allowances shall be entitled to one of the allowance whichever is more beneficial.

During audit of the accounts of Higher Education Regulatory Authority Peshawar for the Financial Years 2020-23, it was observed that the Chairmen of the Authority hailed from PAS, PCS and PMS group, posted on deputation basis to HERA, were entitled to withdraw either Executive Allowance or HERA Allowance which is equal to three basic pays but all the Chairmen withdrew both Executive Allowance and HERA Allowance which resulted into overpayment of Rs.5,284,170/- , as detailed below:

(Amount in Rs.)

S. No.	Name	Duration	Executive Allowance	Amount
1	Fazl e Qadir	04/2022 to 06/2022	120,840	362,520
2	Waqar Ali Khan	07/2021 to 3/2022	130,710	1,176,390
3	Dr. Ambar Ali Khan	03/2019 to 05/2021	88,815	2,398,005
4	Asmatullah Khan	02/2018 to 03/2019	103,635	1,347,255
Total				5,284,170

The lapse occurred due to weak financial and internal controls.

When pointed out no reply was furnished.

The department was requested vide letter dated 19.09.2024, followed by a reminder dated 31.12.2024, for holding of DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends immediate recovery of overpaid executive allowance from the officers concerned and deposit into treasury.

PDP No. 759 (2020-23)

11.4.28 Non-deduction of income tax and sales tax on services on PERN charges – Rs. 2.166 million

According to Income Tax Ordinance 2001, the rate of tax to be deducted from a payment referred to in Clause (b) of Section 153 (1) shall be 3% of the gross amount payable in the case of IT enabled services and telecommunication services.

According to Khyber Pakhtunkhwa Finance Act, 2013 issued vide Notification No: BO(Res-III) FD/2-2/2019-20/Vol-I w.e.f. 05.08.2020, 19.5% KP Sales Tax on Services shall be deducted on Telecommunication and similar, allied or ancillary services including: "Broadband services for DSL connection (including copper-line/fiber-optic/co-axial cable/wireless/satellite-based internet/e-mail/data/SMS/MMS services on WLL or cellular mobile network) and similar other services".

During audit of the accounts of Shaheed Benazir Bhutto University Sheringal for the Financial Year 2021-22, it was observed that an amount of Rs. 9,637,061/- was paid to HEC for PERN charges. However, neither 3% Income Tax of Rs. 288,825/- was recovered nor

19.5% KP Sales Tax on Services of Rs. 1,877,368/- was recovered resulting in total recoverable amount of Rs. 2,166,193/- as detailed below: -

(Amount in Rs.)

S. No.	Vr. No.	Cheque No.	Date	Gross amount paid	Deductible I. Tax @ 3%	Deductible KP Sales tax @19.5%	Total recoverable
1	84 342 804 1297	008833 009154 009856 010625	28-07-21 28-09-21 31-12-21 13-06-22	9,627,532	288,825	1,877,368	2,166,193

The lapse occurred due to violation of income tax ordinance and KP Finance Act which resulted in loss to federal and provincial exchequer.

When pointed out in June 2023, management stated that detail reply will be submitted after consulting relevant record.

In the DAC meeting held on 09.12.2024, the Para was referred to PAC.

Audit recommends recovery.

Note: The issue was reported earlier also in the Audit Reports for the Audit Year 2023-24 vide DP No. 13.4.7 having financial impact of Rs. 2.417 million and Audit Year 2022-23 vide DP No. 4.4.9 having financial impact of Rs. 22.613 million. Recurrence of same irregularity is a matter of serious concern.

PDP No. 512 (2021-22)

11.4.29 Misappropriation on account of trees – Rs 1.760 million

According to findings of inquiry committee dated 25th and 27th December 2019, assets worth Rs 1.760 million of Women University Swabi were found missing during physical inspection. It was also pointed out by the inquiry committee that despite several requests to the Ex-Project Coordinator, details of trees were not provided. The inquiry committee unanimously recommended and the recommendations were duly approved by Vice Chancellor that Mr. Latif Ullah, Ex-Project Coordinator was responsible for the loss sustained by the University.

As per IPC No-06 of M/s Zain-Ul-Abideen, Government Contractor, an amount of 5,098,088 was claimed for removal of trees of 150 mm Girth to 900 mm Girth.

During audit of the accounts of Women University Swabi for the Financial Year 2019-20, it was observed that trees of different species in under-construction site of Kohat Campus costing Rs. 1,760,925/- were put to auction through newspaper in May, July and August 2017. The auction was cancelled each time due to protest by the bidders regarding

high price / rate of trees. However, as per minutes of the inquiry committee, the trees were found missing and the government sustained a loss of Rs. 1,760,925/-.

Moreover, one of the contractors i.e. M/S Zain-ul-Abideen claimed Rs. 5,098,088/- in IPC No. 5 for removal of trees from the construction site.

Furthermore, relevant record regarding detail of trees and assessment of Forest Department etc. was not produced to Audit.

The lapse occurred due to weak internal controls.

When pointed out in March 2021, the management responded that detailed reply will be submitted during the DAC meeting.

In the DAC meeting held on 10.01.2022, it was decided that the university management may constitute a committee to investigate the case and fix responsibility with recovery of Rs. 1.760 million from the person(s) at fault and stop payment of Rs. 5,098,088/- to the contractor as claimed by M/S Zain-ul-Abideen for removing the trees.

In the verification of record carried out by this office, it was observed that the university management has neither constituted the committee to investigate the matter and fix responsibility nor the recovery of Rs. 1.760 million was made and has thus not-complied with the recommendations of the DAC. The Para may thus be placed before the PAC for appropriate decision.

Audit recommends recovery of the amount besides taking action against the delinquent officers for their inaction.

PDP No. 466 (2019-20)

11.4.30 Loss to the university fund due to non-adjustment of advances – Rs. 1.988 million

The Women University Swabi does not have any approved financial rules. However, as per practice in vogue and according to clause-8.2.0 of Peshawar University financial rules 2001, the advance holder should render statement of expenses within one month of incurring the expenditure duly supported by cash memos and evidence that all codal formalities as applicable have been observed. An advance may not be drawn unless it is immediately required.

During audit of the accounts of Women University Swabi for the Financial Year 2019-20, it was observed that a sum of Rs. 6,158,032/- was shown paid to various departments / individuals as advance, out of which an amount of Rs. 2,112,000/- was outstanding, after verification Rs. 1,988,000, against the concerned staff / departments

(Annexure-XXVII). Further scrutiny of record revealed that some of the employees to whom these advances were given have either retired from their service or have completed their contract period of service.

The lapse occurred due to weak internal controls.

When pointed out in March 2021, the management replied that letters for settlement of the advances have been circulated to the concerned.

In the DAC meeting held on 10.01.2022, it was decided that complete adjustment accounts of Rs. 1.988 million may be provided to Audit for verification. However, no progress was intimated to Audit till finalization of this report.

Audit recommends recovery of the outstanding advances besides taking action against the delinquent officers for their inaction.

PDP No. 467 (2019-20)

11.4.31 Irregular and unauthorized awarding of contract – Rs. 1105.095 million

According to PC-I, the total cost of Civil Works including External Development Works of the scheme titled “Establishment of Women University Campus Swabi” was Rs. 721.216 million.

During audit of the accounts of Women University Swabi for the Financial Year 2019-20, it was observed that tender for the scheme Establishment of Women University Swabi Campus was advertised in 3 packages. The PC-I cost of the scheme was Rs. 721.216 million whereas tender documents for the three packages were issued having cost of Rs. 1105.095 million, as detailed below;

(Rs. in million)		
S. No.	Package	Cost
1	Package-1	391.30
2	Package-2	341.03
3	Package-3	373.62
Total		1105.95

However, relevant record like tender documents etc. was not produced to Audit for necessary audit scrutiny.

The lapse occurred due to weak internal controls.

When pointed out in March 2021, the management replied that fact finding committee has already been constituted under the Provincial Inspection Team. Moreover, revised PC-I

of Rs. 1300 million has been approved for the civil works. However, audit didn't agree because neither findings of the inquiry nor the tender documents were produced to audit.

In the DAC meeting held on 10.01.2022, it was decided that findings of the Provincial Inspection Team may be shared with Audit along with other record i.e. tender documents of the work for the Rs. 1105.950 million.

In the verification of record carried out by this office, it was observed that the Provincial Inspection Team (PIT) on the basis of observations and findings of the inquiry report, found 25 officers / officials responsible for illegalities, irregularities, mismanagement, negligence and misuse of authority. The Team thus recommended that strict action may be taken against these officers / officials of the university along with the consultant i.e. M/S Royal Associates for the PIT identified illegalities and irregularities and consequently the incurrence of loss to the government.

Audit recommends making the loss good besides taking action against the person(s) at fault for the illegalities and irregularities.

PDP No. 477 (2019-20)



Chapter – 12

HOME & TRIBAL AFFAIRS DEPARTMENT

12.1A Introduction

The Home and Tribal Affairs Department occupies a central position regarding law-and-order issues of the province. It is the supreme policy making body for peace building and rule of law. It is the parent body for Police, Prisons, Prosecution, Probation and Reclamation and Civil Administration at divisional and district level. Historically, Home and Tribal Affairs Department has played a strategically important role in maintaining law and order and giving policy directions to its implementing arms.

In the changed security paradigm, the Home Department has responded with unflinching commitment and has taken a strategic approach. In order to cope with these challenges, the Police Department has been transformed into a modern fighting force having its own specialized combat, intelligence and investigation departments in the shape of Counter Terrorism Department (CTD), Elite Force and Rapid Response Force. Similarly, new Prison Security Force introduced to deal with the heightened scale of threats. The Prosecution Department is also being remodeled and strengthened to effectively meet the challenges of the day. The Home Department maintains a close liaison with the Armed Forces and other paramilitary forces to combat the menace of terrorism, kidnapping for ransom, extortion, and suicide attacks. The coordination between the institutions of police, prosecution, judiciary, and correctional services has been functionalized.

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; criminal law and criminal procedure; arms, ammunition and explosives; public amusement control over places, performances and exhibition; crime reporting; prisons, reformatories and similar institutions, extradition and deportation; passport and permits; compensation for loss of property or life due to civil commotion or while on duty; rent control and requisitioning of property; controlling smuggling; managing collective fines, hoarding and black marketing; commutation and remission of sentences, mercy petitions; preventive detention; prosecutions in respect of newspapers and other publications;

The department has been further tasked with questions of domicile and application for Nationality certificates; registration of aliens; recovering of missing persons; enemy property and schedule of persons and firms specified as enemy; protection of key points and vital installation; representation in criminal cases; appeals and application for enhancement of sentences and conviction; and defense of pauper accused in the courts and fees to pleader for such defense.

Audit Profile of Home & Tribal Affairs Department:

(Rs. in million)

S. No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue/Receipts Audited FY 2023-24
1	Formations	245	16	17,307.292	2,150
2	<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP)	Nil	Nil	Nil	N/A
3	Authorities/Autonomous bodies etc under PAO	01	Nil	Nil	N/A
4	Foreign Aided Projects (FAP)	01	01	Nil	N/A

12.1B Comments on budget & accounts (variance analysis)

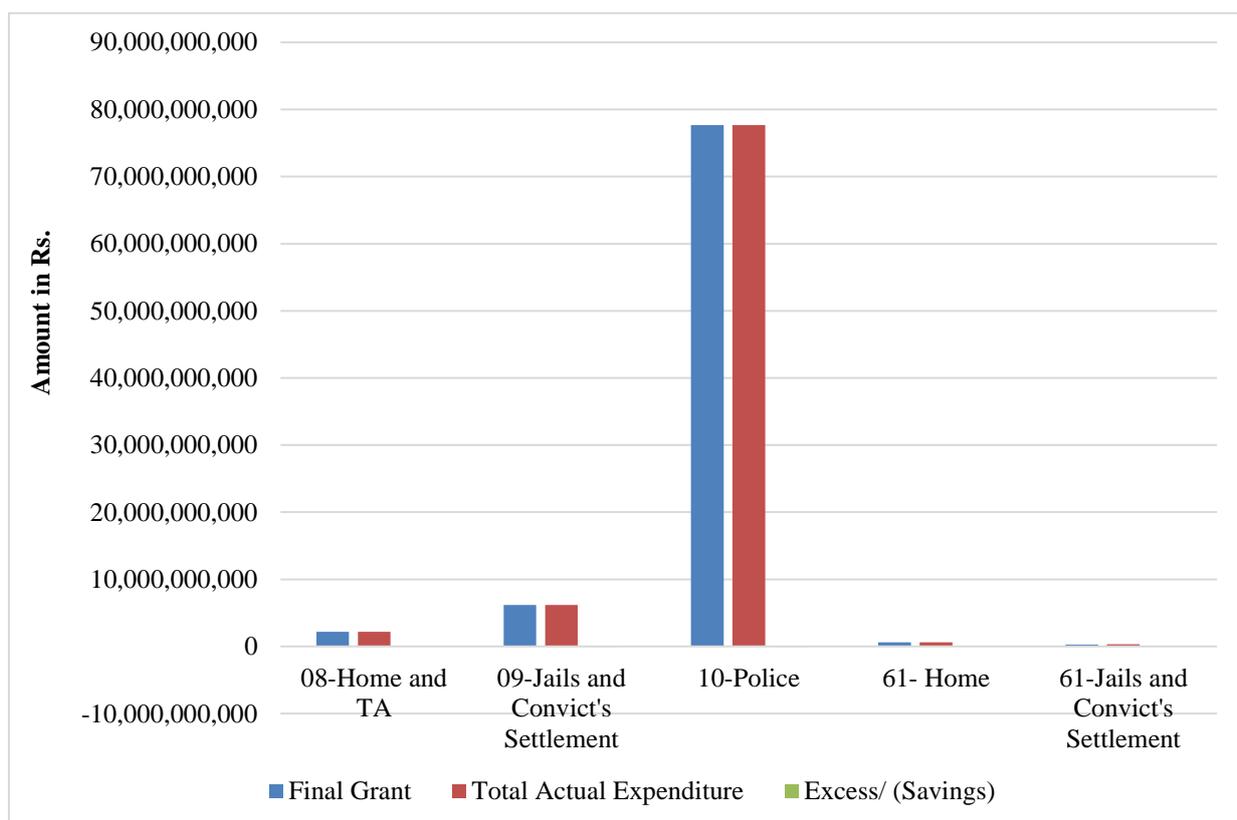
Summary of the Appropriation Accounts:

The Summarized position of actual expenditure 2023-24 against the total of grants/appropriation was as follows:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

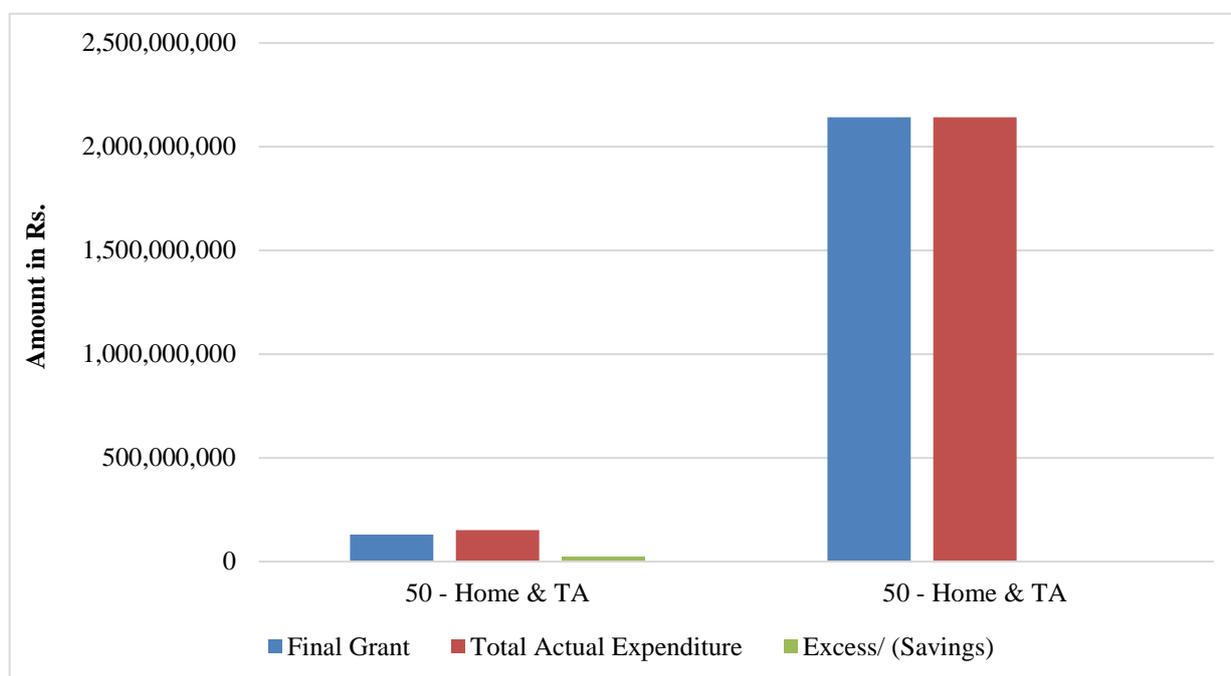
Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
08-Home and TA	NC21	2,187,424,012	2,189,166,443	1,742,431
09-Jails and Convict's Settlement	NC21	6,159,740,572	6,159,683,162	-57,410
10-Police	NC21	77,676,256,277	77,675,545,092	-711,185
61- Home	NC21	633,688,626	633,688,626	0
61-Jails and Convict's Settlement	NC21	299,137,941	312,629,996	13,492,055
Total		86,956,247,428	86,970,713,319	14,465,891



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
50 - Home & TA	NC22	129,636,893	151,760,724	22,123,831
50 - Home & TA	NC12	2,142,112,719	2,142,112,719	0
Total		2,271,749,612	2,293,873,443	22,123,831



12.1C Issues in Home & Tribal Affairs Department

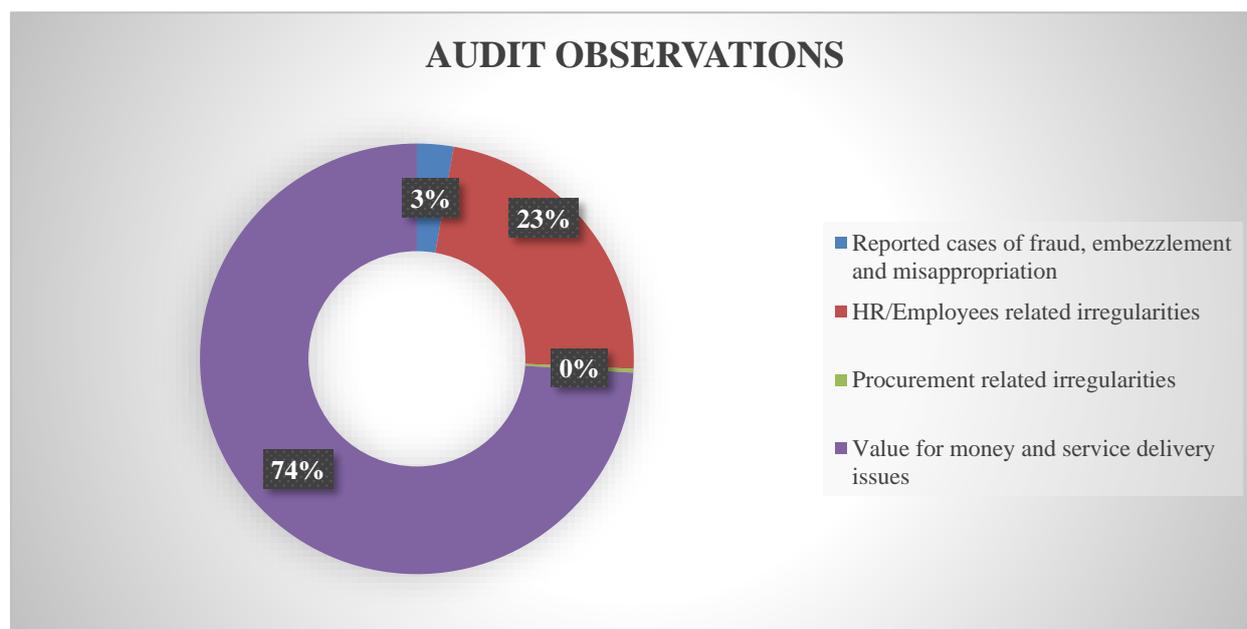
There were instances where the receipts realized on account of police personnel deployed to private organizations for security services were misappropriated. Payments on account of operations cost and entertainment charges of Provincial Security Staff were made in the department despite Provincial Apex Committee directions wherein approval of financial benefits was granted only. Loans were granted from the Police Welfare Fund but the same were not recovered from the employees. The traffic fines were deposited into the government treasury on a monthly basis instead of a daily basis as per agreement which resulted in loss to the government as well. There were instances where polio campaign funds were not disbursed. Procurements of food items at higher rates were also noticed. Unauthorized payment of pay and allowances were also noticed. Outstanding dues from WAPDA on account of security services remained outstanding since long.

12.2 Summary of Audit Observations

Audit observations amounting to Rs. 2,531,748 million were raised in this report during the current udit of Home & Tribal Affairs Department. This amount also includes recoveries of Rs. 2,016.912 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

(Rs. in million)		
S. No.	Classification	Amount
1	Reported cases of fraud, embezzlement and misappropriation	68.822
2	HR/Employees related irregularities	582.892
3	Procurement related irregularities	7.428
4	Value for money and service delivery issues	1,872.605
Total		2,531.747



12.3 Brief comments on the status of compliance with PAC directives:

S#	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
01	2002-03	Home & TA	18	08	-	10
02	2003-04	-do-	12	09	-	03
03	2004-05	-do-	37	25	-	13
04	2005-06	-do-	04	03	-	01
05	2007-08	-do-	04	03	-	01
06	2008-09	-do-	12	05	-	07
07	2009-10	-do-	13	07	-	07
08	2010-11	-do-	39	10	-	29
09	2011-12	-do-	27	15	-	12
10	2012-13	-do-	12	06	-	06
11	2013-14	-do-	19	08	-	11
12	2014-15	-do-	18	09	-	09
13	2015-16	-do-	21	14	-	07
14	2016-17	-do-	32	8	-	24

12.4 Audit Paras

12.4.1 Unauthorized payment on account of operations and entertainment charges - Rs. 8.121 million

Accordinging minutes of the 2nd meeting of the Provincial Apex Committee on illegal spectrum held on 14.9.2023 under chairmanship of the Chief Minister Khyber Pakhtunkhwa with the Commander 11 Corps co-chairing approval of financial benefits for PSS core staff (Provincial Security Staff) from July 2022 was made as per detail given below: -

BS-19	Rs. 80000 pm
BS 18	Rs. 60000 pm
BS 17	Rs. 40000 pm
BS-16	Rs. 20000 pm
BS-14 & below	Rs. 15000 pm

During audit of the accounts of Secretary Home & Tribal Affairs Department Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that a payment of Rs. 8.121 million was made on account of entertainment charges and operation expenses of Provincial Security Staff. However, further scrutiny of record revealed that the Provincial Apex Committee had approved the financial benefits only without any provision for operational cost and entertainment charges.

Moreover, no record regarding attendance of the staff who were served with the lunch boxes etc. was available on record.

The lapse occurred due to financial mismanagement and weak internal controls.

When pointed out in August 2024, the management replied that all the payments have been made after approval of the competent authority.

The department was requested vide letter dated 24.09.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends detail investigation and fixing responsibility on the person (s) concerned.

PDP No. 47 (2023-24)

12.4.2 Non-recovery of loans granted out of Police Welfare Fund - Rs. 480.977 million

According to Clause 14 of the Police Welfare Fund Rules 2014, the Welfare Fund shall be utilized for the collective good of the Police Department and for the individual welfare of the its beneficiaries. According to Clause 21 (2) of the Police Welfare Fund Rules 2014, all loans shall be refundable and shall be recovered from the beneficiaries in 10 equal and regular installments. Recovery shall be started from the very next month the beneficiary has received the loan except loans for treatment of illness in which the recovery shall be strated after three months after receipt of loan by beneficiary.

During audit of the account of Inspector General of Police for the Financial Year 2022-24, it was observed that loans amounting to Rs, 480.977 million were granted to 2334 police personnel out of Police Welfare Fund as per detail below: -

Meeting No.	Date	No. of Cases	Amount
100	22.08.2023	302	53,619,050
94 th	05.07.2022	329	71,210,520
95 th	26.08.2022	370	94,751,940
96 th	22.11.2022	633	128,084,273
97 th	17.01.2023	165	33,489,900
98 th	13.04.2023	295	54,790,674
99 th	16.06.2023	240	45,030,927
Total		2334	480,977,284

No recovery of loan was made till the date of date.

The lapse occurred due to negligence of concerned staff and deficiency in the loan recovery system due to which a large number of deserving police personnel remained (including families of shuhada etc.) remained deprived of their rights of loans.

When pointed in July 2024 the Management replied that efforts are being made to recover the said amount

The department was requested vide letter dated 19.08.2024, followed by reminders dated 29.08.2024, 13.11.2024, and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery besides complete overhauling of police welfare fund. Moreover, an automated solution needs to be installed and initiate disciplinary action against the staff who failed to recover the said amount which resulted in interest loss.

PDP No. 07 (2023-24)

12.4.3 Loss to the government due to non-deposit of fund on daily basis - Rs. 11.540 million

According to Clause 5 of the contract agreement the second party A2Z shall deposit the amount so recovered in connection of traffic fine and driving license fee on daily (T+1) basis, either online or through cheque(s) drawn in favor of First Party.

During audit of the accounts of Chief Traffic Officer Peshawar for the Financial Year 2023-24, it was observed that a sum of 332.945 million was shown deposited into the government treasury during the Year. However, further scrutiny of record revealed that M/S A2Z has deposited that amount on monthly basis instead of daily basis. as required under Clause 4.11 of the contract agreement. Moreover, no representative / finance member was placed at the disposal of DIG Traffic by the firm for depositing the amount in the treasury on daily basis as required under Clause 4.11 of the agreement due to which the government sustained a loss of Rs. 11.540 million.

The lapse was occurred due to weak administrative controls which resulted into loss of Rs. 11.540 million to the government.

When pointed out in September 2024 the Management replied that the case will be taken up with A2Z for the implementation of contract agreement clause and audit will be informed accordingly.

In the DAC meeting held on 11.02.2025, it was decided that a committee may be constituted to investigate the matter and the Para was referred to the PAC.

Audit recommends detailed investigation and fixing the responsibility on the person(s) concerned beside implementation of contract clause.

PDP No. 91 (2023-24)

12.4.4 Non disbursement of polio campaign funds – Rs. 6.769 million

According to para 23 of GFR Vol-I, every Government officer will personally be responsible for any loss to Government either through his own willful fault or negligence or any of his subordinate.

During audit of the accounts of District Police Office Abbottabad for the Financial Year 2023-24, it was observed that funds to the tune of Rs 6.769 million were retained in the bank account of polio funds as on 30.06.2024. Further verification of record revealed that polio campaigns were already concluded in the month of March 2024. However, the above funds pertaining to the polio campaigns were not distributed to the police force deployed on security duties of polio campaigns.

Non disbursement of polio funds and its retention in bank account as on 30.06.2024 is serious lapse on part of the local office.

The lapse occurred due to weak internal controls and financial mis-management.

When discussed, it was stated that detail reply will be furnished after consulting the record.

The department was requested vide letter dated 18.09.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiry besides recovery.

PDP No. 70 (2023-24)

12.4.5 Fraudulent withdrawal of pay and allowances - Rs. 32.769 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 audit of the accounts of Capital City Police Office Peshawar for the Financial Year 2023-24, it was observed that Rs. 32,769,537/- was drawn on account of pay and allowances of different officials (**Annexure-XXVIII**). Further verification of record revealed that all the above officials were ghost / fake employees and were unlawfully receiving salaries from the government exchequer without a lawful employment and performing duties. All the above officials were fictitiously recruited by the staff of the Accounts Branch i.e. Budget Officer Aslam, Senior Clerk Haji Shahid Ali and Pay officer Tahir Shah as per inquiry report. All the ghost / fake employees were removed from service, however, no action

was initiated by the local office against the culprits for recovery of the amount paid and taking legal proceedings against the person(s) responsible.

The lapse occurred due to weak internal controls.

When pointed out in September 2024, it was replied that detailed reply will be furnished after consulting the relevant record and concerned staff.

The department was requested vide letter dated 10.02.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the culprits besides initiating legal proceeding against the person (s) involved in the whole process.

PDP No. 189 (2023-24)

12.4.6 Loss to the government due to purchase of food items at higher rates - Rs. 7.428 million

According to Para 19 GFR Vol-I, the award of contract must be in the most public and transparent manner advantageous to government. Read 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 audit of the accounts of Capital City Police Office Peshawar for the Financial Year 2023-24, it was observed that Rs. 46,555,265/- was paid to M/S 360 Organizers SMC on account of feeding charges, as detailed below;

(Amount in Rs.)

S. No.	Item	Lowest Rate	Purchase Rate	Diff.	Total Quantity	Amount
1	Cup of Tea and bread	105	130	25	10,472	261,800
2	Cup of Tea and others items	110	125	15	61,375	920,625
3	Rice and other items	370	450	80	53,853	4,308,240
4	Lunch Box	350	470	120	13,886	1,666,320
5	Chicken Dish and other Items	255	260	5	1,764	8,820
6	Rice and other items	230	240	10	26,263	262,630
Total						7,428,435

Verification of bid evaluation report revealed that these items were offered by other firms on lower rates which were ignored and purchases were made at higher rates from the choice supplier which resulted into loss of Rs. 7,428,435/- to the government.

The lapse occurred due to weak internal control and financial mis-management.

When pointed out in September 2024, it was replied that detailed reply will be furnished after consulting the relevant record and concerned staff.

The department was requested vide letter dated 10.02.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

The matter is reported to the competent forum for information and recovery of the amount.

PDP No. 193 (2023-24)

12.4.7 Non-recovery of outstanding government dues from Koto Hydro Power Project – Rs. 735.295 million

According to the contract agreement made between the Project Director of Koto Hydro Power Project Timergara and office of DPO Timergara, the project authorities will bear the financial burden of the police guard deputed for the security of the project till completion of the project. Read with Para 26 of General Financial Rules Volume 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 District Police Office Dir Lower for the Financial Year 2023-24, it was observed that police guards were deployed at Koto Hydro Power Project Timergara (CPEC Project) for the last six years. However, further scrutiny of record revealed that the local office failed to recover the outstanding dues from the project amounting to Rs. 735,295,174/- on account of pay & allowances of the deployed police guards.

Audit held that outstanding dues on account of pay & allowances should have been recovered which was not done.

The lapse occurred due to violation of the contract agreement provisions.

When pointed out in October 2024, it was stated that detail reply will be furnished after consulting relevant record.

The department was requested vide letter dated 11.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends immediate recovery of outstanding dues against project.

PDP No. 116 (2023-24)

12.4.8 Misappropriation on account of receipts of police deployed to private bodies - Rs. 34.053 million

According to Rule 10 of General Financial Rules Volume-I, every public 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 District Police Office Chitral Lower for the Financial Year 2022-23, it was observed that receipts amounting to Rs. 43,349,620/- were shown as collected under the head C02634-Police Supplied to Private Bodies. However, further scrutiny and comparison of the deposit challans with the data extracted from SAP revealed that two deposit challans amounting to Rs. 34,053,393/- shown as deposited on 07.02.2023 were not traced in the SAP data showing that these were not deposited into the government treasury. These challans were further verified from the Treasury Office Chitral and confirmed that these challans were not deposited into the government treasury, as detailed below;

(Amount in Rs.)

Date of Deposit	Head of Account	Amount
07.02.2023	C02634	33,979,000
07.02.2023	C02640	74,393
Total		34,053,393

Audit held that the challans were prepared and stamped by the National Bank of Pakistan without depositing the receipts in the government treasury. Furthermore, the total receipts including these bogus challans were also reconciled by the treasury office without consulting their record.

The lapse occurred due to financial mismanagement.

When pointed out in June 2024, no reply was furnished.

The department was requested vide letter dated 10.07.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiring the matter, fixing responsibility, and recovery of the amount.

PDP No. 258 (2022-23)

12.4.9 Loss to the government due to non-recovery of outstanding dues on account of police guards deployed to Pakistan Railways - Rs. 89.001 million

According to Para 8 of GFR Vol-I, it is the duty of the Revenue or Administrative Department concerned to see that the dues of Government are correctly & promptly assessed, collected & paid into the treasury.

Para 28 of GFR Vol.-I states that no amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

During audit of the accounts of District Police Office Kohat for the Financial Year 2022-23, it was observed that a sum of Rs. 89,001,529/- was outstanding against Pakistan Railways on account of cost of police guards with effect from 01.07.2012 to 30.06.2023. However, local office failed to recover the long outstanding dues from the Pakistan Railways.

When reported to the management nil reply was furnished.

The department was requested vide letter dated 26.02.2024, followed by reminders dated 29.08.2024, 13.11.2024, and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends immediate recovery of cost of police guards.

PDP No. 61 (2022-23)

12.4.10 Unauthorized payment of Secretariat Performance Allowance - Rs. 10.355 million.

As per the Finance Department clarification and sanctioned strength that the police employees of the Chief Capital City Police Peshawar deployed in the Civil Secretariat Peshawar, Chief Minister Secretariate, Governor House/ Secretariate were as follow:

Order No	Office	Approved sanction of the Finance Department
FD(SOSR.II)R-7/2008 Dated 02.07.2009	Governor House/Secretariate	42
FD(SOSR.II)8-7/2008 Dated 26.01.2009	CCP Squad of CM Secretariat	27
FD(SOSR.II)8-7/2008-16 dated 12.07.2015	Civil Secretariat Peshawar	102
	Total	171

During audit of the accounts of Capital City Police Office Peshawar for the Financial Year 2022-23, it was observed that the data obtained from the SAP System of AG KP revealed that a total of 250 number police force have actually drawn secretariat performance allowance for Rs. 32,770,111/- @ 50% of their basic from CCPO Peshawar PR4093 against the actual strength of 171 nos of the Finance Department resulted into un-authorized withdrawal of secretariat performance allowance for 79 nos of police personnel for Rs. 10,355,320/-. These 79 officers/officials of the local office were paid Secretariat Performance Allowance over and above the approved sanctioned of the finance department resulted into unauthorized/excess payment of Rs. 10,355,320/- as calculated below.

It was further noticed that order of their posting in the CM Secretariat, Governor Secretariat and Civil Secretariat by the competent authority was not available on record to authenticate the payment performance allowance for all the staff.

(Amount in Rs.)

Description	Amount
Sect Perf: Allow: Actually, Drawn by 250 staff	32,770,111
Average Sect Perf: Allow per employee	131,080
Required Sect Perf Allow for 171 staff	22,414,755
Excess/Unauthorized Payment to 79 staff	10,355,320

The lapse occurred due to weak internal controls and undue favor of the local office towards concerned.

When reported to the management, it was stated that detailed reply will be furnished after consultation of record to DAC.

The department was requested vide letter dated 26.02.2024, followed by reminders dated 29.08.2024, 13.11.2024, and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigation in the matter, fixing of responsibility besides recovery and disciplinary action on person (s) at fault.

PDP No. 191 (2022-23)

12.4.11 Loss to the government due to non-deduction of house rent allowance - Rs. 83.439 million

According to FR-45-C, house rent may not be granted to Officers/Officials along-with 5% maintenance charges should be recovered who have provided Govt: accommodation.

During audit of the accounts of Capital City Police Office Peshawar for the Financial Year 2022-23, it was observed that 172 number of quarters located at different points (police lines and police stations etc.) were occupied by the police officers / officials since long. As per the allotment orders, the quarters were allotted in 2009, 2011 and 2015 etc. whereas the officers / officials were regularly drawing their house rent allowance and not deducting 5% maintenance charges. Moreover, the occupants have not paid a single penny for the utility charges (electricity and gas etc.).

Audit held that non-deduction of house rent allowance, 5% deduction of maintenance charges and utility charges etc. was a serious lapse on the part of the local office which resulted into loss of Rs. 83.439 million.

The lapse occurred due to non-adherence to government instructions.

When reported to the management, it was stated that detailed reply will be furnished after consultation of record to DAC.

The department was requested vide letter dated 06.06.2024, followed by reminders dated 29.08.2024, 13.11.2024, and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and taking disciplinary action against the responsible for not deducting the house rent and 5% maintenance charges.

PDP No. 193 (2022-23)

12.4.12 Fraudulent withdrawal on account of head money - Rs. 2.000 million

According to Para 10 read with para 23 of GFR Vol-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as person of ordinary prudence would exercise in respect of expenditure of his own money. Public moneys should not be utilized for the benefit of a particular person or section of community. Moreover, every government officer will be personally responsible for any loss or fraud on his part or on the part of his subordinate.

During audit of the accounts of DIG Counter Terrorism Department Peshawar for the Financial Year 2022-23, it was observed that Mr. Usman S/O Said Badshah was notified by Home & Tribal Affairs Department vide no. SO/(Police-I)/HD/1-3/2021 at S.No.72, dated 27.04.2021 as Most Wanted Proclaimed Offenders and a sum of Rs. 2.000 million was notified as Head money for his arrest. The Head Money was drawn vide Cheque No. 2396351 dated 03.06.2022 on DDO and shown paid to DPO Kohat for the arrest made by DPO Kohat. The same Proclaimed Offender was shown re-arrested by the Investigation Bureau Peshawar and Head Money was drawn vide Cheque No. 2450540 dated 31.08.2022.

Audit held that drawing of Head Money for same PO/Most Wanted against the same notification of the H&T Affair Department is leading to fraud and double drawal of public money. The first payment was shown paid to DPO Kohat was drawn in 2021-22 and the 2nd in 2022-23.

The lapse occurred due to financial mismanagement which resulted into double drawal of public money.

When pointed out in December, 2023, the management did not furnish any reply.

The department was requested vide letter dated 06.06.2024, followed by reminders dated 29.08.2024, 13.11.2024, and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends detailed inquiry in the case to examine payments under the head during last five financial years (FY 2018-2023) besides recovery in the subject case & fixing out responsibility against person(s) at fault.

PDP No. 78 (2022-23)

12.4.13 Non recovery of long outstanding government dues from WAPDA – Rs. 1,030.000 million

According to Police Department letter No-2149-55/PA/Comdt/SSU dated 19-10-2023, for signing contract agreement with WAPDA administration for provision of security on payment basis as per rules and for clearance all the outstanding dues/arrears. Read with the Inspector General of Police Khyber Pakhtunkhwa letter No-2146-48/PPO(SSU) dated 19-10-2023 addressed to Chief Secretary KP, wherein the attention was drawn towards for signing of proper agreement by various WAPDA Projects in Khyber Pakhtunkhwa with Special Security Unit KP and recovery of total outstanding security cost Rs 1,030,739,268/- in respect of each WAPDA Project.

During audit of the accounts of Commandant Special Security Unit (CPEC) for the Financial Year 2022-23, it revealed that police guards / staff were deployed in different WAPDA Projects for security purpose and payment of Rs 1,030,739,268/- was made on account of their salary (pay and allowances) by the local office.

Such amount should have been reimbursed by the borrowing office (WAPDA Projects) as duties were performed in that office. The local office was unable to calculate their actual dues outstanding against these organizations as no reconciliation was carried out with them nor any proper agreement was made with WAPDA.

Due to non-payment of funds regarding provision of security to the various WAPDA Projects in Khyber Pakhtunkhwa, the exchequer of the Provincial Government is facing huge financial losses and the security arrangements for the foreigners and WAPDA projects are getting compromised as well. All the aforementioned outstanding dues may be cleared on priority basis for provision of uninterrupted security to WAPDA Projects

Audit held that the amount may immediately be reimbursed/recovered from the defaulters, proper agreement may be signed and in future recovery may be demanded either on monthly basis or in advance at least on quarter basis.

The lapse occurred due to contractual mismanagement.

The department was requested vide letter dated 03.06.2024, followed by reminders dated 29.08.2024, 13.11.2024, and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery.

PDP No. 165 (2022-23)



Chapter – 13

HOUSING DEPARTMENT

13.1A Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of planning and execution of schemes under “housing for all” and “housing for government employees”; coordinating, with other government agencies including Local Areas Authorities and Cantonment Boards; formulation of policies and control with regard to Urban Growth and Development; Area Development Schemes and New Townships; Housing Loans and Investments; preparation of schemes for approval of PDWP, CDWP and ECNEC; and execution of works as deposit works.

Audit Profile of Housing Department:

(Rs. in million)

S. No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue/Receipts Audited FY 2023-24
1	Formations	2	Nil	Nil	0
2	<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP) 	Nil	Nil	Nil	N/A
3	Authorities/Autonomous bodies etc. under PAO	1	Nil	Nil	N/A
4	Foreign Aided Projects (FAP)	Nil	Nil	Nil	N/A

13.1B Comments on budget & accounts (variance analysis)

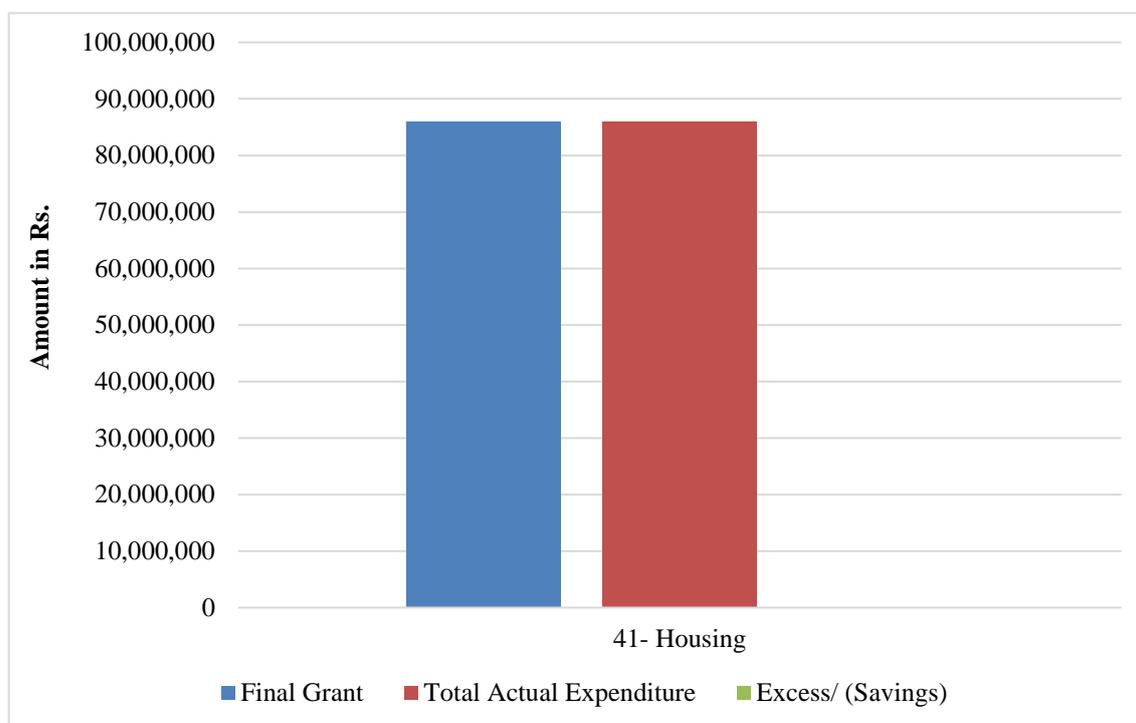
Summary of the Appropriation Accounts:

The Summarized position of actual expenditure 2023-24 against the total of grants/appropriation was as follows:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

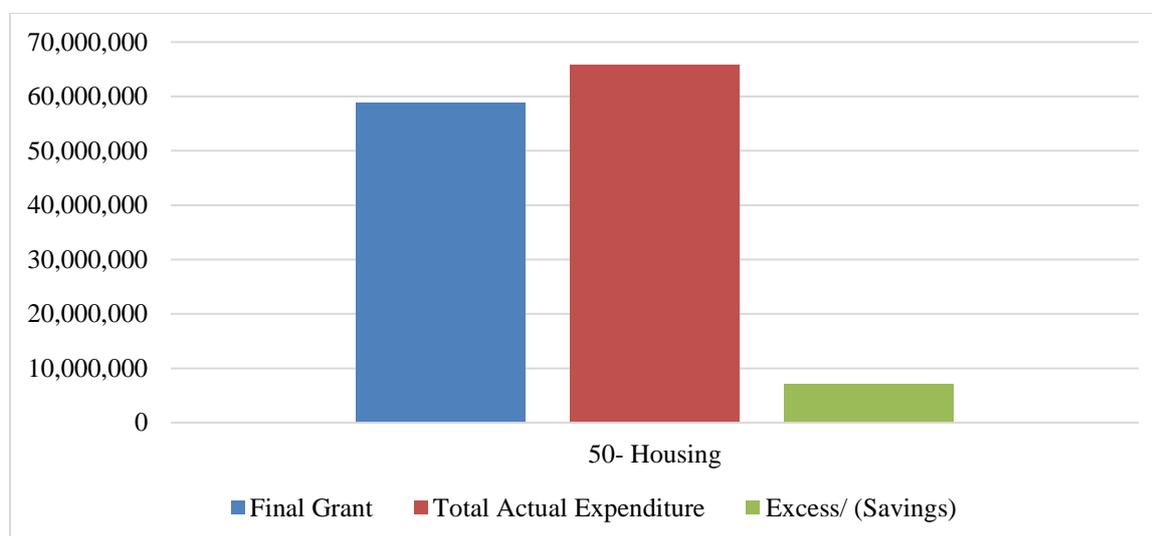
Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
41- Housing	NC11	86,091,782	86,091,782	0
Total		86,091,782	86,091,782	0



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
50- Housing	NC12	58,800,762	65,820,616	7,019,854
Total		58,800,762	65,820,616	7,019,854



13.1C Issues in Housing Department

The department did not deduct the provincial sales tax on services from the civil works contractors which resulted into loss to the government. Recovery of the installments of High Rise Flats was not made which resulted into loss to the Housing Authority fund.

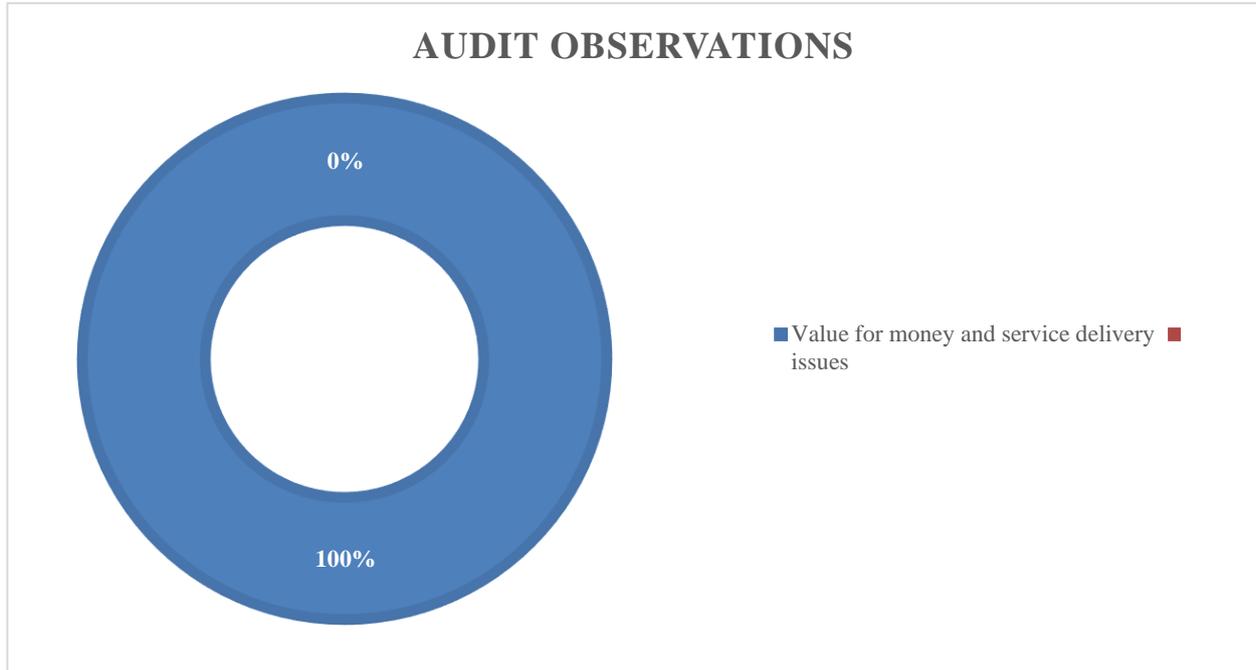
13.2 Summary of Audit Observations

Audit observations amounting to Rs. 196.906 million were raised in this report during the current audit of Housing Department. This amount also includes recoveries of Rs. 67.421 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

(Rs. in million)

S. No.	Classification	Amount
1	Value for money and service delivery issues	196.906
Total		196.906



13.3 Brief comments on the status of compliance with PAC directives:

S#	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
11	2013-14	-do-	Nil	Nil	Nil	Nil
12	2014-15	-do-	Nil	Nil	Nil	Nil
13	2015-16	-do-	Nil	Nil	Nil	Nil
14	2016-17	-do	Nil	Nil	Nil	Nil

13.4 Audit Paras

13.4.1 Loss to the government due to non-deduction of sales tax on services from contractors - Rs. 129.485 million

According to the Finance Department Khyber Pakhtunkhwa Peshawar letter No. BO (Res-III) FD/2-2 /2019-20 /VOL-IV dated 07.07.2021, provides that 2% KPRA sales tax on construction services shall be recovered.

During audit of the accounts of Provincial Housing Authority Peshawar for the Financial Year 2022-23, it was observed that an amount of Rs. 6,474,268,677/- was paid to various contractors for execution of different works. However, further scrutiny of record

revealed that KP Sales Tax on Services @ 2% was not deducted from the payments made to the contractors which resulted into loss of Rs. 129,485,373/- (Rs. 6,474,268,677 X 2%).

The lapse occurred due to weak internal control and the Government sustained a loss.

When pointed out in May 2024, the management replied that Housing scheme is exempted from KPPRA sales tax.

The department was requested vide letter dated 08.07.2024 followed by reminders dated 04.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the amount.

PDP No. 63 (2022-23)

13.4.2 Loss to the government due to non-recovery of installment of HRF flats - Rs. 67.421 million

According to Para 8 and 26 of the General Financial Rules Volume-I, each administrative department to see that the dues of the government are correctly and promptly assessed, collected and paid into Government Treasury.

During audit of the accounts of Provincial Housing Authority Peshawar for the Financial Year 2022-23, it was observed that the local office failed to recover outstanding installments from the allottees of High-Rise Flats Phase-V Hayatabad since long which resulted into loss to the Authority fund amounting to Rs. 67,421,125.

Moreover, penalty @ 2% per month was also not imposed on non-deposit of installments.

The lapse occurred due to weak financial controls which resulted into loss to the government.

When pointed out in May 2024, the management replied that recovery will be made and shown to audit in due course of time.

The department was requested vide letter dated 08.07.2024 followed by reminders dated 04.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

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

PDP No. 62 (2022-23)

13.4.3 Irregular awarding of construction supervision contract - Rs. 27.986 million

As per Para-24 of KPPRA Rules, the procuring entity shall not hire a consultant for an assignment in which there is possibility of conflict of interest. If a consultant has been engaged by the procuring entity to provide goods or works for a project, it shall be disqualified from providing consulting services for the same project. Similarly, consultant should not be hired for any assignment which by its nature, may be in conflict with another assignment of the consultant.

During Special Study of HRF, it was observed that contract for planning, designing and top supervision of High Rise Flats was awarded to M/s Parvez Iqbal and Associates (PIAA) at contract price of Rs.10.80million. Later on detailed supervision of the same was also awarded to M/s Parvez Iqbal and Associates at Rs.27.986 million on the basis of a summary approved by the Chief Minister Khyber Pakhtunkhwa. The contract was awarded without adopting open tender system.

The Provincial Inspection Team also conducted an inquiry in the matter and as per their recommendation action needs to be taken against the person(s) who initiated the summary. No action has still been taken by the department against the person(s) at fault.

The lapse occurred due to weak contractual management.

The department was requested vide management letter followed by reminders dated 20.06.2019 and 26.12.2024 dated for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiry into the matter.

PDP No. 525 (2017-18)

13.4.4 Irregular awarding of construction contract - Rs. 527.278 million

As per Para-36 (384) of KPPRA Rules, the procuring entity shall promptly notify contractor of consultant submitting an application to pre-qualify whether or not it has been pre-qualified and shall make available to any person directly involved in the pre-qualification process, upon request, the names of all contractors or consultants who have been pre-qualified. Only contractors or consultant who has been pre-qualified shall be entitled to participate. The procuring entity shall communicate on request, to those contractors or consultant who has not been pre-qualified the reasons for not pre-qualifying them.

During Special Study of HRF it was observed that advertisement for pre-qualification of contractors was floated in various newspapers in 04/201. Resultantly 07 firms were

declared pre-qualified and were called to submit their bids/rates. The bids offered were rejected being on higher side. The rates were again called on item rate basis. The contract of Package-1 was awarded to M/s Sabz Ali Khan at a cost of Rs. 527.278 million. It was noticed that the said contractor was declared unqualified during the pre-qualification process. The contractor also offered rates despite being unqualified.

The lapse occurred due to weak contractual management.

Audit concludes that the award of contract is irregular/non-transparent which needs detail inquiry.

The department was requested vide management letter followed by reminders dated 20.06.2019 and 26.12.2024 dated for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiring the matter and fixing of responsibility against the persons at fault.

PDP No. 553 (2017-18)



Chapter-14

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

14.1A Introduction

The Law, Parliamentary Affairs and Human Rights Department deals with the legal matters relating to government business. It includes tendering advice to other Government Departments and deal with the legislative matters including taking action for promulgation of Ordinances, moving bills and laying the ordinances before the Provincial Assembly for enactment, pursuing litigation cases before courts on behalf of Government, whenever and wherever is necessary and printing of Acts, rules and Orders. It includes tendering advice to other Government Departments and deal with the legislative matters including taking action for promulgation of Ordinances, moving bills and laying the ordinances before the Provincial Assembly for enactment, pursuing litigation cases before courts on behalf of Government, whenever and wherever is necessary and printing of Acts, rules and Orders.

As per Rules of Business 1985 (amended to date), the department has been assigned the business of providing consultation to other departments on all legal questions arising out of any case and on the interpretation of any law; for any proposed legislation; giving shape to the draft legislation; advise the Administrative Department whether any sanction is required under existing statutory provisions and whether any further legal requirements are to be compiled with.

The Law Department shall also advise whether the proposed law disregards or violates, or is not in accordance with the principles of Law making, whether a reference should be made to the Council of Islamic Ideology for advice, if not already done, and if so, what shall be the terms of that reference. The Administrative Departments shall, after obtaining the approval of the Cabinet, return the draft legislation to the Law Department for further action.

The Law Department shall be consulted by the Administrative Departments before the issue of any order, rules, regulations, notification, or bye-law in the exercise of statutory power; and any sanction authorizing a subordinate authority to issue any order, rules, regulations, notification or bye-law under a statutory power. The Law Department shall advise whether the proposed draft is strictly within the power conferred by the Legislature and is in the correct form.

No Department shall consult the Advocate-General, except through the Law Department, and in accordance with the procedure laid down by that Department. The Departments should draw up specific points on which the opinion of the Advocate-General is desired. If there is disagreement between the views of the Advocate General and the Law Department, the views of both the Law Department and the Advocate General should be conveyed verbatim to the Department concerned, and if the Department concerned does not accept the view of the Law Department, the case shall be submitted to the Minister for Law for a decision, who may, in his discretion, take such a case to the Cabinet. Bills requiring assent or sanction of the President shall be referred to the Federal Government by the Law Department.

Audit Profile of Law Department:

(Rs. in million)

S No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue/Receipts Audited FY 2023-24
1	Formations	2	2	339	0
2	<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP)	Nil	Nil	Nil	N/A
3	Authorities/Autonomous bodies etc. under PAO	Nil	Nil	Nil	N/A
4	Foreign Aided Projects (FAP)	Nil	Nil	Nil	N/A

14.1B Comments on budget and accounts (variance analysis)

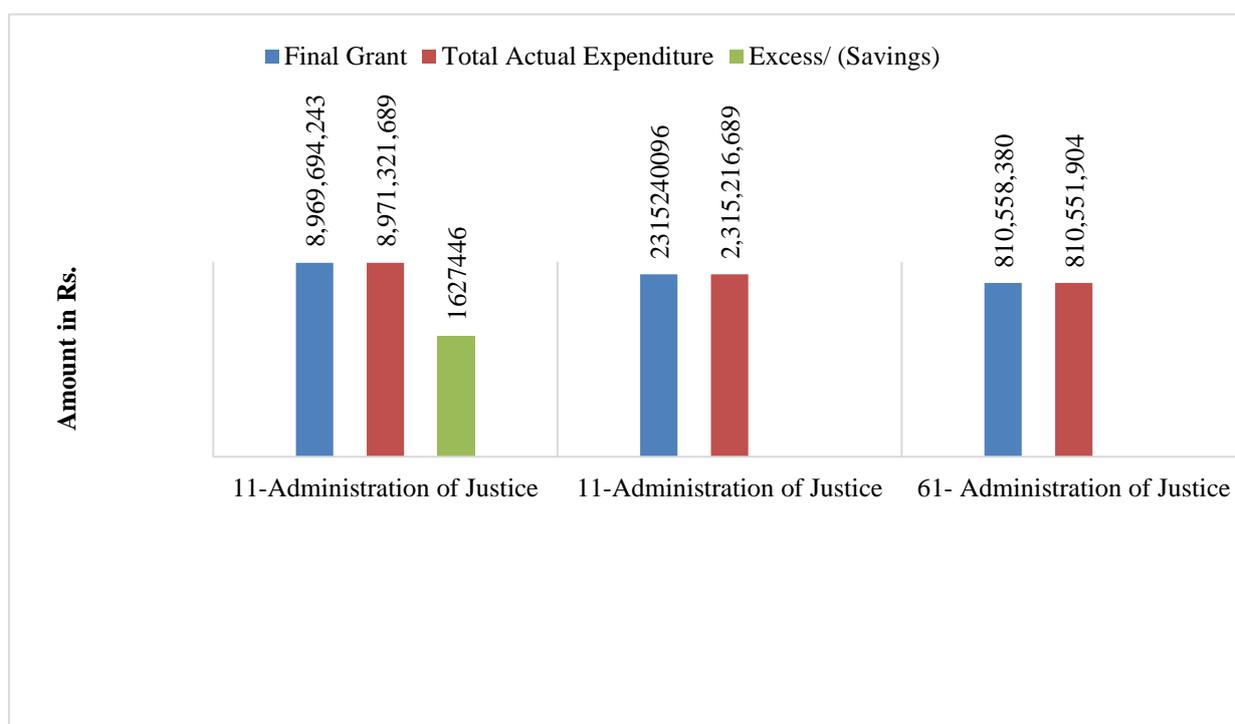
Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2023-24 against the total of grants/appropriation was as follows;

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Savings)
11-Administration of Justice	NC21	8,969,694,243	8,971,321,689	1,627,446
11-Administration of Justice	NC24	2,315,240,096	2,315,216,689	(23,407)
61-Administration of Justice	NC21	810,558,380	810,551,904	(6,476)
Total		12,095,492,719	12,097,090,282	1,597,563



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
50-Administration of Justice	NC22	0	0	-
Total		0	0	-

14.1(c) Issues in Law Department

The department could not develop a mechanism for deciding on the scales of fees to be received from the legal practitioners working in the province.

14.2 Summary of Audit Observations

Audit observations amounting to Rs. 323.500 million were raised in this report during the current audit of the Law Department. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

(Rs. in million)

S No.		Classification	Amount
1		Non-production of record	-
2		Reported cases of fraud, embezzlement and misappropriation	-
3		Irregularities	-
4	A	HR/Employees related irregularities	-
	B	Procurement related irregularities	-
	C	Management of Accounts with Commercial Banks	-
5		Value for money and service delivery issues	-
6		Others	-

14.3 Brief comments on the status of compliance with PAC directives:

SNo	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1	2001-02	Law Department	-	-	-	-
2	2002-03	-do-	-	-	-	-
3	2003-04	-do-	-	-	-	-
4	2004-05	-do-	-	-	-	-
5	2005-06	-do-	-	-	-	-
6	2008-09	-do-	-	-	-	-
7	2009-10	-do-	-	-	-	-
8	2010-11	-do-	-	-	-	-
9	2011-12	-do-	-	-	-	-

10	2012-13	-do-	-	-	-	-
11	2013-14	-do-	-	-	-	-
12	2014-15	-do-	-	-	-	-
13	2015-16	-do-	-	-	-	-
14	2016-17	-do-	-	-	-	-
15	2017-18	-do-	-	-	-	-
16	2018-19	-do-	-	-	-	-

14.4 Audit Paras

14.4.1 Non-formulation of fee mechanism for legal practitioners

According to Rules of Business 1985, one of the functions of Law Department is to do “matters relating to legal practitioners including scales of fees”.

During audit of the accounts of Secretary Law, Parliamentary Affairs and Human Rights Department Khyber Pakhtunkhwa for the Financial Year 2023-24, it was observed that the department failed to develop a mechanism for determining the fee to be collected from the legal practitioners as required under the Rules of Business 1985.

Audit is of the view that non-finalization of the “scales of fees” was a serious lapse on the part of the local office.

When pointed out in November 2024, it was stated that detailed reply will be furnished after consulting of the relevant record.

The department was requested vide letter dated 13.10.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiring the matter and taking action against the person(s) at fault besides preparation and finalization of a mechanism for deciding the scales of fees to be received from the legal practitioners.

PDP No. 09 (2023-24)



Chapter – 15

IRRIGATION DEPARTMENT

15.1A Introduction

The Irrigation Department is headed by Secretary Irrigation who is assisted at Secretariat level by Additional Secretary, Deputy Secretary (Tech) and PMC. In all the technical matters, the Secretary is assisted by the Planning & Monitoring Cell which prepares the draft proposals for Annual Development Program and Public Sector Development Plan. The PMC prepares plans, liaison with Federal Government and Donors Agencies regarding new schemes and also monitor progress of implementation of the existing portfolios. Execution of the water sector schemes and their operation are carried out by attached departments. There are three attached departments of the Irrigation Department which are headed by their respective Chief Engineers.

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of rivers and riverine surveys; construction and maintenance of canals; tube-wells and other water utilization schemes; embankment; drainage other than field drains; storage of water and construction of water reservoirs; barrage construction work; water logging schemes; land reclamation schemes; flood control schemes; booking of irrigation; and inland water-ways and inland navigation.

Audit Profile of Irrigation Department:

(Rs. in million)

S No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue/Receipts Audited FY 2023-24
1	Formations	54	8	4,151.95	0
2	<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP) 	Nil	Nil	N/A	Nil
3	Authorities/Autonomous bodies etc under PAO	Nil	Nil	Nil	N/A
4	Foreign Aided Projects (FAP)	03	03	1,259	N/A

15.1B Comments on budget and accounts (variance analysis)

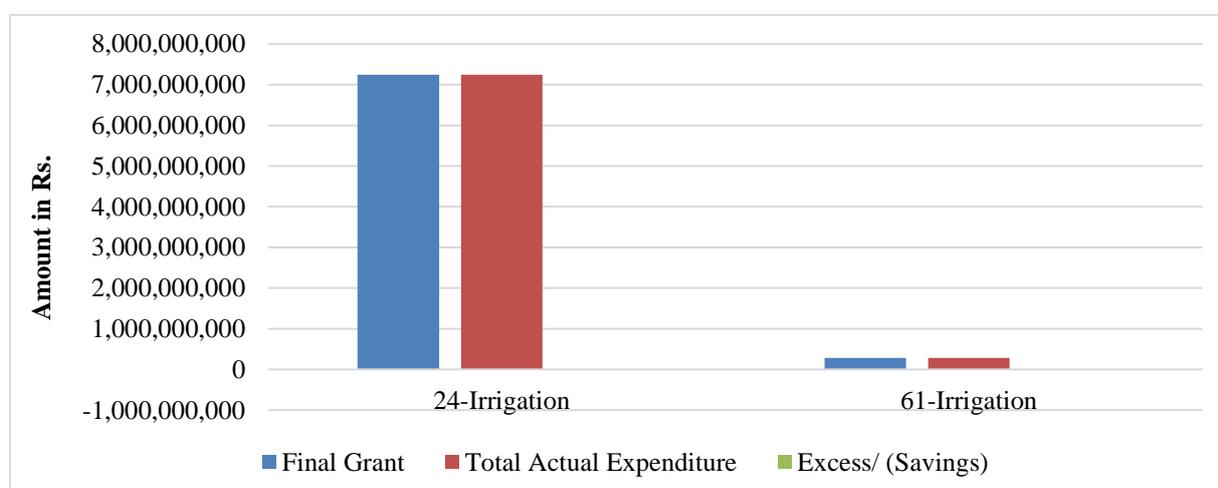
Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2023-24 against the total of grants/appropriation was as follows:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

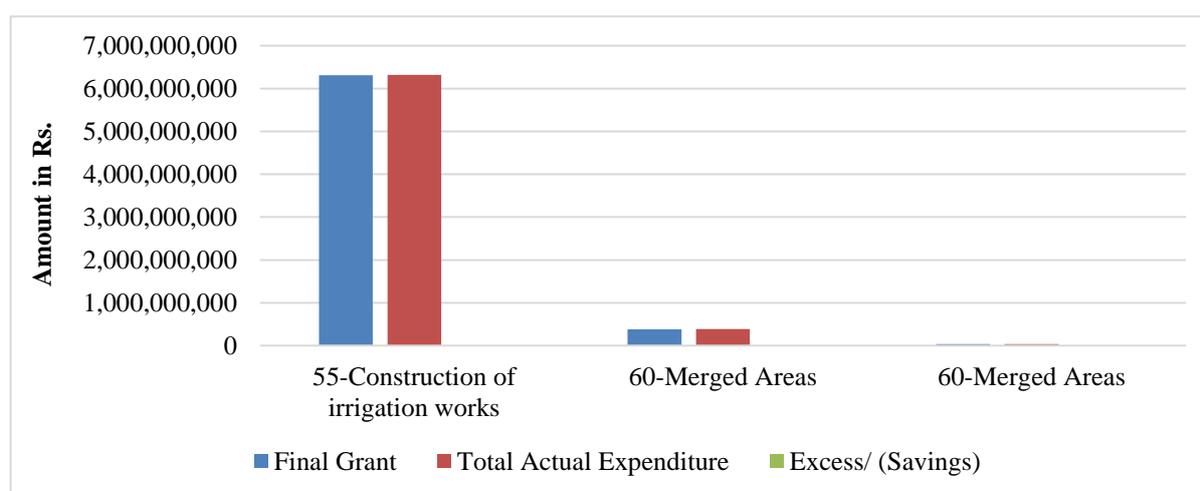
Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
24-Irrigation	NC21	7,244,063,050	7,245,704,385	1,641,335
61-Irrigation	NC21	280,568,418	280,567,818	(600)
Total		7,524,631,468	7,526,272,203	1,640,735



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
55-Construction of irrigation works	NC12 & 22	6,311,296,833	6,315,244,033	3,947,200
60-Merged Areas	NC12	382,973,912	387,672,078	4,698,166
60-Merged Areas	NC22	36,629,439	37,810,306	1,180,867
Total		6,730,900,184	6,740,726,417	9,826,233



15.1C Issues in Irrigation Department

During audit, it was observed that contract management mechanism was very poor. The field offices of the Irrigation Department did not fulfill the contractual obligations i.e. obtaining Performance Securities from the contractors in violation of contract agreement which provides that failure of the successful bidder to furnish performance security shall constitute sufficient grounds for the annulment of the award and forfeiture of the bid security.

The department also does not comply with the basic rules of the contract award. As a consequence of poor contract management, there has been considerable cost and time over run in different development schemes across the province. Like C&W, the Technical Sanctions for development schemes are prepared at belated stage to cover up the variations in cost, specifications, and estimates. As a matter of policy, the Technical Sanctions must be awarded before the commencement of work. There were no details of the head-wise figures of the departmental own receipts collected by the department.

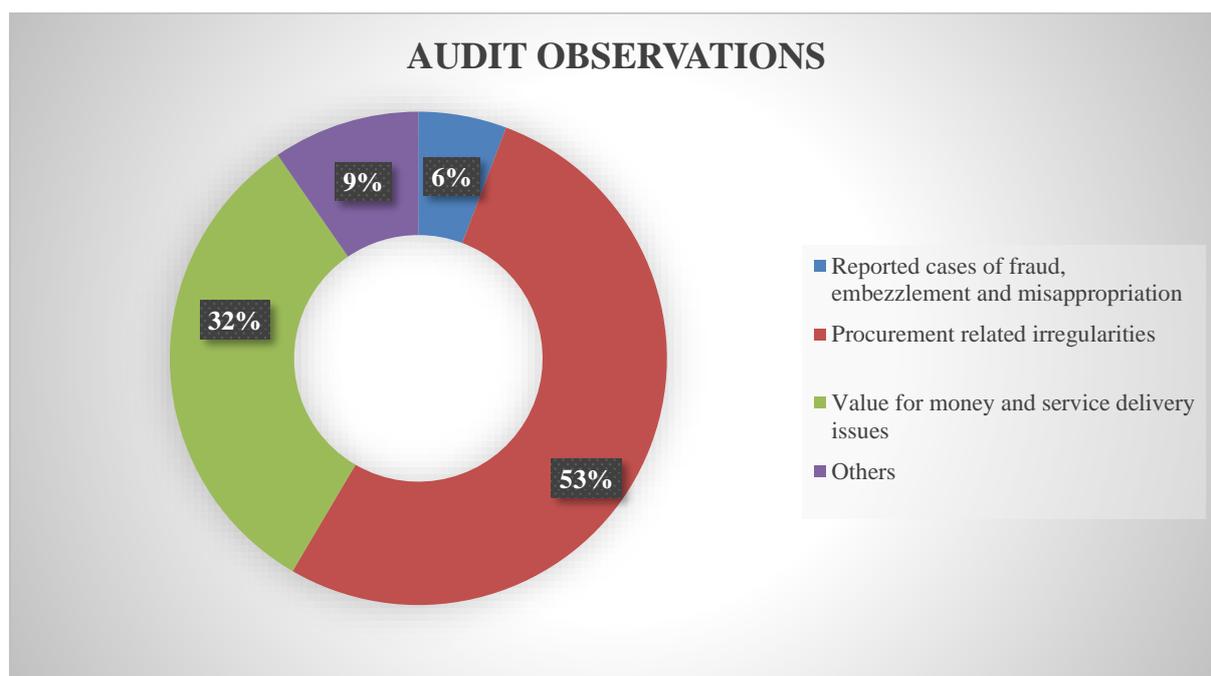
15.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 38.396 million were raised in this report during the current audit of Irrigation Department. This amount also includes recoveries of Rs. 16.610 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

(Rs. in million)

S. No.	Classification	Amount
1	Reported cases of fraud, embezzlement and misappropriation	2.011
2	Procurement related irregularities	18.436
3	Value for money and service delivery issues	11.191
4	Others	3.350
Total		38.396



15.3 Brief comments on the status of compliance with PAC directives:

S. No.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2011-12	Irrigation	18	06	-	12
2.	2012-13	-do-	10	07	-	03
3.	2013-14	-do-	14	10	-	04
4.	2014-15	-do-	07	03	-	04
5.	2015-16	-do-	23	16	-	07
6.	2016-17	-do-	29	18	5	6

15.4 Audit Paras

15.4.1 Loss to the Government due to award of contract at higher rate – Rs. 12.474 million

According to Clause 14 (C) (iii) of KPPRA 2014, the procuring entity shall evaluate the whole proposal in accordance with the evaluation criteria and the bid found to be the lowest evaluated bid shall be accepted.

During audit of the accounts of Executive Engineer, Irrigation Division-I Swabi for the Financial Year 2023-24, it was observed that a work “Const: of bridge on Badri Nullah Maal Laar Swabi Maneri” was awarded to M/S Pir Muhammad Const: Co. with an estimated cost of Rs.115.930 million.

On further verification and comparison of NIT, BOQ and contract agreements, it was revealed that the lowest rates quoted by the contractor was ignored by the bid evaluation committee just to award the contract to the choice contractor, which resulted in loss to government amounting to Rs.12.474 million as detailed below. As per evaluation of E-Bidding committee dated 04.02.2022, the contractor fulfilled all the requirements i.e. bid security, PEC registration, KPRA enlistment, enlistment with Irrigation Department but the contractor was marked as non-responsive by putting unnecessary clause of “Completion certificate E/C 50%” instead that the tender was on single stage single envelop method not on single stage two envelop method. Hence, due to non-awarding the contract to the lowest bidder resulted in loss of Rs 12.474 million as tabulated below:

Name of Work	Estimated Cost	Lowest Rate offered By	%Age Below and Bid Cost	Tender Awarded to	%Age Below and Bid Cost	Difference (Bid Cost) Rs
Const: of bridge on Badri Nullah Maal Laar Swabi	115.9302	M/S Ibrar Ali	16.01% (97.3698)	M/S Pir Mohammad	5.25% (109.8439)	12.4741

Moreover, tender register was not properly maintained showing detail of all bidders and duly signed by tender opening committee members.

The lapse occurred due to violation of public procurement rules.

When pointed out in October 2024, management stated that detailed reply will be submitted in due course of time after scrutiny of record.

The department was requested vide letter dated 31.10.2024 followed by reminders dated 04.12.2024 and 31.12.2024 for holding of DAC. However, the same was not convened till finalization of this report.

Audit recommends recovery of loss from the person(s) at fault.

PDP No. 12 (2023-24)

15.4.2 Overstatement of Deposit-II closing balance resulted in increased liability – Rs. 3.350 million

According to Para 43 of CPWD code, the divisional accountant is responsible to the Divisional Officer for the correct compilation of the accounts of the division from the data supplied to him.

During audit of the accounts of Executive Engineer, Irrigation Division Charsadda, it was observed that the opening balance of the security deposit account (Deposit-II) in the Schedule of Deposits for November 2023 was incorrectly recorded as Rs.167.861 million instead of Rs.164.511 million. The overstatement of Rs. 3.350 million was not corrected by the Financial Year-end in June 2024, thereby increasing the government's liability for security deposit refunds. This overstated balance presents a risk of potential future misappropriation.

The irregularity was occurred due to weak internal control which resulted in overstatement of Rs.3.350 million in the security deposit account inflates the government's liability, leading to a higher-than-actual obligation for refunds and chance of its misappropriation in future cannot be ruled out.

When pointed out in October 2024, the management stated that the detailed reply will be furnished after consulting the concerned Irrigation Division and original record.

The department was requested vide letter dated 29.11.2024 followed by reminders dated 23.12.2024 and 31.12.2024 for holding of DAC. However, the same was not convened till finalization of this report.

Audit recommends to inquire the matter for remedial corrective action and fixing of responsibility.

15.4.3 Overpayment on account of Cleaning & Grubbing – Rs.5.038 million

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

According to MRS 2016, Item No.03-05-a (Embankment formation in ordinary soil & compaction by mechanical means at optimum moisture content to 95% to 100% max modified AASTO dry destiny (borrowed are). The rate includes hire charges of machinery, cost of fuels, lubricant, pay of driver & cleaner and cleaning & grubbing.

During audit of the accounts of Project Director “Detail Design and Construction Pehure High Level Canal Extension Swabi” for the financial year 2022-23, it was observed that a sum of Rs 5.039 million was paid to M/S Khyber Grace Pvt Ltd on account of Cleaning & Grubbing vide IPC No.18(2.1.1 Earth Lining & Canal Road) Lot-III dated 19.06.2023. According to MRS 2016, Item No.03-05-a (Embankment formation in ordinary soil & compaction by mechanical means at optimum moisture content to 95% to 100% max modified AASTO dry destiny (borrowed are) includes the cost of cleaning & grubbing. Therefore, separate payment for cleaning & grubbing is duplication of payment which needs immediate recovery.

The lapse occurred due to violation of central public works department.

When pointed out, no reply was furnished by the management.

In the DAC meeting held on 16.12.2024, the department was directed to ensure recovery as clearing and grubbing is included in formation of embankment (borrow area) which was duly verified from MRS-2016 during the DAC meeting. However, no progress was intimated till finalization of this report.

Audit recommends implementation of DAC decision.

15.4.4 Loss to the government due to non-awarding the contract to the lowest bidder – Rs.5.962 million

According to Section 3 (b) (iv) and Miscellaneous Provisions of the Khyber Pakhtunkhwa Public Procurement Rules 2014 notified by Finance Department, KP vide No. SO (FR)/FD/9-7/2010/Vol-II dated 03.02.2014, the lowest offer from the qualified bidder

shall be accepted for award of the contract and will be the best evaluated bid. Each procuring entity shall plan its procurements with due consideration to transparency, economy, efficiency and timeliness, and shall ensure equal opportunities to all prospective bidders in accordance with Section 22 of the Act.

According Government of Khyber Pakhtunkhwa, KPPRA Notification No. KPPRA/M&E/Esstt:/1-13/2017-18 dated 27-06-2018, the Procuring Entity shall evaluate difference between the quoted rates by the lowest bidder and second lowest bidder on the basis of general principle of economy. If the difference is more than the forfeited amount of additional security of successful bidder the contract shall not be awarded to the second lowest bidder and the procurement opportunity shall be advertised afresh keeping in view the general principles of public procurement.

During audit of the accounts of Executive Engineer, Hydrology Irrigation Division, Peshawar for the Financial Year 2022-23, it was observed that contract for the construction of light gauge steel structure Chowkidar huts i/c all accessories at specific locations in KP was awarded to M/S Essa Khan Government Contractor at the contract cost of Rs.22.657 million which was 5% below on the Engineer's estimate of Rs.23.85 million, vide work order No. 44/17-M dated 26.01.2023. A payment of Rs. 16.616 million was made to the contractor through 1st running bill vide Voucher No. 1-H for the month of June 2023.

Scrutiny of record revealed that 06 bidders participated in the e-bidding process as per following data:

(Rs. in million)			
S. No	Contractor	Above/ Below	Bid value
1	Manan & Co.	- 30% below	16.695
2	Obaidullah	- 16.70% below	19.837
3	Shahi Khan & Sons	- 10% below	21.465
4	Asif Iqbal	- 8.03% below	21.935
5	Essa Khan	- 5% below	22.657
6	B.K. Builders	- 0.56% below	23.716

Audit held that the award of contract to the 5th lowest bidder was unjustified and non-transparent on the following grounds:

- i. Hand written remarks of "documents and CDR not submitted" were recorded on the system generated comparative statement against bidder No. 1, 3 & 4 though bank name was printed in the CDR column which indicated that CDRs were submitted by these bidders.
- ii. The difference between the 1st lowest bidder and 5th lowest bidder was Rs.5.962 million (22.657 – 16.695) which was more than the amount of security to be forfeited. As such, the contract was required to be advertised afresh instead of award to the 5th lowest bidder.

The non-award of contract to the lowest bidder and its award to the 5th lowest bidder resulted in loss of Rs.5.962 million (22.657 – 16.695) to the government.

The lapse occurred due to violation of public procurement rules.

When pointed out in February, 2024. Management did not furnish reply.

In the DAC meeting held on 16.12.2024, Audit contention was that the difference between the 1st lowest and 5th lowest was Rs.5.962 million which was more than the forfeited amount of Rs.531,000/- of security. Hence, the tender was required to be advertised afresh instead of awarding it to the 5th lowest bidder in light of KPPRA notification ibid. The forum agreed and directed to conduct inquiry into the matter. However, no progress was intimated till finalization of this report.

Audit recommends implementation of DAC decision.

PDP No. 121 (2022-23)

15.4.5 Overpayment to the contractor on account of asphalt work – Rs.6.153 million

According to Para-1.58 of B&R code, Divisional Officers are immediately responsible for proper maintenance of all works in their charge and for the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duties to organize and supervise the execution of works and to see that they are suitable and economically carried out with materials of good quality read with approved design of 0.05 m thickness.

During audit of the accounts of Executive Engineer, Irrigation Division-II Swabi for the Financial Year 2022-23, it was observed that contract for the construction/improvement of Canal Petrol Road along Pir Sabaq was awarded to M/S Ali Construction Enterprises and allowed up-to-date payment of Rs 34.050 million vide voucher no 9-M dt 26.8.2022 till 8th running bill.

On scrutiny of the relevant record it was observed that excessive quantity of 328 M3 Asphalt amounting to Rs.6.154 over and above approved 2-inch thickness design vetted by competent authority. Detail given below:

(Amount in Rs.)

Item of work	Qty paid (M3)	Qty required (M3)	Diff (M3)	Rate	Overpayment
Asphaltic wearing Course	956	12550*0.05=627	328	18761	6,153,608

The lapse occurred due to non-compliance of government rules/ instructions which resulted in overpayment to the contractor.

When pointed out in March 2024, no reply was furnished by the management.

The department was requested vide letter dated 05.06.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the contractor besides fixing of responsibility.

PDP No. 190 (2022-23)

15.4.6 Irregular adjustments, appointments against the posts of Gauge Reader/Work Munshi and Civil Engineers

According to the revised services rules for appointment against the post of Sub-Engineer as notified the Government of KPK Irrigation Department vide No. SOE/IRR/23-5/10-11 dated 25.06.2012 criteria for appointment against the post of civil engineer was prescribed as a) eighty percent by initial recruitment b) fifteen percent by promotion, on the basis of seniority-cum-fitness form amongst the Canal Inspectors, Works Taker Gauge Reader, Surveyour having Diploma of Associate Engineer in Civil, Machanical, Electrical or Auto Technology from a recognized Board of Technical Education having passed the departmental Grade-B and Grade-A with at least seven years service as such: and c) five percent by promotion, on the basis of seniority-cum-fitness, from amongst the Canal Inspectors, Work Takers, Work Manushi, Surveyors and work superintendent, having passed the departmental Grade-B examination with at least ten years service as such.

During audit of the accounts of Executive Engineer Irrigation Division Mardan for the Financial Year 2022-23, major discrepancies/irregularities were notice in the appointments against the posts of the Sub-Engineers (BPS-12) an enumerated below:

- i. Mr. Yasir Fawad S/o Naqashband, Gauge Reader (BPS-5) was transferred to Mardan Irrigation Division and was posted as Sub-Engineer (BPS-12) in OPS during 12/2019. The appointment of the incumbent was held irregular as he was not fulfilling the basic requirement for positing against the post of sub engineer because he, neither qualified the departmental Grade-B and Grade-A examination nor completed the seven years mandatory services as Gauge Reader. Further verification of his service book also revealed that Mr. Yasir Fawad was initially appointed as operator BPS-04 during 11/2010 and was promoted irregularly to post of Gauge Reader without any provision (regarding the promotion of an operator to the post of gauge reader) in the relevant service rules of the irrigation department.
- ii. Mr. Mazher Ali S/O Javid Ali initially appointed as Tracer (BPS-5) on 15.02.2011, subsequently adjusted against the post of Gauge reader BPS-05 unauthorizedly without any provision in this regard in the relevant service rules of Irrigation Department. The incumbent was later on promoted to the post of Sub-Engineer, BPS-12 on acting charge basis w.e.f 27.07.2016. The DAO of the division concerned also raised observation (page No. 16 of services book) on his adjustment from the post of Tracer (BPS-5) to Gauge Reader (BPS-5) and

- declared his subsequent appointment as Sub-Engineer (BPS-12) as irregular. Despite the fact, the official concerned was officiating the charge of the Sub-Engineer unauthorizedly. Minutes of the meeting of DPC regarding his promotion to the post of the Sub-Engineer, was neither available on record nor produced to Audit for verification.
- iii. Mr. Nadeem Khan So Abdullah Khan was initially appointed as Operator Motor Grader BPS-07 on 13.10.2017 and later on he was re-designated/adjusted against the post of the Gauge Reader BPS-07 w.e.f 11.06,2020 without any authority and provision in this regard in the relevant service rule of the Irrigation Department. On the basis of his unauthorized adjustment as Gauge Reader, he was subsequently appointed as Sub-Engineer in OPS w.e.f 24.03.2021 and since then holding the charge irregularly.
 - iv. Mr. Shah Fahad S/o Ikramullah Khan was initially appointment as Work Munshi BPS-07 on 29.03.2021 against the deceased son quota but was unauthorizedly transferred and posted against the post of Sub-Engineer (BPS-12) on regular basis w.e.f 28.11.2022. Further, the incumbent neither qualified the Grade-A and B examination nor minutes of the Departmental promotion/ appointment Committee was produced to audit for verification.
 - v. The testimonials of the incumbents were not got verified from the relevant board/university/institutions till last date of Audit.

The lapse occurred due to violation of KP public service appointment rules.

When pointed out December 2023, the management replied that the officials are working in the capacity of Sub Engineers in this office, however, detail reply will be furnished after consultation of record, Furthermore, requisite testimonials will be verified as directed.

The reply was not correct, the promotion, adjustments and subsequent appointment against the sanctioned posts of Sub Engineers are not in line with the departmental appointment and promotion rules.

The department was requested vide letter dated 05.01.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends reversion of the incumbents to their original positions, conducting of inquiry for overhauling of all appointment/promotion record pertaining to non-gazatted staff of the division and fixing responsibility against the person(s) at fault.

PDP No. 48 (2022-23)

15.4.7 Loss to the Government due to fake payment for excavation –Rs.2.011 million

According to Para 23 of the General Financial Rules Volume 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 Executive Engineer, Irrigation Division Charsadda for the Financial Year 2017-18, it was observed that the work restoration of diversion arrangement and clearance of civil khatas along with restoration of structure in Prang Yasinzai and Charssadda areas was awarded to M/s Haji Khan Rahim and Sons vide work order dated 03-08-2015. The contractor was paid Rs.2.011 million vide voucher No.01/Sh dated 05-06-2018.

The record showed that the work was awarded for executing 10 BOQ items; however, the bill was paid for a single BOQ item i.e excavation for a cost of Rs.0.259 million. This indicated that the contractor did not execute any item of work on site because the restoration work includes stone work in GI wire & crates and other items. The excavation of only excavation item did not serve the purpose of protection/restoration work. To cover the irregularity of non-execution of work at site by the contractor, a revised estimate was prepared wherein the item having value of Rs.0.259 million in BOQ was enhanced to 3.867 million to cover the fake work done. Audit held that the payment was for the fake item of work which resulted in loss to the Government.

The lapse occurred due to weak violation of general financial rules.

When pointed out in November 2018, no reply was furnished by the management.

In the DAC meeting held on 25.07.2024, an inquiry was directed for fixing of responsibility. However, no progress was intimated till finalization of this report.

Audit recommends implementation of the DAC decision.

PDP No. 424 (2017-18)



Chapter-16

LIVESTOCK DEPARTMENT

16.1A Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of protection against insects and pests and prevention of animal diseases; management of government gardens, including zoological gardens; improvement of livestock; prevention of animal diseases; veterinary training and research; prevention of cruelty to animals; and zoological survey.

Audit Profile of Livestock Department:

(Rs in million)

S No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue/Receipts Audited FY 2023-24
1	Formations	37	2	2095.42	174
2	<ul style="list-style-type: none"> • Assignment Account • SDA excluding FAP 	Nil	Nil	Nil	Nil
3	Authorities/Autonomous bodies etc under PAO	01	Nil	Nil	N/A
4	Foreign Aided Projects (FAP)	04	04	1,100	N/A

16.1B Comments on budget and accounts (variance analysis)

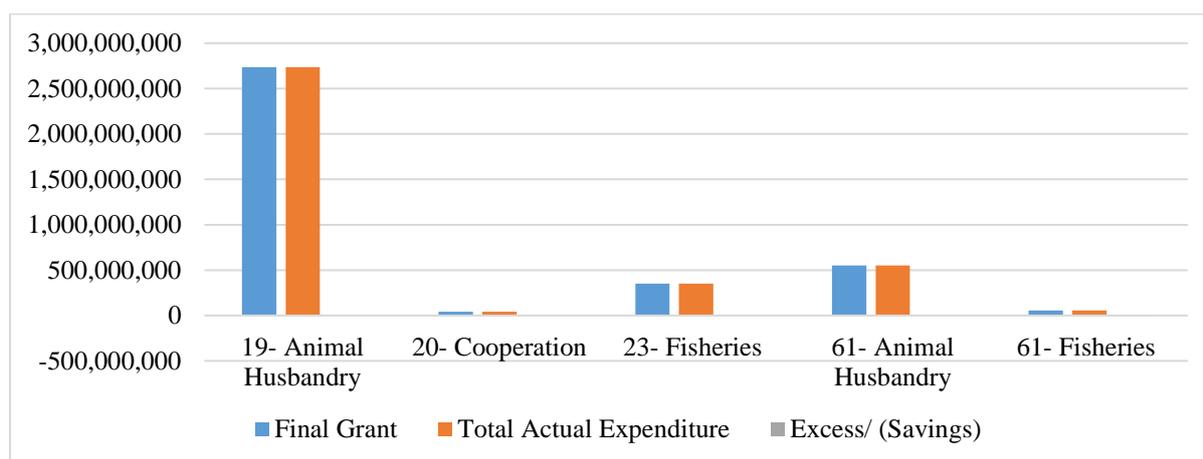
Summary of the Appropriation Accounts:

A summary of grants/appropriations and actual expenditure in FY 2023-24 is given below:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

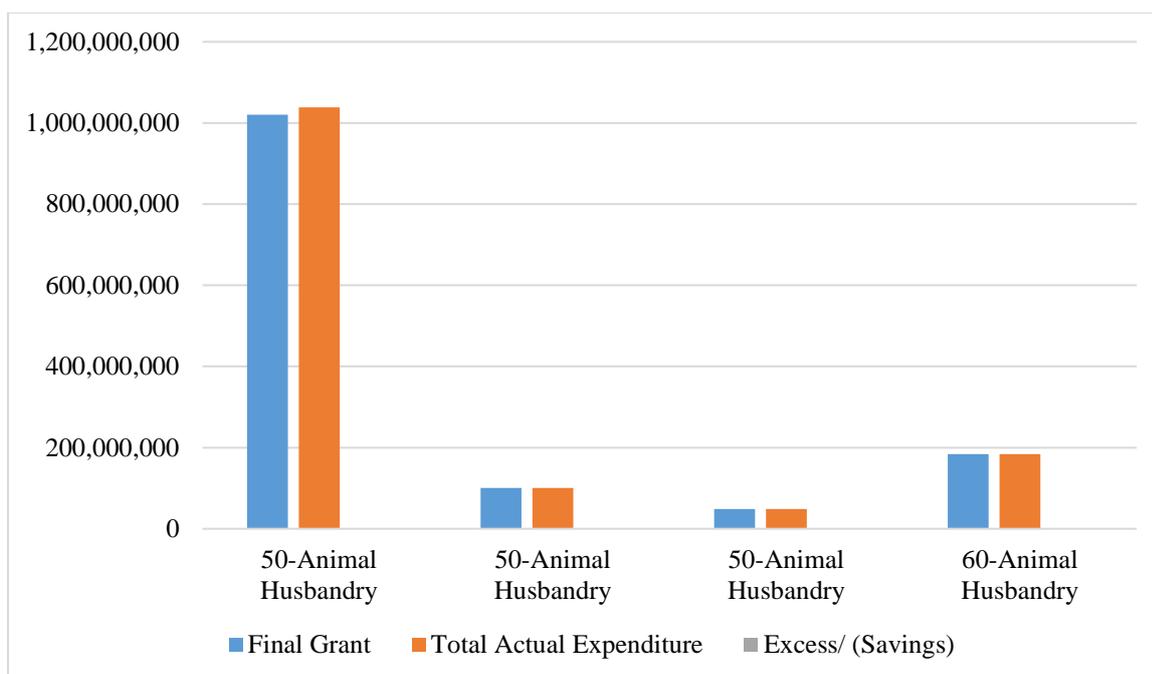
Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
19- Animal Husbandry	NC21	2,734,417,850	2,734,420,324	2,474
20- Cooperation	NC21	42,572,523	42,572,523	0
23- Fisheries	NC21	350,044,337	350,044,037	-300
61- Animal Husbandry	NC21	551,544,207	551,544,207	0
61- Fisheries	NC21	55,058,841	54,223,362	-835,479
Total		3,733,637,758	3,732,804,453	-833,305



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
50-Animal Husbandry	NC22	1,020,625,943	1,038,615,418	0
50-Animal Husbandry	NC12	100,967,000	100,967,000	0
50-Animal Husbandry	NC12	48,549,946	48,549,946	0
60-Animal Husbandry	NC22	183,792,742	183,792,742	0
Total		1,353,935,631	1,371,925,106	0



16.1C Issues in Livestock Department

Government vehicles valuing millions of rupees were missing the department. Misappropriation of funds in the procurement of medicines was observed during audit. Medicines were purchased but the same were not supplied to the dispensaries in the districts which made the expenditure incurred as wasteful. The vaccines were not procured from the Veterinary Research Institute but the same were purchased from open market at higher rates which resulted into loss to the government as well.

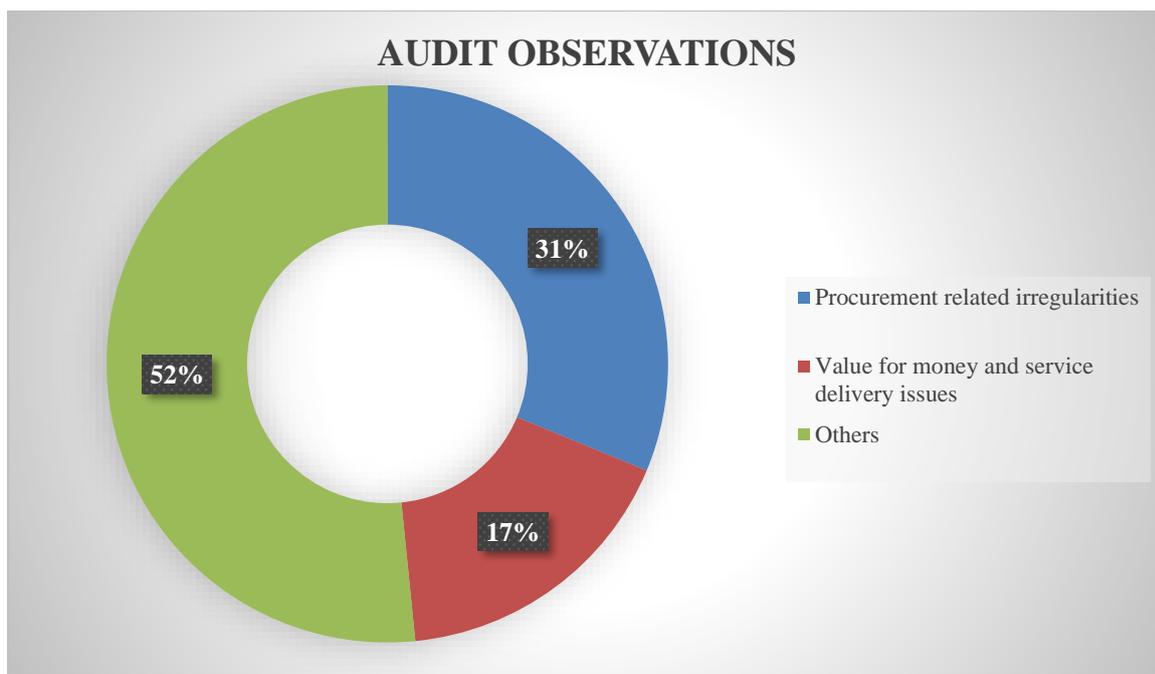
16.2 Summary of Audit Observations

Audit observations amounting to Rs. 468.991 million were raised in this report during the current audit of the Livestock Department. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

(Rs. in million)

S. No.	Classification	Amount
1	Procurement related irregularities	147.173
2	Value for money and service delivery issues	78.901
3	Others	242.917
Total		468.991



16.3 Brief comments on the status of compliance with PAC directives:

SNo	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1	2001-02	Livestock Department	14	14	-	-
2	2002-03	-do-	12	11	-	01
3	2003-04	-do-	06	06	-	-
4	2004-05	-do-	03	01	-	02
5	2005-06	-do-	04	03	-	01
6	2008-09	-do-	14	05	-	09
7	2009-10	-do-	32	09	-	23
8	2010-11	-do-	25	08	-	17
9	2011-12	-do-	20	08	-	12
10	2012-13	-do-	08	07	-	01
11	2013-14	-do-	12	06	-	06
12	2014-15	-do-	-	-	-	-
13	2015-16	-do-	-	-	-	-
14	2016-17	-do-	09	3	4	2
15	2017-18	-do-	-	-	-	-
16	2018-19	-do-	3	-	-	3

16.4 Audit Paras

16.4.1 Missing of vehicles

According to para 20 of GFR Any loss of public money or other property held on behalf of government caused by defalcation or otherwise should immediately be reported to higher ups and audit, besides a detailed inquiry in the case.

During audit of the accounts of Directorate General Livestock and Dairy Development Department (Extension) for the Financial Year 2023-24, it was observed that a list of 97 vehicles was provided by the department. The list was later on updated by including the vehicles of available projects. However, when this list was compared with the data of the excise department, it was observed that 80 number of vehicles registered in the name of the Director General Livestock and Dairy Development Department (Extension) were not declared in the vehicle lists of both regular and projects, as detailed below;

S. No.	Vehicle Type	Number of vehicles
1	Suzuki Bolan	1
2	Wagon-R	10
3	Toyota Gli	1
4	Toyota Hilux	9
5	Unknown type	59
Total		80

The data of the excise was extracted for 2007 to 2021. The data of the vehicles purchased after 2021 is not available. The list of missing cars might be more than the vehicles identified by the audit. Audit held that the vehicles might be in use of unauthorized persons.

The lapse occurred due to weak administrative controls.

When pointed out in December 2024, the paras were discussed however, no written reply was furnished.

The department was requested vide letter dated 08.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends a special audit of the vehicles of the livestock department.

PDP No. 81 (2023-24)

16.4.2 Misappropriation in the purchase of medicines - Rs. 240.617 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 or on the part of his subordinate.

During audit of the accounts of Directorate General Livestock and Dairy Development Department (Extension) for the Financial Year 2023-24, it was observed that the Project Director 'Establishment of Civil Veterinary Dispensaries in Khyber Pakhtunkhwa' spent Rs. 240.617 million on the purchase of medicine. This medicine was shown and distributed to the different rented dispensaries. On further scrutiny, audit observed the following.

- Medicine, vaccines, and other items were purportedly issued to dispensaries, but the receipts were not properly authenticated, and the signatures of the concerned officials did not match each other. Interestingly, the signatures shared a consistent style, featuring an encircled first letter and a joined, cursive script for the remaining name.
- The medicines were shown as issued to the dispensaries; however, no record is available regarding its further utilization, animals treated or receipts realized thereon from chit/OPD fee, showing that dispensaries might not have been operational during the year.
- Many dispensaries didn't operate due to non-supply of medicine or consumables throughout the year. Or were supplied with only a few types of medicines. Despite the project employing two monitoring officers, no monitoring, visit report or complaint is available on record that has reported non-operationalization of the dispensaries due to non-supply of medicine and other required items.
- Stock register entries were made one day before the invoice dates. The delivery challans were undated.
- Inspection reports lacked essential details, including dates, quantities, descriptions, and details of the medicine received.

Based on these findings, the audit held that due to incomplete documentation, fabricated records, most of the procurement from single suppliers, and lack of monitoring shows that the actual quantities of medicine and other items procured may not match the recorded quantities.

The lapse occurred due to weak internal controls.

The department was requested vide letter dated 08.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and fixing of responsibility.

PDP No. 90 (2023-24)

16.4.3 Wasteful expenditure due to non-achievement of objectives on account of non-supply of medicines to the dispensaries - Rs. 37.440 million

According to Para 6.3.2 of the PC-I of the project “Establishment of Civil Veterinary Dispensaries in Khyber Pakhtunkhwa” each civil Veterinary Assistant and one chowkidar will be posted and they will provide the following services to livestock farmers. Each veterinary dispensary will be provided with essential health equipment/instruments. (a) Animal and Poultry Vaccination (b) Animal disease diagnosis and treatment of sick animals. (c) Disease surveillance and reporting (d) Animal Deworming, Anti-lick sprays of animals and their premises. (f) Livestock extension functions (g) Capacity building of the farmers.

During audit of the accounts of Directorate General Livestock (Extension) for the Financial Year 2023-24, it was observed that the Project Director of the "Establishment of Civil Veterinary Dispensaries in Khyber Pakhtunkhwa" spent Rs. 240.617 million against the allocated provision of Rs. 98 million for the FY 2023-24 on procurement of medicine. Despite the procurement of more than two and a half times the budgeted quantities, on detailed analysis of the distribution record, Audit observed the following;

- Contrary to the standard practice of procuring a wide range of essential medicines from approved vendors of the Director General Livestock (Extension), the Project Director purchased only 8 types of medicines, mostly from a single vendor, Aamster Laboratories, for Rs. 184,329,400. All the purchased medicines were anti-parasitic, except for one antibiotic, Inj Vectin 3.15%.
- Out of the total 120, 20 proposed dispensaries located in 4 most backward districts (Battagram, Kohistan, Shangla, Tor Ghar) were completely ignored in distributing the medicine, vaccines, and other consumable items.
- 48 dispensaries in 10 different districts (including Abbottabad, Bannu, Haripur, Malakand, Mansehra and Mardan) were completely ignored throughout the year in the supply of animals and poultry vaccines, disposables, and essential equipment including syringes, etc.

Audit held that despite procurement of medicine in such large quantities, the project not only failed to ensure procurement of essential and all types of required mix of medicines but also failed to distribute the medicine equitably, ignoring a considerable number of dispensaries which resulted into non-achievement of project objectives. Moreover, the staff of the dispensaries received salaries during the period and the rent of the dispensaries was also paid, resulting into wasteful expenditure of approximately Rs. 37,440,000/- (48 dispensaries X Rs. 65,000 per month cost X 12 months).

The lapse occurred due to weak administrative controls.

The department was requested vide letter dated 08.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and fixing the responsibility.

PDP No. 93 (2023-24)

16.4.4 Non-procurement of vaccine from Veterinary Research Institute - 147.173 million

Loss to the government due to purchase of vaccine at higher rates - Rs. 88.407 million

According to DG (Research) Livestock & Dairy Development KP order No. DG(R)/Accts (77)/2018/11436-86 dated 28-11-2018, the revised rates for various Vaccine were:

S. No.	Name of Items	Existing rate	Revised rate
01	FMD Vaccine (50 ml)	1200	2550/- per 50 ml pack (25 doses)
02	FMD Vaccine (10m)	--	600/- per 10 ml pack (05 doses)
03	Hemorrhagic Septicemia Vaccine	140	140 (15 doses)
04	Black Quarter Vaccine	180	225 (60 doses)
05	Enterotoxaemia Vaccine	200	250 (100 doses)
06	NDV	100 doses vial	30
07	NDV	500 doses vial	50

According to VRI Punjab Notification NO.2549-58 dated 17-07-2022, PPRV vaccine rate per dose is 1.50/dose

During audit of the accounts of Directorate General Livestock and Dairy Development Department (Extension) and Directorate of Livestock (NMDs) for the Financial Year 2023-24, it was observed that expenditure to the tune of Rs. 147,172,795/- was incurred on the purchase of vaccines from private suppliers instead of purchasing the same from Veterinary Research Institute (VRI) Peshawar. The VRI had sold these vaccine to different projects and Livestock Department of Gilgit Baltistan.

Audit held that DG Livestock Research is assigned with the responsibility of doing research in medicine and vaccines and DG Livestock Extension, besides other activities, implements the results of the outcome of the research carried by the research. If the Livestock extension is not satisfied with the product and is not willing to buy the product of their sister department, then to whom do they sell their product? These vaccines should not be sold to the farmers. Due to the purchase of vaccines from general order suppliers, the department incurred a loss of Rs. 88.405 million.

The lapse occurred due to weak administrative controls.

When pointed out in December 2024, the paras were discussed however, no written reply was furnished.

The department was requested vide letter dated 08.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and corrective actions for future.

PDP No. 62, 65 & 80 (2023-24)

16.4.5 Wasteful expenditure due to non-achievement of objectives - Rs. 41.461 million

According to Section 5.2 of the PC-I of the project “Community Dairy & Meat Development in Khyber Pakhtunkhwa” it is planned that purebred of animals for dairy purposes will be procured and introduced in the districts of Khyber Pakhtunkhwa with the aim (i) to start income generating activities (ii) promote rearing of dairy animals with good genetic potential and (iii) increase per unit milk production and (iv) run the businesses on commercial basis with specific objectives (1) to improve milk & meat production in the province (2) to ensure availability of better quality hygienic and nutritious food of animal origin to local consumers. (3) Poverty education & improve livestock of the farmers in the province (4) To improve food security in the province (5) to create self-employment opportunities in the livestock sector.

During audit of the accounts of Directorate General Livestock and Dairy Development Department (Extension) for the Financial Year 2023-24, it was observed that an amount of Rs. 41,460,601 was incurred by the project director for the "Community Dairy & Meat Development in Khyber Pakhtunkhwa" project. However, upon reviewing the records and progress reports, it was noted that the project activities had been halted and no progress was made towards achieving the project's objectives during the year. Furthermore, it was found that project employees received pay and allowances, including Rs. 9,943,311 in project allowances and deputation allowances, without any corresponding expenditure on actual project activities. The remaining expenditure is considered wasteful in the absence of progress on the project's activities. The “Community Dairy & Meat Development in Khyber Pakhtunkhwa' project is a stark example of misutilized public funds, where expenses exceeded outcomes, and allowances outpaced achievements

The lapse occurred due to weak administrative controls.

The department was requested vide letter dated 08.01.2025 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiring the matter, fixing responsibility and corrective measures.

PDP No. 89 (2023-24)

16.4.6 Non safeguarding of public assets – Rs. 2.300 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 audit of the accounts of Directorate General Research Livestock & Dairy Development Khyber Pakhtunkhwa for the Financial Year 2020-21, it was observed that a costly new vehicle bearing registration No-A 1419 valuing Rs 2.300 million was allotted to Vety Research & Disease Investigation Centre, Swat which was badly damaged in a road accident while driving by a SRO. In the investigation report it was stated that an over speeded uncontrolled Hiace Wagon got collide with government vehicle from back side with full swing pushing it 20 feet forward but it was regretted by the vehicle owner that the matter happened due to break failure.

In the court judgment government was held responsible for negligence and it was directed by the court that repair shall be made by the government department and the private vehicle owner was free from all charges meaning there by that the local office was responsible for the negligence and due to no proper care/non safeguarding public assets not only a new vehicle was damaged but cost of repair of approximately Rs 1.500 million shall also be borne by the government.

Audit held that due care was not paid to the government vehicle and this negligence put the public exchequer in to a loss of Rs approximately more than 3.500 million for which the local office is responsible.

The lapse occurred due to poor assets management.

In the DAC meeting held on 25.06.2024, it was decided that para stand for court judgement and recovery may be made from private owner of vehicle. However, no progress was intimated to this office till finalization of this report.

The department was requested vide letter dated 12.04.2022, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and fixing responsibility on the person (s) at fault.

PDP No. 157 (2020-21)

16.4.7 Wasteful expenditure due to implementation of same projects in the same districts at the same time

According to approved PC-1 of the project "Mass vaccination, De-worming and artificial insemination in KP" the objective was that to enhance socio-economic status of the rural population in the targeted districts through control of fatal contagious livestock diseases by mean of vaccination and de-worming and genetic improvement though the provision of breed improvement, read with the paragraph of the approved PC-1, the objectives of the projects "Control of livestock disease of economic importance in KP" was, objective of the project was to uplift the socio-economic status of the rural population in KP by protecting their livestock form the attack of contagious disease of economic importance through timely vaccination, de-worming and to minimize tick born disease and public health threats thought tick controls.

During Performance Audit of the Director General (Extension) Livestock & Dairy Development Department Khyber Pakhtunkhwa for the Financial Years 2017-18 to 2021-22, it was noticed that project "Mass vaccination, De-worming and artificial insemination in KP" started in two districts i-e Shangla and Tank during the F-Y 2016-2017 for the period of two years, extended further for one- year i-e till 2018-19, which was successfully completed.

Another project "Control of livestock disease of economic importance in KP" was commenced in 07 districts i-e Tank, Shangla, Di Khan, Swat, Buner and Kohistan during the F-Y 2018-19 for the period of two years till 2019-20. The objectives of both the projects were same i-e to protect the livestock from the attack of contiguous diseases. Audit is of the view that the implementation of both projects in the same districts i-e Tank and Shangla at the same time is wastage of limited financial resources because the contagious diseases were controlled through mass vaccination in the aforementioned project. The funds could have utilized in other districts for protecting the livestock from the attack of various diseases by enhancing the immunity system though vaccination as mentioned in the objectives of the PC-1. Furthermore, it also indicates that the previous project was not implemented in true spirit.

No impact analysis/impact studies were carried out by the department after the completion of both projects for materializing of outcome of the projects.

The lapse occurred due to weak administrative controls.

The matter is reported to the higher ups to investigate the matter and fixing responsibility on the person(s) at fault.

When pointed out in May 2023, it was stated by the department that detail reply will be furnished to DAC after the scrutiny of record.

The department was requested vide letter dated 07.06.2023 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and fixing the responsibility on the person (s) at fault.

PDP No. 1643 (2017-22)

16.4.8 Wasteful expenditure on account of purchase of Atomic Absorption Spectro Photometer - Rs. 3.790 million

Atomic Absorption Spectrophotometer is used to perform the mineral analysis of feed/ food samples by measuring the characteristic light emitted by each element. In feed, the mineral composition is of prime importance for optimal health and production of animals. Center of Animal Nutrition is mandated to perform analytical tests pertaining to quality of feed.

During Performance Audit of the Director General (Research) Livestock & Dairy Development Department Khyber Pakhtunkhwa for the Financial Years 2017-18 to 2021-22, it was observed that Atomic Absorption Spectrophotometer (Model Phoenix-986AA) was purchased under the project titled "Establishment of Livestock Research and Development Station, Paharpur, Dera Ismail Khan" at a cost of PKR 3,790,000/- in 2007. However, the same was supplied to Peshawar Office instead of supplying it to Dera Ismail Khan. Which is in violation of the contract agreement and the instrument is still not installed till the date of audit i-e October. 2022

The determination of mineral profile is an important aspect of evaluating the quality of feed because optimal intake of minerals is essential for optimal health and production of animals. This Department lacks analytical facility for the determination of mineral profile, if this instrument been operational at this Center, it would have significantly improved the quality of feed through corrective measures and helped ensure the provision of quality feed in Khyber Pakhtunkhwa, thereby improving production of animals and benefiting the farmers of this province. Moreover, the Center could have improved the overall progress through sample processing, facilitating research students and generating receipt.

The matter is brought to the notice for inquiry and fixing of responsibility on the person at fault

The lapse occurred due to weak administrative controls.

When pointed out in May 2023, it was stated by the department that detail reply will be furnished to DAC after the scrutiny of record.

The department was requested vide letter dated 07.06.2023 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility on the person (s) at fault.

PDP No. 1661 (2017-22)



Chapter -17

LOCAL GOVERNMENT ELECTIONS & RURAL DEVELOPMENT DEPARTMENT

17.1A Introduction

The Local Government, Elections and Rural Development Department is working to respond to the specific needs of the citizens of Khyber Pakhtunkhwa falling within the ambit of local governance. The Department has been assigned the responsibility to implement the Khyber Pakhtunkhwa Local Government Act 2013 to achieve the stated objectives of the local government reforms introduced by the Government of Khyber Pakhtunkhwa. The Department also has regulatory and administrative functions to ensure that the local governments throughout the province perform their roles and functions within the policy framework introduced under the new law.

Vision of the department is to enhance the local governments' ability to generate revenue and optimally utilize development funds while meeting the needs of their respective administrative units, including the ability to deliver municipal services and provide infrastructure. Policy of the department is to enable cities and towns in the province to become engines of economic growth, to create efficient mechanisms for governance of urban and rural areas that can facilitate the flow of goods and services, to address inter-jurisdictional and intra-jurisdictional issues between cities, towns and villages, to build the capacity of local governments to provide municipal infrastructure, facilities and services.

The department pursue objectives to encourage local government institutions as an obligation and a principle of policy, decentralization of government administration on the

axis of expeditious disposal of business for convenience of the public, devolution of political, financial and administrative authority and responsibility to elected representatives in local governments. The strategic interventions include; improving citizen participation and bringing the state closer to the citizen, outlining a framework for shared commitments of the government and development partners, developing a common understanding of the local government system, setting the context for delivery of assistance of development partners for strengthening local government system, overseeing the placement of systemic arrangements, resource allocation and support institutions, contributing through exchange of experience and lessons learnt.

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of managing matters relating to election to the local government; referendum on a national issue; rural works programme and rural uplift; preparation of development plans and management of development funds pertaining to the local councils and local bodies; grant-in-aid for local councils; processing of ADP through district coordination committees and local governments; management of various projects being funded by different funding agencies; village / union council library programme; local council reforms / local government commission; registration of births, deaths and marriage; and slaughter houses under the local councils and local governments.

The department has also been tasked with delegation of additional power to local councils; privileges and protocol of local councilors; ponds and prevention of cattle trespass; seminars, conventions and publications concerning local councils; local councils contribution to provincial government; local taxation and local rates; Education Cess on Octroi and Export Tax; urban property tax payable to local councils; aerial spray surcharges on gur; local government pool fund; local government research statistics and evaluation; foreign delegations / training of local councilors; construction and minor repair of Basic Health Units and Primary Schools, Maktabs through local councils; arrangements of Horse and Cattle Shows and Fairs; and coordination of works departments through District Coordination Committees.

Audit Profile of Local Govt. Department:

(Rs. in million)

S. No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue/Receipts Audited FY 2023-24
1	Formations	15	02	1,581	0
2	<ul style="list-style-type: none"> • Assignment Account • SDA 	04	Nil	Nil	N/A
3	Authorities/Autonomous bodies etc under PAO	11	Nil	Nil	N/A
4	Foreign Aided Projects (FAP)	05	05	1,068	N/A

17.1 (B) Comments on budget & accounts (variance analysis)

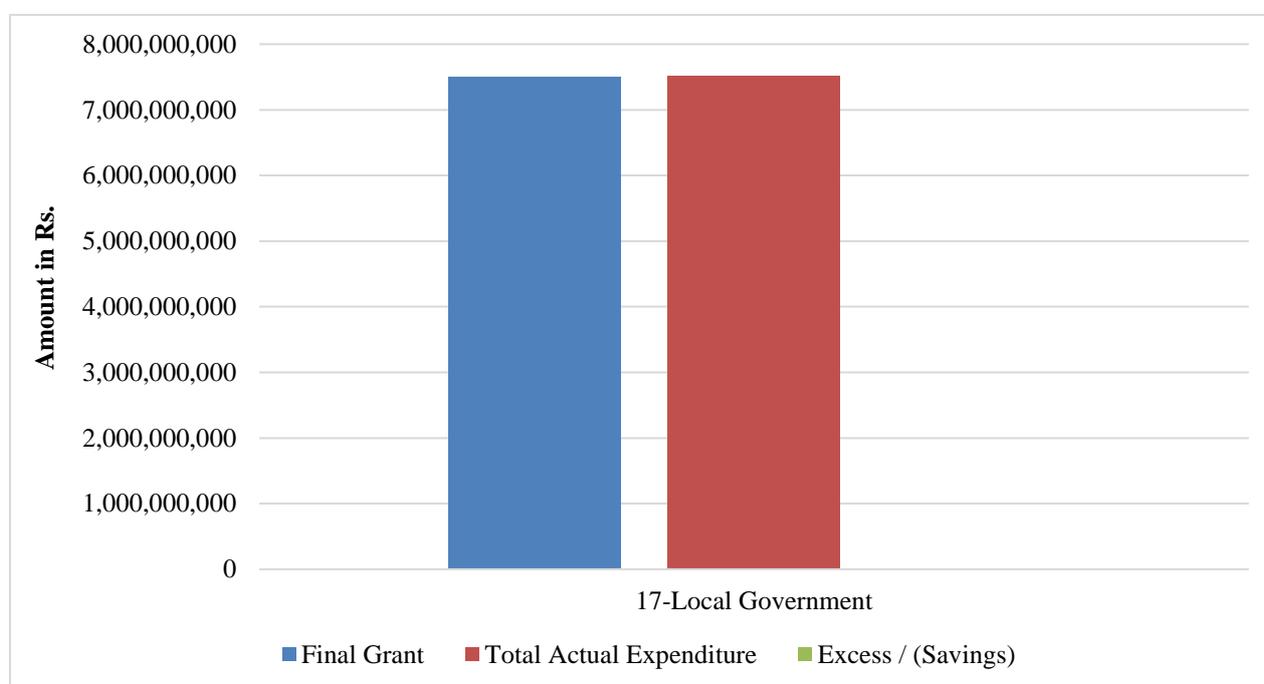
Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2023-24 against the total of grants/appropriation was as follows:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

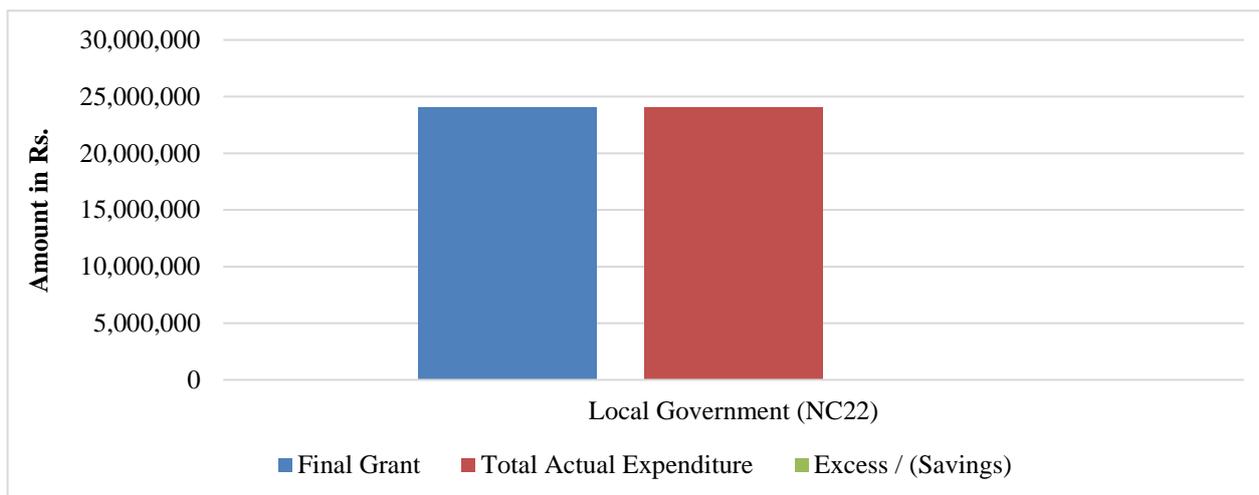
Grant No.	Grant Type	Final Grant	Actual Exp	Excess / (Savings)
17-Local Government	NC21	7,500,654,642	7,509,372,788	8,718,146
Total		7,500,654,642	7,509,372,788	8,718,146



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess / (Savings)
51-Local Government	NC22	24,032,779	24,032,779	0
Total		24,032,779	24,032,779	0



17.1 C Issues in Local Government Department

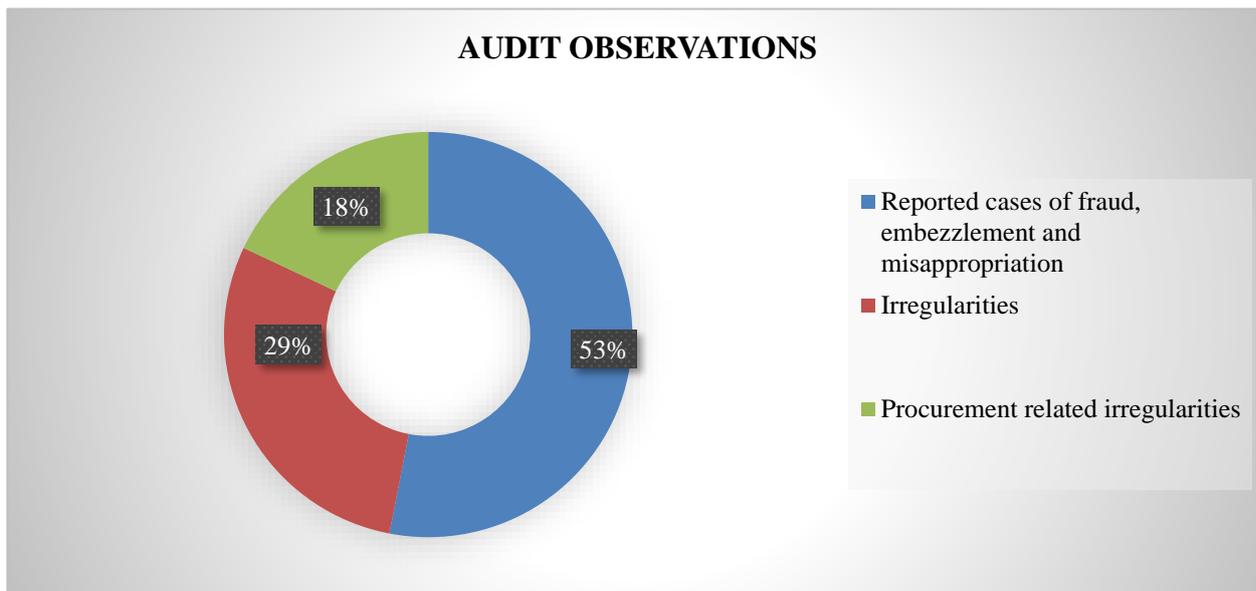
The Estate Management of PDA Peshawar allotted land in commercial area of Hayatabad to Rehman Medical Institute for establishment of hospital but it could not bind the hospital management to give free treatment to the poor patients as required under the agreement. There were issues of misappropriation of funds on account of drawing of funds on fake measurements without carrying out works on ground. Rates of the higher bids for auction were manipulated and plots allotted to the bidders with lower rates which resulted into loss to the government. Below specification works were also carried out.

17.2 Summary of Audit Observations

Audit observations amounting to Rs. 103.269 million were raised in this report during the current audit of various developmental authorities of the Local Government and Rural Development Department. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

		(Rs. in million)
S. No.	Classification	Amount
1	Reported cases of fraud, embezzlement and misappropriation	54.909
2	Irregularities	30
3	Procurement related irregularities	18.360
Total		103.269



17.3 Brief comments on the status of compliance with PAC directives: -

S No.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2008-09	Local Government	4	1	-	3
2.	2009-10	-do-	2	1	-	1
3.	2010-11	-do-	20	2	-	18
4.	2011-12	-do-	9	2	-	7
5.	2012-13	-do-	6	1	-	5

17.4 Audit Paras

17.4.1 Loss to the authority funds due to manipulating highest rates of premium - Rs. 18.360 million

Section 31(a) of KPPRA Act read with Rule 50B (2) & 50D (7) of KPPRA provides that the contract shall be awarded on the basis of best evaluated bid. The competent authority shall opt for disposal only after ascertaining the estimated reserve price, considering the market analysis with a view that the most advantageous returns can be obtained for the asset in order to maximize revenue accruing to Government. The competent authority, on recommendation of Asset Disposal Committee, shall award the contract to the bidder with highest quoted bid.

During audit of the accounts of Urban Area Development Authority Mardan for the Financial Year 2022-23, it was observed while going through the contract files of commercial plazas at Sector E, I & R that these commercial plots were allotted to contractors on BOT

basis through open bidding. Further scrutiny of record revealed that M/S Fazal Badshah & Co. and M/S Mujahid Amin submitted the highest bids of 50% MDA share in premium for Sector I and R commercial plazas respectively. However, the same were manipulated / tempered with and rates of 20% and 25% of M/S ALFA Concrete and Zahid Shah were approved resulting into loss of Rs. 18.360 million.

The lapse occurred due to weak administrative controls.

When pointed out no reply was furnished.

The department was requested vide letter dated 09.07.2024 followed by reminders dated 02.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiry, fixing of responsibility and recovery of loss.

PDP No. 274 (2022-23)

17.4.2 Irregular expenditure on account of execution of below specification work - Rs. 30.000 million

According to Clause 5, 9 & 11 of agreement of BOT contract executed with M/S ALFA Concrete Strengtheners, Drawing & Design of the commercial complex shall be approved from MDA. No change in drawing & design will be made. The quality and quantity of work shall be maintained according to the approved drawing/design and specification. The material supplied and used in the construction work shall be checked by MDA on regular basis. If the material and construction work found sub standard shall be rectified by the contractor. In case of non compliance the MDA shall be having the right to demolish the sub standard or defective work. The contractor will claim no compensation for such irregularities.

During audit of the accounts of Urban Area Development Authority Mardan for the Financial Year 2022-23, it was observed that the work Construction of Commercial Plaza at Sector I on BOT basis was awarded to M/S ALFA Concrete. The contractor has completed the ground floor of the plaza only at estimated cost of Rs.30.00 million (approx.). According to PC-I, drawing and design of the project, prepared by consultant MM Associates, approved by MDA, brick work was provided in the foundation and walls and steel quantity of 100 tons was approved.

Further verification revealed that the contractor used PCC Blocks instead of Burn Brick and consumed only 12.4 tons of steel against the provision of 100 Tons in the construction of ground floor. The UADA technical staff has not monitored / inspected the construction work as required under the agreement and badly failed to perform their official duties. Laboratory tests of construction material / work like concrete test, steel test etc were not carried out.

The lapse occurred due to weak administrative controls.

When pointed out no reply was furnished.

The department was requested vide letter dated 09.07.2024 followed by reminders dated 02.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiry, fixing of responsibility, dismantling of sub-standard work and action against the person(s) responsible.

PDP No. 275 (2022-23)

17.4.3 Non-provision of 50% outdoor / indoor free medical facilities to poor patients by RMI

According to Condition 2(a) of the summary approved by the Chief Minister KP for allotment of 24 Kanal land for establishment of Rehman Medical Institute at Hayatabad, the hospital would provide free of cost treatment to at least 50% of patients with the detail to be worked out later on.

During audit of the accounts of Peshawar Development Authority Peshawar - Estate Management for the Financial Year 2022-23, it was observed that land measuring 24 Kanal was allotted to M/S Rehman Medical Institute Peshawar. However, further scrutiny of record revealed that the hospital management failed to provide free medical facilities to at least 50% indoor and outdoor poor patients as required under the MoU.

Moreover, the authority management failed to collect any regard regarding such free treatment.

A question was also raised by the local MPA in the Provincial Assembly KP regarding locking of gates and non-allowing of ambulances bringing the injured of bomb blast that occurred in the Imam-Bargah of Hayatabad adjacent to the hospital in February 2015.

The lapse occurred due to violation of the Chief Minister directives.

When pointed out in June 2024, management replied that detailed reply will be furnished after consulting the record.

The department was requested vide letter dated 09.07.2024 followed by reminders dated 02.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiring the matter and taking action against the hospital management for non-compliance with the agreed terms and conditions.

PDP No. 374 (2022-23)

17.4.4 Misappropriation on account of work not executed at site - Rs. 8.800 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 subordinates.

During financial attest audit of Khyber Pakhtunkhwa Cities Improvement Project for the Financial Year 2023-24, it was observed that a sum of Rs. 8,800,000 was allowed to contractor for a work not actually executed at site. Verification of 7th IPC of work CW-01 Lot-05 “Extension of Bagh-e-Naran” revealed that Non- Schedule Item of work “Providing & fixing of Fiber Glass 02 Layers thickness Hexagonal shape molded Umbrella Gazebo complete in all respect as per drawing & design” was allowed to M/S Reliable JHK-JV but was not actually executed by the contractor, thus the measurement of item and claim the item in IPC was on fake documentations.

The audit team along with member of Technical Section of PMU and Director Finance (Additional Charge) visited the site on 10-09-2024 and found that the item of work was not executed but ironically verified by the Resident Engineer and CIU and allowed by the PMU in the 7th IPC paid June, 2024. The fraudulent payment was allowed by the PMU on the recommendation of concerned Resident Engineer and CIU which requires detailed inquiry.

The audit contention is supported with colored Photographs of the site clearly indicated that work was not done and money was withdrawn. Moreover, the audit contention can also be verified from a video recording link,

<https://drive.google.com/drive/folders/100jPN6JHM4ymO4MWYYDSwW7WmNO0yZk6>

The lapse occurred due to financial mismanagement.

When discussed in November, 2024 it was stated that detailed reply will be furnished after consulting the relevant record.

The department was requested vide letter dated 03.12.2024 followed by a reminder dated 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and fixing responsibility on the person (s) at fault besides recovery and disciplinary action.

17.4.5 Misappropriation on account of claiming an item of work Providing & Fixing of Fiber Glass in Parking Area - Rs. 11.219 million

According to Para 23 of GFR Vol-I, every Government officer will personally be responsible for any loss to Government either through his own willful fault or negligence or any of his subordinate.

During financial attest audit of Khyber Pakhtunkhwa Cities Improvement Project for the Financial Year 2023-24, it was observed that a sum of Rs 11,219,496 was drawn for an item of work under CW-01 Lot-05 “Bagh-e-Naran Extension Peshawar” on fake measurement as the work was not done but allowed to Contractor in June, 2024 vide Interim Payment Certificate No-07, thus amount has been mis-appropriated.

(Amount in Rs.)

S. No	Name of items	Quantity	Rate	Amount
1.	Providing & Fixing of Contiliver type parking shed consisting of fiber glass sheet, tabular pipe from heavy quality Triangular from supports excluding cast of foundation	934.96	12000 per SQ.M	Rs 11,219,496
Total				Rs 11,219,496

During physical verification of the site on September, 2024, along with the representative of Technical Section of PMU and concerned Resident Engineer and staff, it was pointed out that an item “Providing & Fixing of Contiliver type parking shed consisting of fiber glass sheet, tabular pipe from heavy quality Triangular from supports excluding cast of foundation of Rs. 11,219,496/- was shown in the Interim Payment Certificate and accordingly allowed by the PMU but the work was not done and the item was not existed. The audit contention is supported with colored Photographs of the site clearly indicated that work was not done and money was withdrawn. Moreover, the audit contention can also be verified from a video recording link

<https://drive.google.com/drive/folders/100jPN6JHM4ymO4MWYYDSwW7WmNO0yZk6>

Audit held that Rs 11,219,496/- was drawn without work done and on fake measurement for which not only the Project Management Unit but also the concerned Resident Engineer and CIU were responsible for incorrect certification and verification of Contractors IPC.

The lapse occurred due to financial mismanagement.

When discussed in November, 2024 it was stated that detailed reply will be furnished after consulting the relevant record.

The department was requested vide letter dated 03.12.2024 followed by a reminder dated 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and fixing responsibility on the person (s) at fault besides recovery and disciplinary action.

PDP No. 299 (2023-24)

17.4.6 Misappropriation on account of fake measurement – Rs. 34.890 million

According to Para 23 of GFR Vol-I, every Government officer will personally be responsible for any loss to Government either through his own willful fault or negligence or any of his subordinate.

During financial attest audit of Khyber Pakhtunkhwa Cities Improvement Project for the Financial Year 2023-24, it was observed that a sum of Rs 34,889,860 was drawn on the following item of work under CW-01 Lot-01 “Sherwan Adventure Family Park Abbottabad” on fake measurement as the work was not done but allowed to Contractor in the 5th Interim Payment Certificate allowed in June, 2024. Thus, amount has been mis-appropriated by the dealing hand just to compensate the Contractor as well as the dealing hands.

(Amount in Rs.)

S. No	Name of items	Quantity	Rate	Amount
1.	Providing & fixing of fiber glass & MS Pipe 2 layers thickness of hexagonal shape Moulded Umbrella Gazebo complete in all respect as per drawing	23.750	80,000	19,000,000
2.	Providing & Fixing of Contiliver type parking shed consisting of fiber glass sheet, tabular pipe from heavy quality Triangular from supports excluding cast of foundation	1,324.155	12,000	15,889,860
Total				34,889,860

During physical verification of the site on 3rd October, 2024, along with the representative of Technical Section of PMU and concerned Resident Engineer and staff, it was pointed out that providing & fixing of fiber glass & MS Pipe 2 layers thickness of hexagonal shape Moulded Umbrella Gazebo complete in all respect as per drawing was claimed but item of work was not actually done and payment of Rs 19,000,000 was allowed on fake measurement.

Similarly Providing & Fixing of Contiliver type parking shed consisting of fiber glass sheet, tabular pipe from heavy quality Triangular from supports excluding cast of foundation of Rs 15,889,860 was shown in the Interim Payment Certificate and accordingly allowed by the PMU but the work was not done and the items were not existed. The audit contention is supported with color Photographs of the site clearly indicated that work was not done and

money was withdrawn. Moreover, the audit contention can also be verified from a video recording link.

<https://drive.google.com/drive/folders/14AuzzoaNx1nQHkYbROOyrrMHLvduPpQm>

Audit held that Rs. 34,889,860 was drawn without work done and on fake measurement for which not only the Project Management Unit but also the concerned Resident Engineer and CIU were responsible for incorrect certification and verification of Contractors IPC.

The lapse occurred due to financial mismanagement.

When discussed in November 2024, it was stated that detailed reply will be furnished after consulting the relevant record.

The department was requested vide letter dated 03.12.2024 followed by a reminder dated 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and fixing responsibility on the person (s) at fault besides recovery and disciplinary action.

PDP No. 300 (2023-24)



Chapter - 18

MINERAL DEVELOPMENT DEPARTMENT

18.1A Introduction

Minerals Development Department has a clear vision for Khyber Pakhtunkhwa. Through rigorous reform attitude in the legal framework by updating polices & laws to international standards and improving capacity building of the department's human resources, Minerals Development Department is committed to participate in the socio-economic uplift of the province.

Minerals Department pledges to maintain transparency and ensure ease of doing business for the investors interested in the mineral sector of the province. The Minerals Department has made it a mission to bring in the mineral sector to the mainstream business platform while enabling KP's people to benefit from these natural resources by partaking their fair share in the improvement of their life style and thereafter improving their province economic stature.

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of development of mineral resources; consideration of applications and grant of licenses and leases; regulation and monitoring of mining operations and activities in the mineral sector, including collection of royalties; negotiating mineral agreements and consulting the Federal Government when considered necessary; facilitating access to private

or public lands and reserve forest areas for the purpose of mineral exploration or development of mineral resources; maintenance of up-to-date master plans showing positions of all exploration licenses and leases granted, renewals, assignments and surrenders of mineral titles, relinquishment of acreage etc.; geological survey for mineral exploration / resource mapping, including assessment of mining concession; and safety of mines and workers and welfare of mine workers.

Audit Profile of Mines & Minerals Development Department:

(Rs. in million)

S. No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue/Receipts Audited FY 2023-24
1	Formations	42	03	271	Nil
2	<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP) 	04	Nil	Nil	N/A
3	Authorities/Autonomous bodies etc under PAO	Nil	Nil	Nil	N/A
4	Foreign Aided Projects (FAP)	Nil	Nil	Nil	N/A

18.1B Comments on budget & accounts (variance analysis)

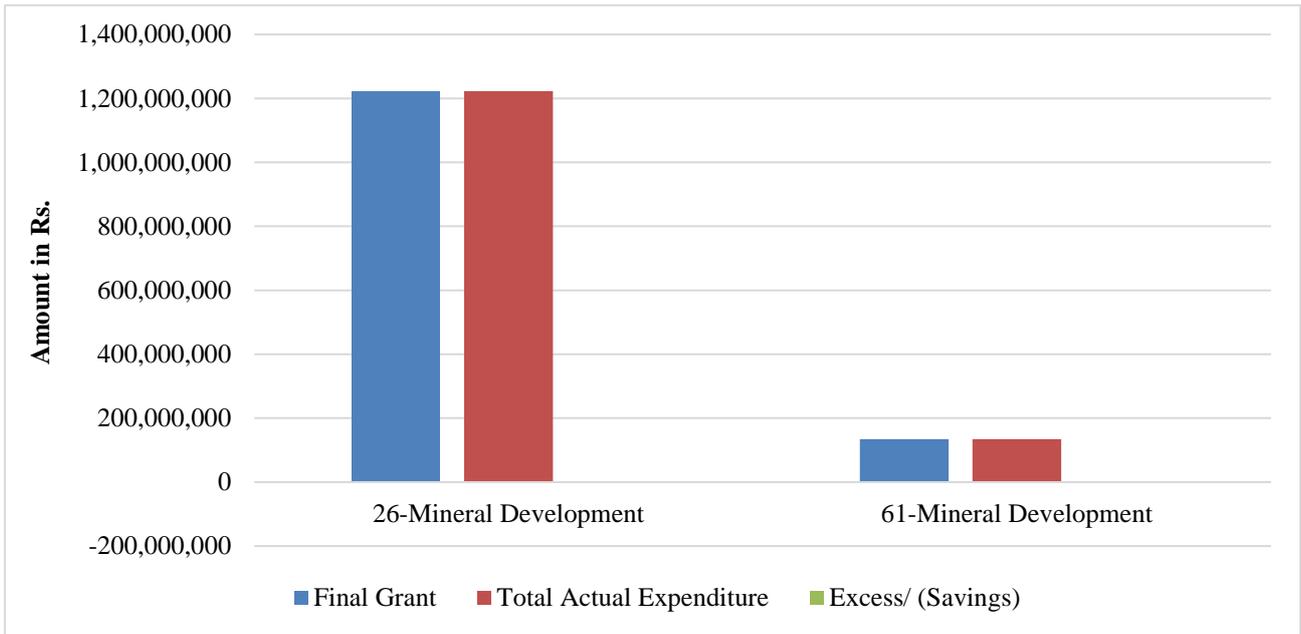
Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2023-24 against the total of grants/appropriation was as follows:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

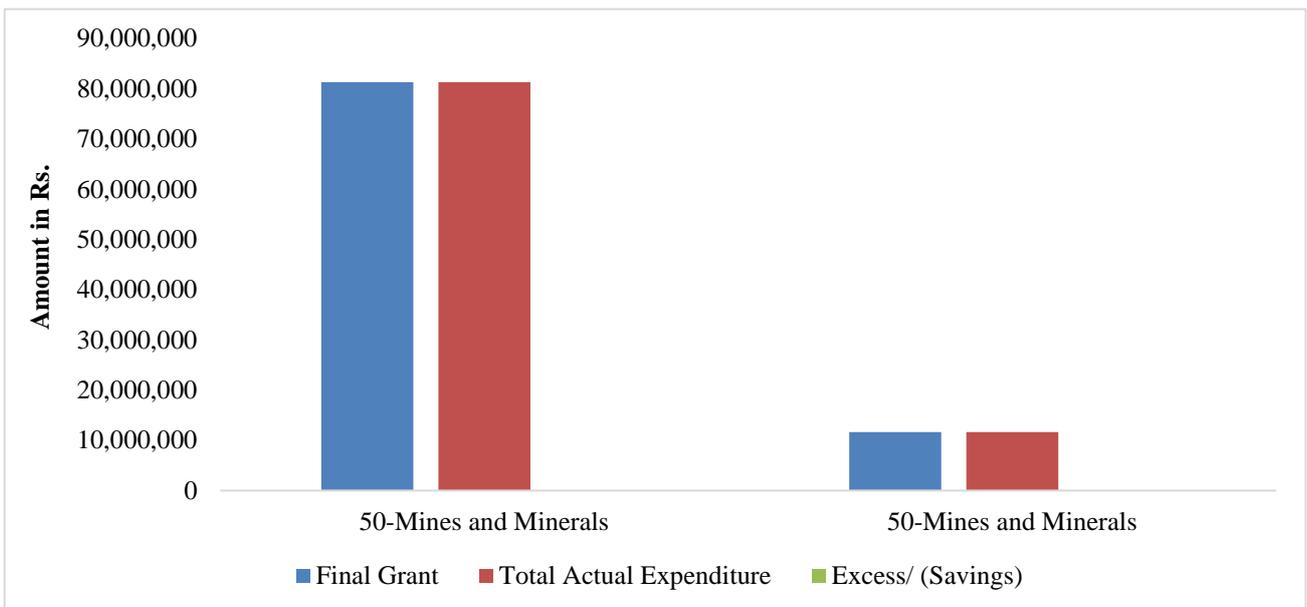
Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
26-Mineral Development	NC21	1,223,229,581	1,223,207,035	-22,546
61-Mineral Development	NC21	134,681,150	134,599,202	-81,948
Total		1,223,229,581	1,223,207,035	-22,546



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
50-Mines and Minerals	NC22	81,258,127	81,258,127	0
50-Mines and Minerals	NC12	11,612,000	11,612,000	0
Total		92,870,127	92,870,127	0



18.1C Issues in Mineral Development Department

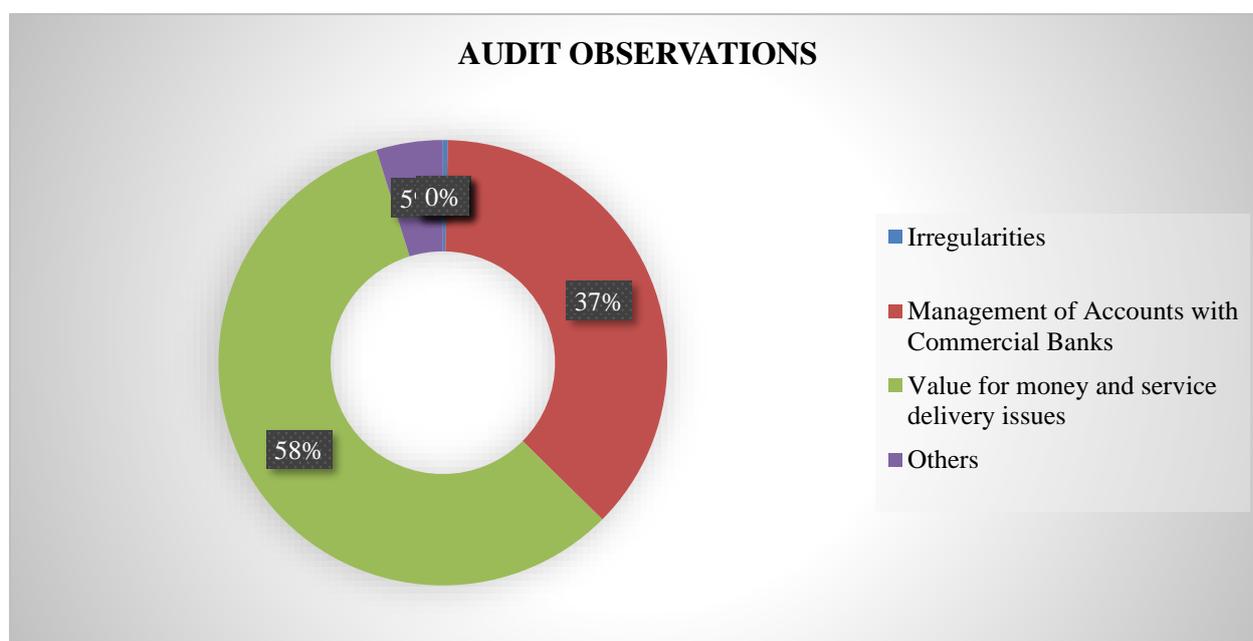
Illegal mining activities were carried out by organizations like Frontier Works Organization, National Logistic Cell, Irrigation Department, M/S Matracon Construction Company and M/S ACEG - Matracon JV, however, outstanding dues amounting to Rs. 3,169,262,417 were not recovered from these contractors. Similarly, rent and government dues amounting to Rs. 466,126,963 was not recovered from different contractors. Contract for placer gold mines was not awarded since long and resultantly illegal mining was carried out by different unauthorized firms which resulted into loss to the government. Royalty charges were also not recovered from the contractor on account of mining of copper in North Waziristan. Designated bank accounts were opened by the department for keeping the departmental receipts and expenditure were incurred therefrom without making the receipts part of the provincial budget. Similarly, other dues and fines were also not recovered from the mining contractors which resulted into loss to the government.

18.2 Summary of Audit Observations

Audit observations amounting to Rs. 17,280.729 million were raised in this report during the current audit of Mines and Minerals Development Department which comprises recoveries of Rs. 4,494.668 million the same amount as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

(Rs. in million)		
S. No.	Classification	Amount
1	Irregularities	62.492
2	Management of Accounts with Commercial Banks	6,403.855
3	Value for money and service delivery issues	9,987.677
4	Others	826.705
Total		17,280.729



18.3 Brief comments on the status of compliance with PAC directives:

S.No.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
01	2014-15	& Minerals	Nil	-	-	-
02	2015-16	-do-	Nil	-	-	-
03	2016-17	-do-	15	3	-	12
04	2017-18	-do-	-	-	-	-
05	2018-19	-do-	01	-	-	01

18.4 Audit Paras

18.4.1 Non-recovery on account of outstanding dues from defaulters - Rs. 3,169.000 million

According to Section 56 (3) and (4) of the Khyber Pakhtunkhwa Mines and Minerals Act 2017, In the event of any unauthorized mining, obstruction, hindrance or interference in the prospecting, exploration or mining operations, the [District Administration], on request of the Licensing Authority, shall take all necessary steps to stop the illegal acts to ensure smooth operations of the holder of the mineral title.

Notwithstanding anything contained in sub-section (1), the Licensing Authority shall have the power to stop unauthorized work in such manner as it may deem fit and recover in addition to the penalty, the pit-mouth value of the mineral so excavated from the person responsible for such un-authorized work.

During audit of the accounts of Directorate General Mineral Development Department Peshawar for the Financial Year 2023-24, it was observed that an amount of Rs. 3,169,262,417/- was outstanding against the following four organization on account of illegal mining activities during 2017-2019.

(Amount in Rs.)

S. No.	Name of Organization	Amount	Remarks
1	Frontier Works Organization	2,141,810,799	Illegal excavation of mineral for construction of Swat Express Motorway and CPEC road DI khan
2	National Logistic Cell	398,651,048	Illegal excavation of mineral for construction of Swat Express Motorway and CPEC road DI khan
3	Irrigation Department	427,321,645	Illegal excavation of mineral for construction of Small dams
4	M/S Matracon Construction Company	107,540,846	Illegal utilization of mineral for DI Khan Indus Highway construction
5	M/S ACEG - Matracon JV	93,938,079	Illegal excavation of mining materials in district Karak for utilization in the Indus Highway construction project
Total		3,169,262,417	

However, scrutiny of record revealed that the department failed to recover the long outstanding dues from the defaulters despite the matter being brought to the notice of the Chief Minister KP vide summary in February 2022, and the constitution of a committee under the Additional Chief Secretary P&D in March 2022 with proper TORs for collection of outstanding dues.

The committee meeting was held on 25-07-2023 who instead of devising a mechanism and developing criteria for collection of outstanding amount, decided the formation of another Technical Sub-Committee, who shall to look into the matter in detail from all aspects and in light of TORs of the main committee and come up with proper recommendations. However, both the committees failed to hold any meeting or take any concrete steps to recover the outstanding amount till the date of audit i.e. July 2024.

The lapse occurred due to violation of mines and minerals act.

The department was requested vide letter dated 02.10.2024, followed by reminder dated 30.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends immediately recovery of outstanding dues from the defaulter, besides taking disciplinary action against the responsible personnel at fault.

PDP No. 21 (2023-24)

18.4.2 Non-recovery on account of outstanding dues from Joint Venture firms - Rs. 466.126 million

According to Section- 77 of Mines & Minerals Act 2017, surrender, expiry or determination of a mineral title, the licensee or the lessee, as the case may be, shall be responsible for payment of all outstanding dues and other charges which, in the event of non-payment, shall be recoverable as Arrears of Land Revenue.

During audit of the accounts of Directorate General Mineral Development Department Peshawar for the Financial Year 2023-24, it was observed that an amount of Rs. 466,126,963/- was outstanding against different joint venture firms on account of rent and other government dues as evident from the minutes of Mineral Title Committee held on 06-06-2024 (**Annexure-XXX**).

However, further scrutiny of record revealed that the department failed to recover the long outstanding dues from the defaulters despite the matter being brought to the Mineral Title Committee meeting dated 06-06-2024. The committee in its meeting observed that the joint venture firms completely failed to deliver according to the terms and conditions of the joint venture agreement and deposit the due amount into the government treasury.

The lapse occurred due to violation of mines and minerals act.

The department was requested vide letter dated 02.10.2024, followed by reminder dated 30.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends immediately recovery of outstanding dues from the defaulter, besides taking disciplinary action against the responsible personnel at fault.

PDP No. 22 (2023-24)

18.4.3 Loss to the government due to non-auction of placer gold mines – Rs. 3,815.000 million

According to Para 26 of General Financial Rules Vol 1, requires that it is the duty of the Departmental Controlling Officer to see that all sums due to government are regularly and promptly assessed, realized and duly credited in the Public Account.

During audit of the accounts of Directorate General Mineral Development Department Peshawar for the Financial Year 2023-24, it was observed that the National Center of Excellence in Geology, University of Peshawar conducted preliminary geological studies in 2015 over the River Indus and River Kabul for Placer Gold and associated minerals. In light of the said report the Mineral Title Committee reserved the area vide meeting dated 04-05-2017 for auction and competitive bidding. However, further scrutiny of record revealed that the department miserably failed to manage the auction of the reserved areas till the date of audit i.e. July 2024 in spite of the fact that illegal mining of placer gold is in full swing in the area as evident from the local office correspondence, resulting into a huge loss to the provincial government. Audit further observed that;

- The Directorate General vide meeting dated 17-05-2018 decided that the auction of placer gold will be made for five years with no further renewal and the title holder of placer gold will have no right over the minor minerals associated with placer gold.
- Another meeting of Auction Committee was held on 02-12-2020 wherein it was decided that 03 blocks would be auctioned at Rs. 650 million each and the remaining 14 blocks at Rs. 250 million each.
- The local office made auction advertisement on dated 08-12-2020 followed by second time on dated 06-01-2021 but could not succeed to award the auction.
- The Auction Committee on dated 27-09-2021 decided that as the contractor has not submitted CDR for Rs. 100 million therefore, the blocks may be re-advertised under Section 10 of the Mines and Mineral Act 2017.
- Third time, advertisement was made in May 2023 without any success in the matter.
- Detailed report of illegal mining of placer gold only in district Nowshera indicated that 500 marasala / FIRs have been lodged with a fine of Rs. 5.371 million against the violators.

- DPO Kohat vide letter dated 10-01-2024 intimated that 273 cases against illegal placer gold mining only in the year 2023-24 have been registered by confiscated 43 excavators, 09 dumpers, 01 pickup and 09 generators.
- Government of Punjab Mines & Minerals Department vide detail letter dated 18-12-2023 addressed to Ministry of Commerce highlighted the complete stoppage of illegal placer gold mining on Punjab side and pointed out illegal placer gold mining in the jurisdiction of KP.
- National PAC vide letter dated 02-06-2023 intimated to the Chief Secretary KP with the direction to stop the illegal placer gold mining and award the land on lease basis so that the money goes to state instead of individuals.
- Secretary office vide letter dated 13-09-2023 and 09-10-2023 also issued direction to the DG office for ensuring illegal stoppage of placer gold mining and early arrangement of auctioning to improve the performance of the department.
- A meeting under the chairmanship of Advisor to the CM Caretaker government was held on 06-10-2023 wherein it was decided to carry out joint crackdown with the help of district administration against the illegal placer gold mining, confiscated their machinery, imposing heavy fines and deployment of the field staff of district Karak and Bannu in district Kohat.
- Director General Mines in its meeting held on 09-04-2021 also discussed the proposals up to the range of 20% on net profit sharing basis submitted by the private firms/ contractors, but ended with no conclusion.
- It is worth mentioning here that a reputable firm i.e. M/S Dir Granite offered a proposal on 30-10-2017 by giving three options for net profit sharing of 2000 Acres area of Indus River near village Jabbi District Nowshera to the Mineral Department KP;
 - 10% net profit to department along with all government taxes and royalty.
 - 50% net profit to department in case of 0 taxes.
 - 32% net profit to department in case of 0 taxes.
- In addition to the above, a Chinese company also submitted a draft agreement on dated 24-10-2017 with the proposal of 30% share in net profit along with all government taxes. However, the department badly failed to negotiate the proposals till the date of audit i.e. July 2024 by sustaining huge loss to the provincial government.

Keeping in view the above facts and figure of the department, Audit held that department delayed the process of auction for 8 years which resulted in significant revenue losses and continued illegal mining activities, as detailed below;

(Rs. in million)		
No. of Block	Auction Value	Amount
03	650	1,950
14	250	3,500
Total Auction Value for 05 years w.e.f. 02.12.2020.		5,450
Loss calculated up to date of audit (5450x 3.5/5)		3,185

The lapse occurred due to violation of general financial rules.

The department was requested vide letter dated 02.10.2024, followed by reminder dated 30.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and fixing responsibility on person at fault.

PDP No. 40 (2023-24)

18.4.4 Loss to the government due to non-recovery of royalty charges – Rs. 190.575 million

According to Mines and Mineral Development Department Notification S.O(Appeal)/(MDD)/6-14/MIFA/ 2020 dated 26-10-2020, the royalty rates of ore is Rs. 150 per ton and other metallic minerals i.e. antimony, silver, lead, copper etc. Rs. 10.50% of ad-valorem (after value addition) basis value at first disposal point.

During audit of the accounts of Directorate General Mineral Development Department Peshawar for the Financial Year 2023-24, it was observed that the management of Ex-FATA Development Authority entered into a joint venture with M/S Degan Exploration Works (DEW) in the Year 2016 for mining of copper & allied metals in North Waziristan District covering an area of 30 sq. km for a period of 30 years. However, further scrutiny of record revealed that the department failed to recover the royalty charges amounting to Rs. 190,575,600/- from M/S Degan Exploration Works (DEW) as was required under the above government regulations.

(Amount in Rs.)

Period	Production in Ton	Royalty Rate	Amount
April-2016 to April- 2022	952,878	Rs. 150 per ton	142,931,700
Average production from May-2022 to June- 2024	317,626	Rs. 150 per ton	47,643,900
Total	1,270,504		190,575,600

The lapse occurred due to violation of mines and minerals act.

The department was requested vide letter dated 02.10.2024, followed by reminder dated 30.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the amount, besides taking disciplinary action against the responsible personnel at fault.

18.4.5 Loss to the government due to non-recovery of outstanding dues – Rs. 304.370 million

According to Section- 77 of Mines & Minerals Act 2017, surrender, expiry or determination of a mineral title, the licensee or the lessee, as the case may be, shall be responsible for payment of all outstanding dues and other charges which, in the event of non-payment, shall be recoverable as Arrears of Land Revenue.

During audit of the accounts of Directorate General Mineral Development Department Peshawar for the Financial Year 2023-24, it was observed that the management of WAPDA and M/S China Ghezuba Group of Company Limited - DESCON Engineering was founded for utilizing limestone and other material in Mohmand Dam project as evident from the assessment report dated 21-07-2023. However, further scrutiny of record revealed that the department failed to recover the outstanding dues amounting to Rs. 304.37 million from company as was required under the above government regulations.

The lapse occurred due to violation of mines and minerals act.

The department was requested vide letter dated 02.10.2024, followed by reminder dated 30.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the amount, besides taking disciplinary action against the responsible personnel at fault.

**18.4.6 Unauthorized opening of designated bank accounts - Rs. 6403.855 million
Unauthorized withdrawal of fund from receipts accounts - Rs. 62.492 million**

According to rule 07 of the Federal Treasury Rules, all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury or into the Bank, and shall be included in the Federal Consolidated Fund of the Federal Government. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.

During audit of the accounts of Directorate General Mineral Development Department Peshawar for the Financial Year 2023-24, it was observed that the following

designated bank accounts were opened in the Bank of Khyber for departmental receipts vide Finance Department concurrence dated 04.07.2022, as per detailed below:

S#	Title	Purpose
1.	DG, MMD	For Major Minerals under head C-03808
2.	DG, MMD	For Minor Minerals under head C-03847
3.	DG, MMD	For Securities under Head No. G10107
4.	Commissionerate of Mines KP	For Excise Duty of Minerals C-03507
5.	Inspectorate of Mines KP	Collection of Fee for Mines registration, Examination and fee etc. No. C0380E
6.	DG MMD	For CDR Deposits

Scrutiny of record revealed that an amount of Rs. 6,403,855,701/- was credited in the Minor Minerals and Major Minerals bank accounts during the year realized on account of minor and major minerals, as per details given below;

(Amount in Rs.)

Account Description	Account #	Amount Credited
Major Minerals under head C-03808	2008208215	5,704,645,480
Minor Minerals under head C-03847	2008209319	699,210,221
Total		6,403,855,701

However, further scrutiny of record revealed that the opening of separate account in commercial bank for the departmental receipt was unauthorized as these receipts were required to be deposited into Provincial Consolidated Fund.

Moreover, a sum of Rs. 26,040,456/- was shown withdrawn from following bank accounts as per detailed below:

(Amount in Rs.)

Descriptions	Account #	Cheque #	Dated	Amount
Major Minerals under head C-03808	2008208215	49162921	10.06.2024	5,849,773
Major Minerals under head C-03808	2008208215	49162922	10.06.2024	16,745,314
Minor Minerals under head C-03847	2008209319	49163013	10.06.2024	144,772
Minor Minerals under head C-03847	2008209319	49163014	10.06.2024	3,300,597
Total				26,040,456

Audit held that no expenditure or withdrawal was allowed from these bank accounts except transfer of fund to provincial consolidated fund. Moreover, the whereabouts of the amount withdrawn was also not produced to Audit.

Furthermore, an amount of Rs. 5,226,480/- dated 10.02.2024 and Rs. 31,225,564/- dated 27.03.2024 totaling to Rs. 36,452,044/- was withdrawn from the bank account # 2008208215 through banker cheque. However, the department failed to provide any details about these withdrawals.

The lapse occurred due to violation of the Finance Department notification and Federal treasury rules.

The department was requested vide letter dated 02.10.2024, followed by reminder dated 30.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends compliance of the FTR Rule 07 by depositing all government funds into the Consolidated Fund.

PDP No. 64 & 66 (2023-24)

18.4.7 Loss to the government on account of illegal mining - Rs. 1678.009 million

According to the para 5 of the approved PC-I of the project “Assessment Study & Establishment of Mines Monitoring & Surveillance units in Minerals Bearing Areas of KP” The project is designed to put in place an effective monitoring and surveillance mechanism in the Province including Merged Areas by establishing 35 district offices to control illegal mining and to implement the regulation of mines and the mining activities.

During audit of the accounts of Secretary Mineral Development Department Peshawar for the Financial Year 2023-24, it was observed that the project “Assessment Study & Establishment of Mines Monitoring & Surveillance units in Minerals Bearing Areas of KP” assessed Rs. 1678.009 million on account of illegal mining. However, as of the audit date (July 2024), this amount remained outstanding against various offenders. The department failed to make serious efforts to recover the outstanding amount, resulting in a substantial loss to the government.

Moreover, a total of 8400 murasalas were identified by the Monitoring & Surveillance Unit. Out of these, only 5275 murasalas were converted into FIRs. The remaining 3125 murasalas were pending and not converted into FIRs by the audit date. The murasalas involved substantial revenue, and their non-conversion into FIRs resulted in the government not realizing the potential revenue, thereby causing financial loss.

The lapse occurred due to violation of the approved PC-1 of the project.

The department was requested vide letter dated 05.09.2024, followed by reminder dated 30.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigation into the matter and fixing responsibility on person(s) at fault besides recovery of the amount under intimation to audit.

Note: The issue was reported earlier also in the Audit Reports for the Audit Year 2023-24 vide DP No. 8.4.2 having financial impact of Rs. 3,776.608 million and Audit Year 2022-23 vide DP No. 6.4.7 having financial impact of Rs. 847.241 million. Recurrence of same irregularity is a matter of serious concern.

18.4.8 Loss to the government due to non-imposition of penalty on account of non-payment of government dues – Rs. 826.705 million

According to Clause 14 (b) (ii) of the Mining Lease Deed between Ex-FATA Development Authority and Degan Exploration Works (Pvt) (DEW) for the mining of copper & allied metals in North Waziristan District dated 05-04-2017, penalty at the rate of 2% per month of rent royalty and other dues shall be charged in case the payments is made after the expiry of the second month next after the due date.

During audit of the accounts of Directorate General Mineral Development Department Peshawar for the Financial Year 2023-24, it was observed that the management of Ex-FATA Development Authority enter into a joint venture with Degan Exploration Works (Pvt) (DEW) in the year 2016 for mining of copper & allied metals in North Waziristan District covering an area of 30 sq. km for a period of 30 years. Further scrutiny of record revealed that the company failed to deposit the requisite amount of royalty, profit and other dues to the department within the stipulated time period mentioned in the agreement. However, the department failed to impose and recover the penalty amounting to Rs. 826,705,152/- from Degan Exploration Works (Pvt) (DEW).

(Amount in Rs.)

Period	Production in Ton	Royalty Rate	Amount
April-2016 to April- 2022	952,878	Rs. 150 per ton	142,931,700
Average production from May-2022 to June- 2024	317,626	Rs. 150 per ton	47,643,900
Total			190,575,600
Approximate profit per year Rs. 30.00 million X 8 years			240,000,000
Total Dues			430,575,600
Penalty @ 2% per month (Rs. 430,575,600 X 2% =Rs. 8,611,512 X 96 months)			826,705,152

The lapse occurred due to violation of mining lease.

The department was requested vide letter dated 05.09.2024, followed by reminder dated 30.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends imposition and recovery of the amount, besides taking disciplinary action against the responsible personnel at fault.

18.4.9 Loss to the government due to less realization of royalty charges - Rs. 138.391 million

According to minutes of the meeting of Auction Committee held on 17-04-2023, the reserved Price of royalty collection of Mardan Division was approved for Rs. 339,625,000/- (13 months 01-06-2023 to 30-06-2024).

During audit of the accounts of Directorate General Mineral Development Department Peshawar for the Financial Year 2023-24, it was observed that the department approved the reserved price of royalty for Mardan Division amounting to Rs. 339,625,000 for 13 months starting from 01-06-2023. However, further scrutiny of record revealed that the department despite reducing the reserved price by 10% failed to award the contract due to non-participation of bidders. In this non-auction period of time, the department collected the royalty charges amounting to Rs. 167,270,846/- through its own field staff, resulting into a loss of Rs. 138,391,654 (45% less than the approved reduced reserved price) (Rs. $339,625,000 \times 10\% - 33,962,500 = \text{Rs.} 305,662,500 - \text{Rs.} 167,270,846$).

It is worth mentioning here that the bid amount of Mardan Division for the Financial Year 2022-23 was Rs. 285,000,000/-.

Audit held that the as department collected 45% less collection against the approved reserved price, therefore audit suspect that either the department failed to achieve its revenue target or the collected amount was misappropriated by the dealing hands.

The lapse occurred due to violation meeting of auction committee.

The department was requested vide letter dated 05.09.2024, followed by reminder dated 30.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends to investigate the reasons for the non-participation of bidders besides taking disciplinary action against the responsible personnel at faults.

PDP No. 30 (2023-24)

18.4.10 Non-recovery of outstanding government dues on account of royalties along with fine - Rs. 104.396 million

According to Section 68 (1) and (2) of the Khyber Pakhtunkhwa Mines and Minerals Act 2017, royalty in respect of any mineral or group of minerals won, mined or found and disposed of shall be payable not later than 1[fourteen] days after the end of the calendar month in which the mineral or group of minerals is disposed of.

(2) Where any person has failed to pay any amount of royalty as required under sub-Section (1), a fine calculated at the rate of one per centum per month on the amount or any part thereof from time to time remaining unpaid, shall be payable from the due date of payment until all outstanding amount is paid.

During audit of the accounts of Directorate General Mineral Development Department Peshawar for the Financial Year 2023-24, it was observed that Terich Mir Minerals was given mining lease for extraction of lead over an area of 460.277 acres near Village Gol, District Chitral vide award letter 16.08.2022. Scrutiny of record revealed that the company was initially issued a notice by the department to deposit royalty amounting to Rs. 62,582,811/- along with a fine of 1% per month, as per the Khyber Pakhtunkhwa Mines and Minerals Act, 2017.

A Technical Committee was constituted on the direction of the Peshawar High Court to reassess the royalty. The committee recommended the recovery of Rs. 94,905,190/- on account of royalties, inclusive of amounts due for the period from 2014 to 2021 which was also established by the appellate tribunal in its decision dated 07.10.2023.

However, the department failed to recovery outstanding recovery along a fine @ 10% for the further 10 months amounting Rs. 9,490,519/- (Rs. 94,905,190/- x 10%) till date of audit i.e. August 2024.

The lapse occurred due to violation of mines and minerals act.

The department was requested vide letter dated 05.09.2024, followed by reminder dated 30.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery.

PDP No. 53 (2023-24)

**18.4.11 Non recovery of outstanding government dues on account of minor minerals -
Rs. 121.810 million**

According to Section 63 (13) of the Khyber Pakhtunkhwa Mines and Minerals Act 2017, the Licensing Authority may, by serving thirty days' notice in writing, cancel a mineral title, if the holder of the mineral title-

- (a) Fails to use the land subject to the title for the purpose for which the title was granted; or
- (b) Uses that land for any purpose other than the purpose for which the title was granted; or
- (c) Fails to comply with any requirement of this Act or rules which the holder is bound to comply; or
- (d) Fails to comply with a condition of the title; or

During audit of the accounts of Directorate General Mineral Development Department Peshawar for the Financial Year 2023-24, it was observed that a mining lease for minor minerals (Mian Essa Block) was granted to M/S Kernal Consultants and Builders (Pvt.) Ltd. For the lease value of Rs. 479,100,000/- for a period of one year, effective from 03-12-2022 to 02-12-2023 vide allotment letter dated 01.12.2022.

Scrutiny of record revealed that the field staff of the local office on their visit dated 05-12-2022 reported that the leaseholder was engaged in mining activities within the prohibited PHLEC and PHA/Mian Essa areas. A show cause notice dated 05-12-2022 was issued to the leaseholder for illegal mining.

A committee was notified by the Secretary dated 28.12.2022, tasked with curbing illegal mining activities in District Nowshera and ensuring compliance with mining regulations. The committee, led by the Additional Deputy Commissioner (G) Nowshera, who conducted a surprise inspection of the PHLCE banned area, discovering individuals involved in illegal mining and transportation of minor minerals. Consequently, legal action under Section 56 and 86 of the Khyber Pakhtunkhwa Mines and Minerals Act-2017 was initiated, including lodging FIRs against the involved persons.

Given the repeated involvement of the mining company in illegal activities, the Department canceled the mining lease of M/S Kernal Consultants & Builders on 04.04.2023. However, the company filed an appeal with the Khyber Pakhtunkhwa Mines and Mineral Appellate Tribunal. The Tribunal, in its order dated 19-04-2023, directed that no adverse action be taken against the leaseholder until the final disposal of the case. The Tribunal also ordered the company to deposit Rs. 40 million by 28-04-2023 and the remaining dues by 10-05-2023. Despite this, only Rs. 130 million was deposited by 20-06-2023, leaving an outstanding amount of Rs. 116,166,504/- as evidenced by the department's letter dated 12-06-2023.

Similarly, the lease of minor minerals for district Bannu to M/S Muhammad Asif S/o Muhammad Amin as one unit at the lease value of Rs. 32,991,000/- for the period of 01.09.2022 to 31.08.2023. Further scrutiny of records revealed that the subject lease was cancelled by the management on dated 10-05-2023 due to non-payment of regular installments leading to an outstanding balance of Rs. 5,643,793/- against the lease holder.

However, the management failed to recover the outstanding amount from the defaulter till the date of audit i.e. August 2024.

The lapse occurred due to violation of contract management and mines and minerals act.

The department was requested vide letter dated 05.09.2024, followed by reminder dated 30.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery.

PDP No. 55 (2023-24)



Chapter-19

PLANNING & DEVELOPMENT DEPARTMENT

19.1A Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of planning and development including policy, procedure and coordination work relating to the preparation of the Provincial Annual Development Plan and its review; processing of all development schemes, programmes and proposals submitted by other departments including autonomous bodies and making recommendations to Government thereupon; Secretariat functions of the Provincial Development Working Party; maintaining liaison with the National Planning Agencies; management of foreign aid; coordination of technical assistance from abroad including training facilities; expert advisory services and equipment; coordination of training of Local Officers and private sector candidates in foreign countries.

The department has been further tasked with arrangement of the services of foreign experts / advisors; economic research and matters relating to the Board of Economics Enquiry; coordination of provincial statistics in general and all matters relating to the Bureau of Statistics; general economic appraisal evaluation of progress and performance of development schemes and Programmes and their critical appraisal; initiation of measures for giving a suitable publicity to the development plans and educating the public on the results achieved from time to time; matters relating to the Regional Development Projects in the province; Price Stabilization Policy; protocol functions in connection with visits of foreign economics missions and delegations; and appropriation and re-appropriation of development grants provided in the budget.

Audit Profile of Planning & Development Department;

S No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24 (Rs in Million)	Revenue/Receipts Audited FY 2023-24 (Rs in Million)
1	Formations	13	3	1763.27	0
2	• Assignment Account • SDA (Excluding FAP)	Nil	Nil	Nil	N/A
3	Authorities/Autonomous bodies etc under PAO	Nil	Nil	Nil	N/A
4	Foreign Aided Projects (FAP)	22	12	3387	N/A

19.1B Comments on budget and accounts (variance analysis)

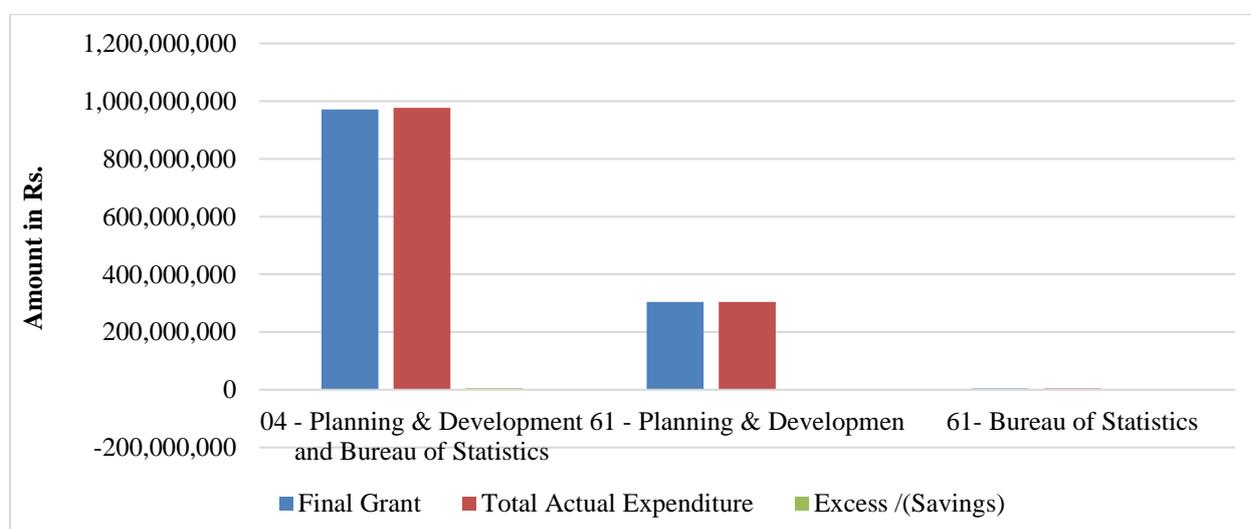
Summary of the Appropriation Accounts:

A summary of grants/appropriations and actual expenditure in FY 2023-24 is given below:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
04 - Planning & Development and Bureau of Statistics	NC21	971,116,677	977,076,826	5,960,149
61 - Planning & Development	NC21	303,960,080	303,953,030	- 7,050
61- Bureau of Statistics	NC21	4,236,489	4,236,489	-
Total		971,116,677	977,076,826	5,960,149



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
50-Planning & Development	NC22	0	0	-
Total		0	0	-

19.1C Issues in the Planning & Development Department

The department did not deduct the mandatory government taxes and DPR charges from the payments made to the contractors on account of different civil works in the ADP schemes. There were issues of making payments to the contractors on the basis of fake measurements. The gains as a result of dollar parity / fluctuations in the foreign aided projects were not deposited into the government treasury.

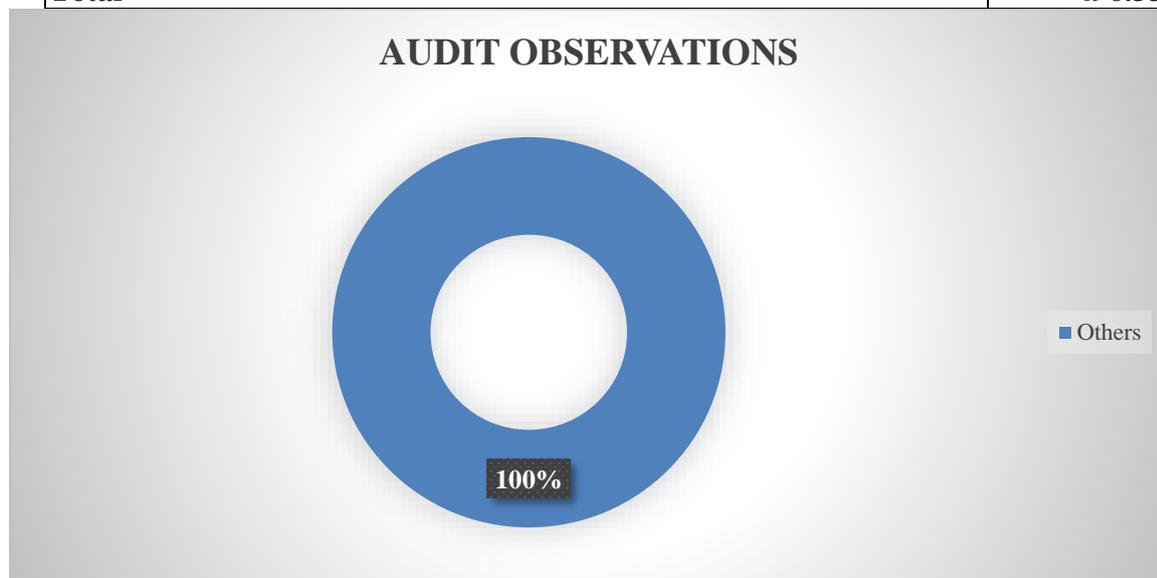
19.2 Summary of Audit Observations

Audit observations amounting to Rs. 496.336 million were raised in this report during the current audit of Planning & Development Department. Audit Paras include recoveries of Rs. 23.939. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

(Rs. in million)

S No.	Classification	Amount
1	Others	496.336
Total		496.336



19.3 Brief comments on the status of compliance with PAC directives:

S#	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2001-02	Planning & Development	08	06	-	02
2.	2003-04	-do-	04	03	-	01
3.	2004-05	-do-	08	02	-	06
4.	2007-08	-do-	05	01	-	04
5.	2008-09	-do-	08	05	-	03
6.	2011-12	-do-	10	05	-	05
7.	2012-13	-do-	24	11	-	13
8.	2013-14	-do-	02	01	-	01
9.	2014-15	-do-	03	01	-	02
10.	2015-16	-do-	00	00	-	00
11.	2016-17	-do-	00	00	-	00

19.4 Audit Paras

19.4.1 Non deduction of income tax from the contractor's claims – Rs. 23.095 million

According to Section 152(1A) of the Income Tax Ordinance, income tax at the rate of 7% from filer and 13% from non-filer will be deducted from a non-resident person on the execution of contract or sub-contract under a construction, assembly or installation project in Pakistan including a contract for the supply of supervisory activities relating to such project; and any other contract for construction or services rendered relating thereto.

During audit of the accounts of Planning & Development Department Khyber Pakhtunkhwa – Sustainable Development Unit for the Financial Year 2023-24, it was observed that contractors were paid for execution of civil works through various divisions out of the Karak Area Development Project. However, income tax amounting to Rs 23.095 million and DPR amounting to Rs. 0.844 million were not deducted from the contractor's / supplier's bills which resulted into loss of Rs. 23.939 million to the government.

The lapse occurred due to violation of income tax ordinance.

When pointed out in September 2024, the management stated that detail reply will be furnished after checking the record.

The department was requested vide letter dated 08.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of taxes and DPR charges from the supplier.

19.4.2 Unauthorized payment to the contractor on the basis of fake measurement sheet - Rs. 5.889 million

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

During audit of the accounts of Planning & Development Department Khyber Pakhtunkhwa – Sustainable Development Unit for the Financial Year 2023-24, it was observed that payment of Rs. 23.803 million was made to M/S Habib Ullah up to 2nd Running Bill for construction / rehabilitation of Nari Panos to Khurram Road through C&W Highway Division Karak out of the Karak Area Development Project funds.

Further scrutiny of record revealed that the XEN C&W Division Karak submitted 2nd Running Bill on 28.02.2024 amounting to Rs. 6.058 million against which the project management released an amount of Rs. 10.965 million vide Cheque No. 149532 dated 28.02.2024. However, on the spot physical verification carried out by the Engineer KADP revealed that advance payment consisting of 7 items was made to the contractor by the dealing hands which resulted into unauthorized payment of Rs. 4.907 million.

The lapse occurred due to violation of central public works department rules.

When pointed out in September 2024, the management stated that detailed reply will be furnished after checking the record.

The department was requested vide letter dated 08.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends conducting inquiry into the matter for fixing of responsibility against the person(s) at fault besides recovery of the amount.

19.4.3 Unauthorized retention of savings out of dollar parity gains - Rs. 466.508 million

Constitution of the Islamic republic of Pakistan under articles 118 and 119 provides that; (1) All revenues received by the Provincial Government, all loans raised by that Government, and all moneys received by it in repayment of any loan, shall form part of a consolidated fund, to be known as the Provincial Consolidated Fund.

(2) All other moneys-

(a) Received by or on behalf of the Provincial Government; or

(b) Received by or deposited with the High Court or any other court established under the authority of the Province; shall be credited to the Public Account of the Province.

Article 119. The custody of the Provincial Consolidated Fund, the payment of moneys into that Fund, the withdrawal of moneys there from, the custody of other moneys 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 financial attest audit of the accounts of Pakistan Community Support Project for the Financial Year 2023-24, it was observed that savings amounting to Rs. 466,508,184/- occurred as a result of Dollar Parity gains. The management retained the same in their designated bank account and utilized the same for unknown purposes in violation of the above stated provision of the constitution (**Annexure-XXXI**).

Audit observed that the saving amount was required to be handed to the Finance Department of Khyber Pakhtunkhwa but was not done. Though it was a grant by WB to the KP Government but savings were required to be surrendered to the Finance Department of KP Govt. In all other FAP projects on loan basis the KP government has to pay burden of interest on loan therefore, savings are the rights of the Finance Department of KP.

The lapse occurred due to violation of government rules and articles of the constitution.

When pointed out in September 2024, the management stated that detailed reply will be furnished after checking the record.

The department was requested vide letter dated 24.10.2024, followed by a reminder dated 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends enquiry, fixing of responsibility for unauthorized retention beside to regulate the spending of savings towards expenditure.

PDP No. 60 (2023-24)



Chapter – 20

PUBLIC HEALTH ENGINEERING DEPARTMENT

20.1A Introduction

The main function of the Public Health Engineering Department (PHED) is to provide safe Drinking Water and Sanitation services to the residents of the urban and suburban areas in the province.

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of public health engineering works pertaining to government buildings and government residential estates; construction and maintenance of rural drinking water supply and sanitation schemes including sewage treatment plants and solid waste management; determination of rates of supply to consumers in bulk and otherwise and prescribed tariff; levying and collection of fees for supply of water for drinking purposes and for provision of sanitation services; engineering trainings and skill development courses; laying standards and specifications for various types of water supply & sanitation projects; laying standards and specifications for various types of construction materials / equipment used in water supply & sanitation projects like various types of pipes, pumping machinery & other allied equipment; planning and designing of water supply & sanitation projects financed from provincial and federal funds; research and material testing pertaining to PHE sector projects; execution of PHE works on behalf of other agencies / department as Deposit Works; and water quality monitoring / mapping including maintenance of water quality data base.

Audit Profile of Public Health Engineering Department:**(Rs. in million)**

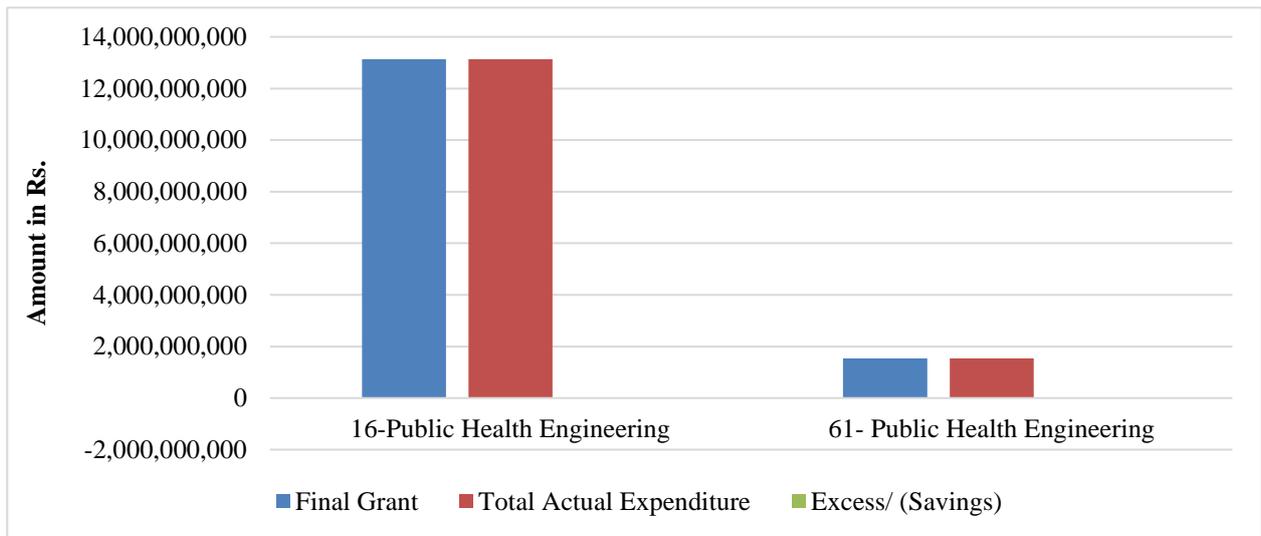
S. No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue/Receipts Audited FY 2023-24
1	Formations	55	08	101	0
2	<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP)	Nil	Nil	Nil	N/A
3	Authorities/Autonomous bodies etc under PAO	Nil	Nil	Nil	N/A
4	Foreign Aided Projects (FAP)	Nil	Nil	Nil	-

20.1B Comments on budget & accounts (variance analysis)**Summary of the Appropriation Accounts**

The Summarized position of actual expenditure 2023-24 against the total of grants/appropriation was as follows:

Overview of non-developmental expenditure vs final grant:**(Amount in Rs.)**

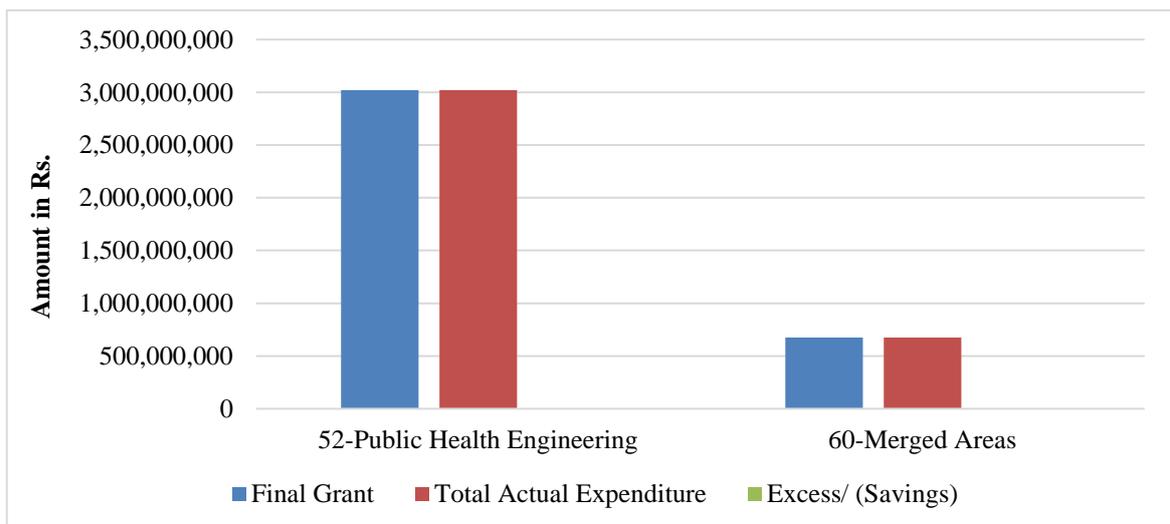
Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
16-Public Health Engineering	NC21	13,135,434,854	13,135,867,868	433,014
61- Public Health Engineering	NC21	1,531,031,994	1,531,016,326	-15,668
Total		14,666,466,848	14,666,884,194	417,346



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess/ (Savings)
52-Public Health Engineering	NC12/22	3,019,388,566	3,019,388,566	0
60-Merged Areas	NC12/22	674,492,689	674,492,689	0
Total		3,693,881,255	3,693,881,255	0



20.1C Issues in Public Health Engineering Department

During audit of the Public Health Engineering Department, it was observed that poor contract management mechanism was in practice as the developmental schemes could not be completed within the stipulated time but the department neither granted time extensions based on justified grounds nor penalty was imposed on the contractors. Huge government revenue was outstanding against the consumers on account of water charges but the department did not take concrete steps to realize the water charges. Instances of non-deduction of taxes were observed and reported to the management for corrective action but response was awaited on the part of the management. There were no details of the head-wise figures of the departmental own receipts collected by the department.

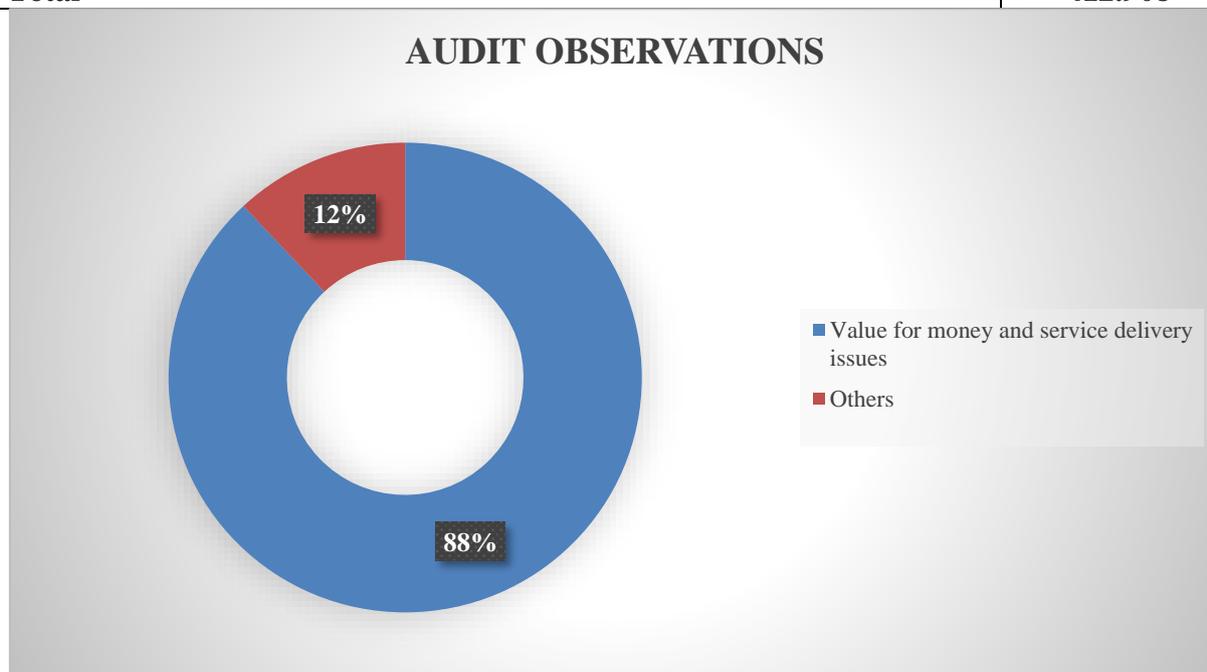
20.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 412.908 million were raised in this report during the current audit of Public Health Engineering Department. Audit Paras include recoveries of Rs. 363.499. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

(Rs. in million)

S. No.	Classification	Amount
1	Value for money and service delivery issues	363.499
2	Others	49.409
Total		412.908



20.3 Brief comments on the status of compliance with PAC directives:

S. No.	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial Compliance	Nil Compliance
1	2014-15	PHE	10	04	-	06
2	2015-16	-do-	03	-	-	03

20.4 Audit Paras

20.4.1 Loss to the government due to excess payment to IESCO - Rs. 2.004 million

According to Para 23 of the General Financial Rules Volume 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 Executive Engineer, PHE Division Haripur, for the Financial Year 2023-24, it was observed that the management overpaid Rs. 2,004,262/- to the IESCO as detailed below:

(Amount in Rs.)					
S.No	Name of Scheme	Bill No & date	IESCO Claim	Paid Amount	Difference
01	WSS Danna Ferozpur	36-H dated 12.10.2023	440,075	1,500,000	1,059,925
02	WSS Danna Ferozpur	23-H dated 28.12.2023	555,663	1,500,000	944,337
Total			995,738	3,000,000	2,004,262

Audit observed that:

- In October 2023 bill, IESCO claim was Rs.440,075/- while the management paid Rs.1.500 million as a result Rs. 1.060 million was paid in excess of the required amount. In the preceding months the excess amount was required to be shown in negative balance but in the December 2023 bill no negative balance was reflected despite the fact that the bill showed Rs.555,663/- as outstanding which included Rs.410,779/- as November 2023 arrear. Therefore, audit opined that Rs.1.500 million was not paid to IESCO and misappropriated by the dealing hands.
- In December 2023, another Rs.1.500 million was shown again paid to IESCO despite of the fact that previous amount was not credited to the IESCO account therefore the payments made are doubtful and unauthentic.
- The scheme falls under Bara Kahu rural area which is under the administrative control of CDA and bills of the schemes are paid to the IESCO rather than PESCO. Therefore, scheme is required to be handed over to the CDA and CDA should bear its electricity bills and maintenance in order to save the PHE Haripur from further loss.
- Reconciliation with IESCO authorities was not carried out in order ascertain the factual position of unit consumption and actual liabilities.
- Payment from the province budget to IESCO is also questionable as in the KP all electricity bills payments are made to PESCO and not to IESCO.

The lapse occurred due to violation of general financial rules.

When pointed out in August 2024, the management furnished no reply.

The department was requested vide letters of even numbers followed by reminders dated 29.11.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery besides fixing of responsibility.

PDP No.30 2023-24

20.4.2 Non-realization of water charges- Rs. 363.499 million

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

According to Para 8 & 26 of GFR Vol-I the collecting officer should ensure all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

During audit of the accounts of Executive Engineer, Public Health Engineering Division Haripur for the Financial Year 2023-24, the management failed to realize/ recover Rs.363.499 million on account of water charges against water users' up-to the financial year 2023-24 as per detail given below:

(Amount in Rs.)

Arrears till 30.06.2023	Total Numbers of Connection	Amount Recoverable during the year	Total amount recoverable	Total amount Recovered in 2023-24	Outstanding amount till 30.06.2021
319,230,102	49662	71,513,280	390,743,382	27,244,279	363,499,103

The lapse occurred due to violation of rules and regulations.

When pointed out in August 2024, the management furnished no reply.

The department was requested vide letter dated 29.11.2024 for holding to hold DAC meeting. However, the same was not convened till finalization of this report.

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

PDP No. 21 (2023-24)

20.4.3 Fictitious payment to the Contractor – Rs.23.46 million

According to Treasury Rule 290, no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants, and According to Treasury Rule 130 money may not be withdrawn from the public exchequer without actual work done.

During audit of accounts of Chief Engineer (Center) Public Health Engineering Department for the Financial Year 2022-23, It was observed from monthly progress report of PHE Division Khyber, that management paid Rs 23.46 million for distribution system, against the scheme “DWSS Ali Masjid to Landi Kotal” to the contractor M/s Peshawar pipe. PC-1 of the schemes revealed that the scheme will include bore drilling, Installation of pumping machinery and laying of pipe for water supply. However, the payment was made only for pipe supply in violation of PC-1. Moreover, the same item was neither technically approved nor clause-12 was available on record as the item of work is non-schedule item.

On further inquiry, it transpired that payment was made only for supply of pipe and the scheme was disputed. Normally, the supply of pipe follows the identification and development of water source and installation of pumping machinery.

The lapse occurred due to financial mismanagement.

When pointed out in April 2024, management did not furnish reply.

The department was requested vide letter dated 06.06.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiry besides recovery from the person (s) at fault.

PDP No.28 (2022-23)

20.4.4 Loss to the Government due to non-reduction of PC-I cost to the extent of 7% - Rs.18.330 million

According to Finance Department letter No. SO (Dev-II)/FD/12-6/14-5, dated 21.4.2015, provides that all Works Department, while preparing cost estimate of Developmental projects falls within the exempted Area, shall frame the same on MRS but with 7% less cost to defray the amount added in the rates analysis of all works, construction/supply items to meet Withholding tax.

During audit of the accounts of Chief Engineer (Center) Public Health Engineering Department, for the Financial Year 2022-23, scrutiny of progress report for the month of June

2023 revealed that umbrella developmental scheme “Construction of gravity based DWSS in tribal districts” (ADP No. 191189-150064) was spilt up into different packages. The schemes were advertised and awarded to contractor on MRS which included taxes. Audit observed that the schemes were executed in tribal districts, therefore the PC-I and TS needed to be reduced to the extent of 7% or deduction had to be made from the payments to the contractors which did not happen, resulting into overpayment of Rs 5.776 million (Rs. 82,519,503 x 7%).

(Rs. in million)

Scheme name	AA Cost	7% income tax
ADP No.264 191189-150064- construction of gravity based WSSs in tribal District Khyber	223.989	
1) DWSS Ali Masjid to Landi kotal	173.115	
2) DWSS Ali masjid to Sur Kamar	39.660	
3) DWSS shen tang Chora Jamrud	4.427	
4) DWSS Kas Naki khel Landi kotal	1.460	15.679
5) DWSS Kam shalman Landi kotal	5.327	

Similarly, scrutiny of progress report for the month of June 2023, PHE Division Mohmand revealed that developmental schemes worth Rs.2945.042 million were advertised and awarded to contractors on market rate system which also included taxes. Audit observed that Rs 37.918 million expenditure was incurred on developmental schemes but neither the PC-I, TS and BOQ was reduced to the extent of 07% as required, nor deduction was made from the payment to the contractors which resulted into overpayment of Rs 2.654 million (37.918x7 %).

The lapse occurred due to violation of Finance Department directives.

When pointed out in April 2024, management did not furnish reply.

The department was requested vide letter dated 06.06.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery from the contractors besides fixing of responsibility.

PDP No.20 (2022-23)

20.4.5 Premature release of bid securities to contractors – Rs. 4.619 million

According to Clause 60.3 (Payment of Retention Money) of Standard Form of Bidding Documents (Civil Works) 2007 edition of Pakistan Engineering Council, the 8% retention money may be released to the contractor as described below:

(a) Upon the issue of the Taking-Over Certificate with respect to the whole of the Works, one half of the Retention Money.

(b) Upon the expiration of the Defect Liability Period for the Works, the other half of the Retention Money shall be certified by the Engineer for payment to the Contractor. Provided also that if at such time, there shall remain to be executed by the Contractor any work instructed, pursuant to Clause 49 and 50, in respect of the Works, the Engineer shall be

entitled to withhold certification until completion of such work of so much of the balance of the Retention Money as shall, in the opinion of the Engineer, represent the cost of the work remaining to be executed.

During audit of accounts of Chief Engineer (Center) Public Health Engineering Department for the Financial Year 2022-23, it was observed from the accounts of PHE Division Khyber that Rs.4.619 million was released to different contractors on account of bid security of different developmental schemes. Audit holds that no work has been started but still bid security was released as all the works were in progress. Detail as per following:-

(Rs. in million)

Item No	Scheme	Contractor	Amount	Remarks
665	DWSS Khas kuss Rohan abad	M/S Bilal brothers	300,000	Work In progress
666	DWSS Shah Kass kurona New by pass	M/S Bilal brothers	293,000	Work In progress
667	DWSS Shah Kuss area -2A	M/S Bilal brothers	310,000	Work In progress
668	DWSS kamar kheil / meerdin	M/S AQ Brothers	547,170	Work In progress
669	DWSS Youas Talab	M/S AQ Brothers	548,330	Work In progress
670	DWSS Madina killy sheen drung	M/S AQ Brothers	765,410	Work In progress
671	DWSS Motor kili/ aziz market	M/S AQ Brothers	545,010	Work In progress
672	DWSS Mir khan khail	M/S Bilal brothers	323,000	Work In progress
673	DWSS Shah Kass Charmary	M/S Bilal brothers	364,000	Work In progress
674	DWSS Sabit Killy sher khel	M/S Bilal brothers	312,000	Work In progress
675	DWSS Miran Talab Aka Khail	M/S Bilal brothers	312000	Work In progress
Total			4,619,920	

The lapse occurred due to financial mismanagement.

When pointed out in April 2024, management did not furnish reply.

The department was requested vide letter dated 06.06.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the security amounts from the contractors besides fixing of responsibility.

PDP No.26 (2022-23)

20.4.6 Irregular selection of consultant – Rs. 40.00 million

According to Clause 3.8 of the contract agreement between Executive Engineer PHE Division Peshawar no.01 and M/S Ultimate Engineering consultant for the project Design & supervision for Solarization of 700 WSS in Khyber Pakhtunkhwa under CPEC grant Package No. 01, the consultant shall keep accurate and systematic records and accounts in respect of the services, which will clearly identify all charges and expenses.

According to Clause 3.8 of the contract agreement between Executive Engineer PHE Division Peshawar no.01 and M/S Berg consultants for the project Design & supervision for

Solarization of 700 WSS in Khyber Pakhtunkhwa under CPEC grant package No.02, the consultant shall keep accurate and systematic records and accounts in respect of the services, which will clearly identify all charges and expenses.

According to Para 19 (i & ii) of GFR Vol-I, terms of contract must be precise and definite and there must be no room for ambiguity and misconstruction therein. Legal and financial advice may be taken in drafting of contract before they are finally entered into.

During audit of accounts of Chief Engineer (Center) Public Health Engineering Department for the Financial Year 2022-23, it was observed that contract of consultancy services for project Design & supervision for Solarization of 700 WSS in Khyber Pakhtunkhwa under CPEC grant package No.01 was awarded to M/S Ultimate Engineering consultant with a cost of Rs.118 million and Package No.02 to MS Berg consultant for Rs.95.351 million respectively.

Further scrutiny of record revealed that a sum of Rs 40 million was paid to the consultants.

The following irregularities were noticed.

- i. The payment was made to the consultants on submission of invoices on lump sum basis without any detail of physical and financial components as per revised PC-I.
- ii. The consultants did not provide accurate and systematic records and accounts in respect of the services with clear identification of all charges and expenses.
- iii. The process of selection of consultant was finalized by a committee having no member from NAB Department as cost of the contracts was more than 50 million.
- iv. Copies of the agreements was not provided to NAB along with mandatory checklist as required under NAB ordinance within a reasonable time which was against the provisions of NAB Ordinance 1999.
- v. Agreement with consultant as per provision of GFR was not vetted from the Law Department.
- vi. Penalty clause was not incorporated in agreements.
- vii. Consultants did not provide details of the key persons, bank account statements, and remuneration paid to them.
- viii. It came to the notice of the Audit that M/S Ultimate Engineering is owned by the sitting XEN and payment to the said firm was conflict of interest which needs to be inquired through a facts finding inquiry.

In view of the above the expenditure so incurred was held as irregular and unjustified.

The lapse occurred due to violation of contract agreement provisions.

When pointed out in April 2024, management did not furnish reply.

The department was requested vide letter dated 06.06.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiry besides fixing of responsibility.

PDP No.43 (2022-23)



Chapter – 21

TOURISM AND CULTURE DEPARTMENT

21.1A) Introduction

The Tourism and Culture Department is mandated for youth development promotion and development of culture, preservation and conservation of archaeological sites, tourism sector enablement and tourism value chains to attract national and international tourists.

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of tourism and archaeology including excavation, exploration / survey and conservation, restoration and rehabilitation; management of museums; Culture; Youth Affairs and service matters except those entrusted to Establishment and Administration Department.

Audit Profile of Tourism Department:

(Rs. in million)

S. No.	Description	Total Nos	Audited	Expenditure Audited FY 2023-24	Revenue/Receipts Audited FY 2023-24
1	Formations	11	1	2,833.000	Nil
2	<ul style="list-style-type: none"> • Assignment Account • SDA (Excluding FAP) 	Nil	Nil	Nil	N/A
3	Authorities/Autonomous bodies etc under PAO	01	Nil	Nil	N/A
4	Foreign Aided Projects (FAP)	1	1	563.379	N/A

21.1B Comments on budget and accounts (variance analysis)

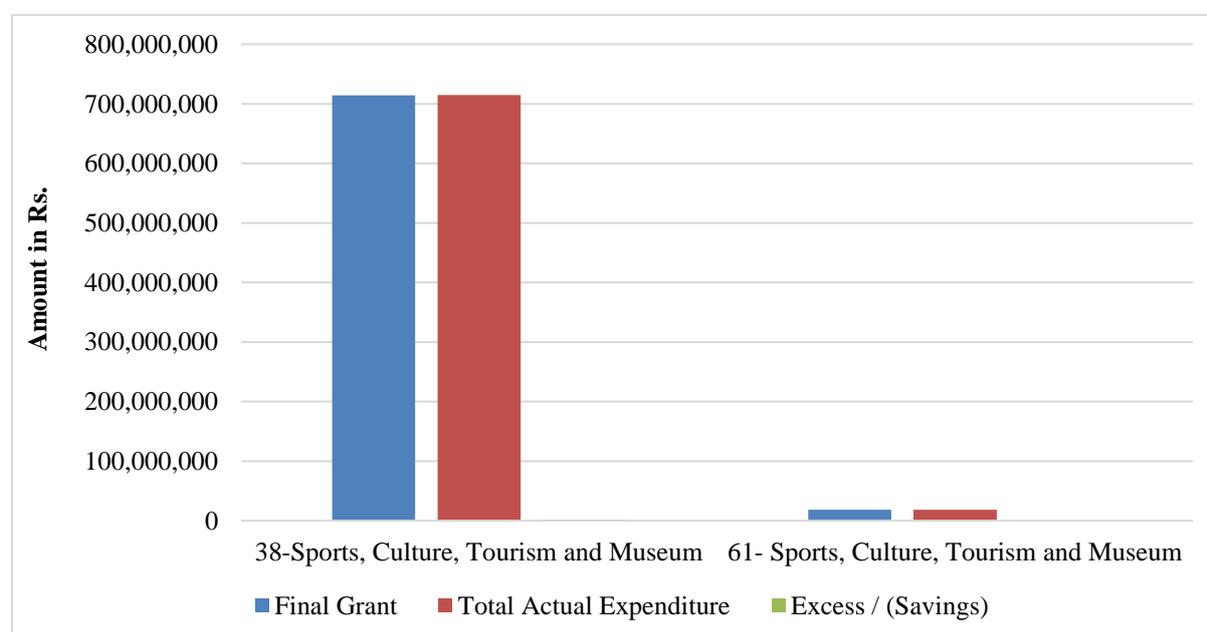
Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2023-24 against the total of grants/appropriation was as follows:

Overview of non-developmental expenditure vs final grant:

(Amount in Rs.)

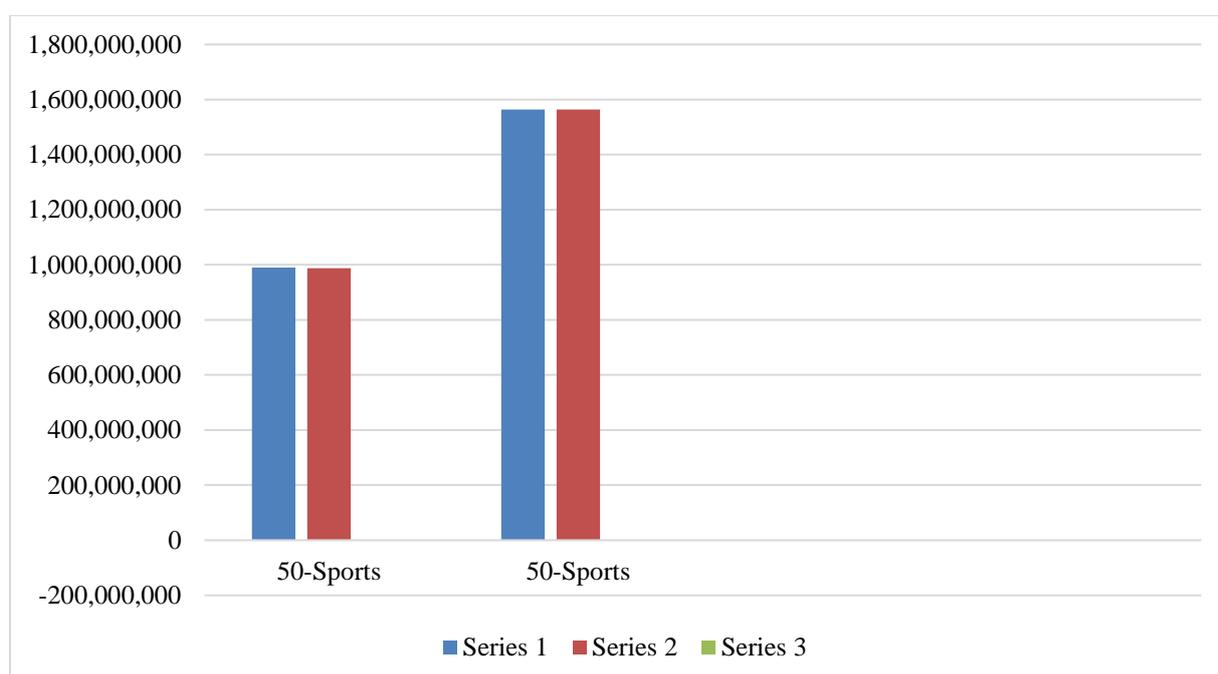
Grant No.	Grant Type	Final Grant	Actual Exp	Excess / (Savings)
38-Sports, Culture, Tourism and Museum	NC21	714,265,597	714,712,755	447,158
61- Sports, Culture, Tourism and Museum	NC21	18,555,217	18,555,217	0
Total		732,820,814	733,267,972	447,158



Overview of developmental expenditure vs final grant:

(Amount in Rs.)

Grant No.	Grant Type	Final Grant	Actual Exp	Excess / (Savings)
50-Sports	NC22	990,047,086	987,108,237	(2938849)
50-Sports	NC12	1,563,403,449	1,563,403,449	0
Total		2,553,450,535	2,550,511,686	(2,938,849)



21.1C Issues in the Culture & Tourism Department

Rest houses and guest houses owned by different provincial government departments were handed over to the culture and tourism authority under the administrative control of the department. However, the department could not outsource / lease out these properties which resulted into loss to the government. Similarly, rent agreements were not renewed with the owners of Swat Serena Hotel despite approval of the provincial cabinet. Government vehicles were missing in the tourism authority as well and yet other vehicles were unauthorized allotted to different officials / officers. The PTDC hotels / motels in the province were outsourced in violation of rules and regulations. Bank profit realized by the foreign aided project was not deposited into the government treasury. Contracts were awarded at higher rates which resulted into loss to the government. Unauthorized expenditure was incurred on solarization of hostels and printing of table calendars in the foreign aided project. Cash withdrawals were made from the bank accounts in the name of the officers / officials for repair and renovation works. The contingent paid staff was non-transparently appointed in the tourism authority. Advance income tax was not deducted from the contractors. Penalties were

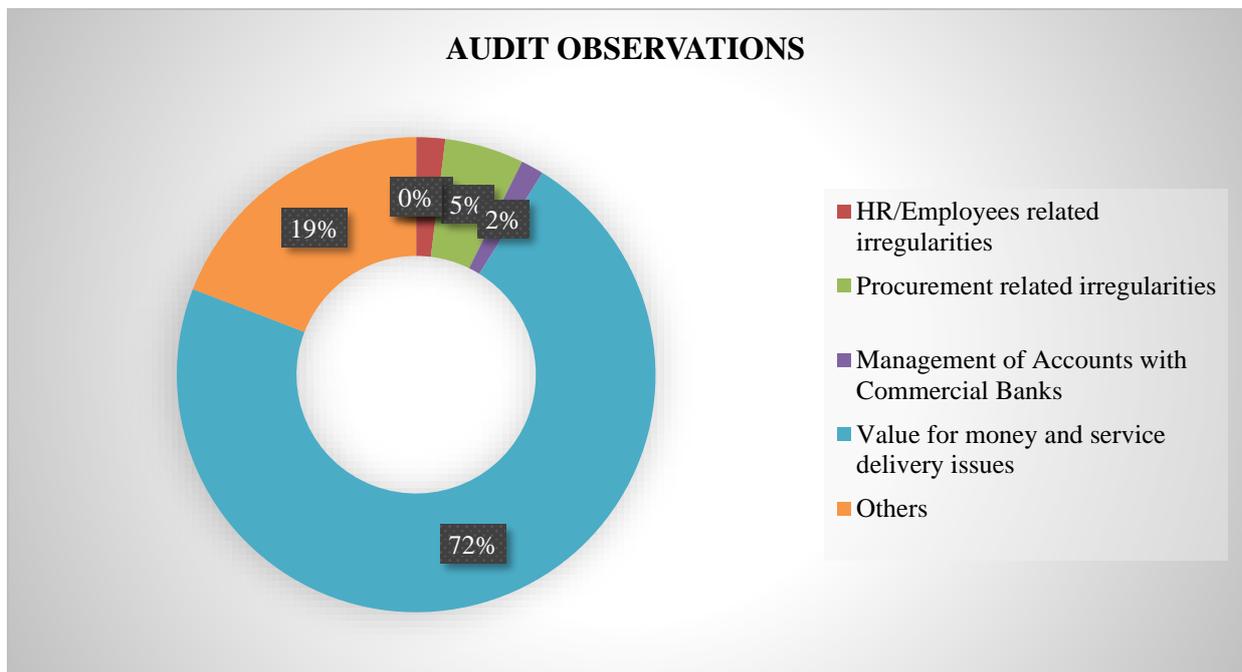
not imposed upon contractors for delayed deposit of annual leases. Payment to the contractor at higher rates was also observed.

21.2 Summary of Audit Observations

Audit observations amounting to Rs. 656.05 million were raised in this report during the current audit of Tourism, Sports and Culture Department. This amount also includes recoveries of Rs. 12.412 million as pointed out by the audit Summary of the audit observations classified by nature is as under:

Overview of Audit Observations:

(Rs. in million)		
S. No.	Classification	Amount
1	HR/Employees related irregularities	12.825
2	Procurement related irregularities	35.060
3	Management of Accounts with Commercial Banks	10.125
4	Value for money and service delivery issues	472.468
5	Others	125.572
Total		656.05



21.3 Brief comments on the status of compliance with PAC directives:

S. No.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1	2001-02	Sports & Tourism	14	14	-	-
2	2002-03	-do-	12	11	-	01
3	2003-04	-do-	06	06	-	-
4	2004-05	-do-	03	01	-	02
5	2005-06	-do-	04	03	-	01
6	2008-09	-do-	14	05	-	09
7	2009-10	-do-	32	09	-	23
8	2010-11	-do-	25	08	-	17
9	2011-12	-do-	20	08	-	12
10	2012-13	-do-	08	07	-	01
11	2013-14	-do-	12	06	-	06
12	2014-15	-do-	-	-	-	-
13	2015-16	-do-	-	-	-	-
14	2016-17	-do-	8	6	-	2

21.4 Audit Paras

21.4.1 Loss to the government due to non-outsourcing / non-leasing of properties - Rs. 65.112 million

According to Rule 4 (2) of Khyber Pakhtunkhwa Government Rest Houses and Tourism Properties Act 2020, the government may for better management, outsource a Government Rest House or a set of Rest Houses or a Tourism Property through a Technical Committee comprising such members of the Cabinet and such co-opted technical members as the government may determine and authorize the Committee, to determine the duration, method and other consideration of outsourcing. The government may allow the Committee to adopt any competitive mode, through public advertisement, for offering properties to interested parties.

During audit of the accounts of Khyber Pakhtunkhwa Culture and Tourism Authority (KPCTA) Peshawar for the Financial Year 2023-24, it was observed that 128 rest houses were taken over from different departments, out of which 33 rest houses were declared ready and advertised on 01.02.2021 and 07.05.2021 for outsourcing. Further scrutiny of record revealed that financial bids for only 20 rest houses amounting to Rs. 32,556,000/- were received and considered in the 14th meeting of the technical committee held on 07.02.2022. However, outsourcing of these 20 rest houses was not finalized till the last meeting of the

technical committee held on 18.08.2022 and not even till date of audit i.e. August 2024 which resulted into loss of Rs. 65,112,000/- (**Annexure-XXXII**).

The lapse occurred due to violation of tourism act.

The failure to outsource rest houses promptly resulted in the Authority losing potential revenue of Rs. 68,367,600 in two years, incurring additional maintenance costs of Rs. 31,500,000/-, unauthorized retention of 23 rest houses including some prime properties, like Hamala rest house, which were reclaimed by the departments.

The department was requested vide letter dated 18.09.2024, followed by a reminder dated 04.12.2024, and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends strengthening the administrative controls and ensuring timely follow-up on technical committee recommendations to prevent similar lapses in the future.

PDP No. 1 (2023-24)

21.4.2 Non-recovery of lease due to non-finalization of rent renewal - Rs. 314.070 million

According to the decision taken in the 13th meeting of the technical committee held on 24.11.2021, endorsing the decision of the Cabinet, lease extension for 30 years w.e.f 01.07.2015 was approved in respect of Swat Serena Hotel. Fresh process of assessment for the amount of lease to be granted on the principle of fair market price evaluation to be carried out by the C & W Department, as mandated under the rules of business 1985. Whereas, the technical committee comprising of Minister Finance, Minister Law, Special Assistant to Chief Minister on Industries, Secretary Finance, Secretary Law, Secretary Administration, Secretary C & W and Secretary Sports may negotiate the rate with the lessee to the benefit of the government in the overall rate determination framework and finalize the same.

During audit of the accounts of Khyber Pakhtunkhwa Culture and Tourism Authority (KPCTA) Peshawar for the Financial Year 2023-24, it was observed that the lease of Swat Serena Hotel with M/S Tourism Promotion Services was expired on 30.06.2015. The Cabinet in its meeting held on 07.10.2021 extended the lease period for a period of 30 years in the light of the Honourable Supreme Court of Pakistan judgment dated 20.09.2021 and fixed the lease amount for the period of 01.07.2015 to 30.06.2021 as Rs. 53.160 million which was recovered accordingly. The Cabinet further directed to conduct fresh assessment by the C&W Department for the lease amount to be recovered from the lease holder for the period 2022 and onwards.

Further scrutiny of record revealed that the technical committee in its meeting held on 24.11.2021 constituted a special committee for finalizing the extension and lease amount of

the hotel in the light of cabinet decision. The special committee in its meeting held on 22.06.2023 decided that the rate of Rs. 104.690 million per annum as worked out by the C&W Department may be offered to and negotiated with the lessee being the best assessed rate and lease period be extended else re-advertise the property. However, the authority management neither recovered the lease amount of **Rs. 314.070 million** for the period 01.07.2021 to 30.06.2024 (Rs. 104.690 million X 3 years) from the lease holder nor re-advertised the property till date of audit i.e. August 2024.

The lapse occurred due to violation of cabinet directives and recommendations of the technical / special committees.

The department was requested vide letter dated 18.09.2024, followed by a reminder dated 04.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends re-advertisement of the property at the earliest besides affecting recovery of the outstanding rent.

PDP No. 2 (2023-24)

21.4.3 Irregular/unauthorized outsourcing of PTDC motels

According to Rule 4 (2) of the Khyber Pakhtunkhwa Government Rest Houses and Tourism Properties Act 2020, the Government may for better management, outsource a Government Rest House or a set of Rest Houses or a Tourism Property through a Technical Committee that may determine or authorize the Committee to determine the duration, method and other consideration of outsourcing or allow the Committee to adopt any competitive mode through public advertisement or offer such Houses or Properties on Public Private Partnership basis.

According to Para 3 (1) of Revenue & Estate Department Khyber Pakhtunkhwa Notification No. Rev/IV/S Land Lease Policy/2015/19213-62 dated 24.08.2015, for commercial/residential lands the period of lease should be 15 years extendable for further 15 years each up to a maximum of 30 years.

During audit of the accounts of Khyber Pakhtunkhwa Culture and Tourism Authority (KPCTA) Peshawar for the Financial Year 2023-24, it was observed that 19 PTDC motels were taken-over by KP-CTA on 04.02.2022 and operated by the authority management till February 2024, after which 17 of these motels were leased out to M/S Green Tourism (Pvt) Ltd. However, further scrutiny of record revealed that;

- The motels were outsourced without advertising / competitive bidding and obtaining approval of the technical committee (the committee did not exist at the time of outsourcing) as required under the Act *ibid*.

- The motels were outsourced for an initial period of 30 years, with an extendable period of further 30 years in violation of the policy *ibid*.
- The motels were outsourced in the light of Section 3 (2) (c) of KPPRA Act 2012 (G-to-G procurement) despite the fact that specific rules for outsourcing in the form of the Act were notified by the government. Moreover, the authority management mentioned the firm as a state-owned enterprise in the summary to the Chief Minister and Cabinet, however, it failed to provide record in support to their claim.
- The agreement with the firm states that their accounts will be audited by a chartered accountant firm instead of government auditors which strengthens Audit contention as the state-owned enterprises are audited by the Auditor-General of Pakistan.

The lapse occurred due to violation of tourism act.

The department was requested vide letter dated 18.09.2024, followed by reminders dated 04.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter and fixing responsibility.

PDP No. 03 (2023-24)

21.4.4 Irregular expenditure due to unauthorized allotment / retention of vehicles - Rs. 4.377 million

According to the Khyber Pakhtunkhwa Government Rules of Business 1985, the Establishment & Administration Department is entrusted with the responsibilities of cabinet work i.e. Cabinet of Minister (Appointment, Salaries, and Privileges of Ministers); and all secretariat work of Cabinet of Ministers including convening of meetings and management of staff cars pool.

According to Rules 9 (iii) and 14 of the Government Staff Vehicles (Use & Maintenance) Rules 1997, no person shall, without prior permission of the Head of Department, be entitled to the use of government vehicle. The officers of the Provincial Government who are holding charge of more than one department / organization and have more than one vehicle by their offices / posts etc. will not be entitled to use the additional vehicles.

During audit of the accounts of Khyber Pakhtunkhwa Culture and Tourism Authority (KPCTA) Peshawar for the Financial Year 2023-24, it was observed in the list of allotted vehicles that the authority has allotted vehicles to officers who were not their employees. Audit further observed the following;

- The Advisor to CM on Tourism took two valuable vehicles (Toyota Fortuner and Toyota Revo) who was not entitled to take a vehicle from KPCTA.

- Two vehicles were taken by the Secretary Tourism Department (ex-DG KPCTA), who was not authorized to take these vehicles.
- One vehicle each was taken by the Deputy Secretary, Additional Secretary, and CPO, of the Tourism Secretariat, who were also not entitled to take vehicles from the authority.\
- During the FY 2023-24, an amount of Rs. 4,377,439/- was spent on these vehicles in terms of POL and repair by the Authority.

Moreover, scrutiny of the online verification application of DG Excise KP and historical data of government vehicles revealed that certain vehicles were registered with the Excise Department in the name of TCKP / KPCTA but the same were not declared by the authority management in their vehicles list meaning thereby that the same were under unauthorized use, as detailed below;

V. No.	Registered in the Name	Type	Engine / Model
A 9990	Sarhad Tourism Corporation	Toyota Surf	1993
A 9991	Sarhad Tourism Corporation	Honda Civic	2008
AA 2559	Managing Director Sarhad Tourism Corporation	Toyota Hilux	2008
GAB 784	DG Culture and Tourism Authority	Revo 4x4	2023
AB3107	DG Culture and Tourism Authority	Suzuki Wagon-R	2020

The unauthorized use of KPCTA vehicles by officers and advisors suggests a systemic abuse of power for personal gain. This necessitates immediate action to strengthen oversight, ensure accountability, and prevent further exploitation of authority.

The department was requested vide letter dated 18.09.2024, followed by reminders dated 04.12.2024 and 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the vehicles and disciplinary actions against the persons involved.

PDP No. 19, 20, 24, 25 & 37 (2023-24)

21.4.5 Revenue foregone due to mismanagement of PTDC, Camping Pods and other operational rest houses - Rs. 118.209 million

According to Rule 4 (2) of The Khyber Pakhtunkhwa Government Rest Houses and Tourism Properties Act 2020, the Government may- (a) for better management, outsource a Government Rest House or a set of Rest Houses or a Tourism Property through a Technical Committee comprising such members of the Cabinet and such co-opted technical members as the Government may determine and - (i) authorize the Committee, to determine the duration, method and other consideration of outsourcing under this Act; (ii) allow the Committee to

adopt any competitive mode, through public advertisement, for offering properties to interested parties.

During audit of the accounts of Khyber Pakhtunkhwa Culture and Tourism Authority (KPCTA) Peshawar for the Financial Year 2023-24, it was observed that an amount of Rs. 17,200,240/- was released by the authority management from reservation of PTDC motels, Camping Pods, Hamala House and other operational rest houses, as detailed below;

(Amount in Rs.)

Description of property with least expected occupancy	Total Revenue with 100 % occupancy	Expected Revenue	Actual Revenue	Difference	Actual rate of occupancy
Camping Pods (25% occupancy)	50,400,000	12,600,000	8,759,800	3,840,200	17.38%
PTDC (25 % occupancy)	340,710,000	85,177,500	8,098,440	77,079,060	2.38%
Other 32 functional rest houses (12.5 % occupancy)	129,600,000	16,200,000	342,000	15,858,000	0.26%
Hamala Rest House (50% occupancy)	43,200,000	21,600,000	162,900	21,432,100	0.4%
Total	563,910,000	135,577,500	17,363,140	118,209,360	3.08 %

On detail analysis, Audit observed that these properties had the capacity of earning at least Rs. 135,577,500/- with a minimum occupancy rate (mentioned in first column of the table above) and keeping in mind the seasonal requirements of the tourism spots. The KPCTA's failure to generate substantial revenue, despite having experienced staff and a specialized marketing wing, raises concerns about their performance, particularly in marketing and property management.

The lapse is attributed to mismanagement of government properties, poor advertisement and promotion, poor customer retention, and weak administrative controls.

The low occupancy and resultant low revenue generation deprived the authority of earning potential revenue of 118,209,360/-.

The department was requested vide letter dated 18.09.2024, followed by reminders dated 04.12.2024 and 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends an inquiry into the matter, fixing responsibility, and implementing corrective measures to prevent such negligence in the future.

PDP No. 04 & 05 (2023-24)

21.4.6 Non-deposit of bank profit into government treasury - Rs. 78.022 million

According to Government of Khyber Pakhtunkhwa, Finance Department letter No. 2/3-(F/L)/FD/2007-08/Vol-IX dated 16-03-2018, the profit earned on the funds kept in the

commercial bank, be deposited in government treasury under the relevant head immediately and not later than a week when declared by the concerned bank.

During financial attest audit of Khyber Pakhtunkhwa Integrated Tourism Development Project (KITE) – DoT Component for the Financial Year 2023-24, it was observed that a sum of Rs. 78,022,375 was realized as interest on the amount deposited in designated account No. 000112781006 PLS Account (BOK). However, the same was neither deposited into government treasury nor recorded in the cash book being dormant account for the last 08 months till June 2024.

Moreover, a sum of Rs 47,859,980 was earned as profit on the above mentioned bank account and the bank authorities deducted withholding tax @30% amounting to Rs 14,357,994 instead of 15% amounting to Rs 7,178,997 resulting into excess deduction of withholding tax Rs 7,178,997, which also needs to be recovered and deposited into government treasury.

Furthermore, a sum of Rs 9,945,637 was unnecessarily retained in the said account since January, 2024, which also needs to be credited into government treasury under intimation to audit.

The lapse occurred due to weak internal controls and violation of the Finance Department directives.

When pointed out in August 2024, the management stated that detail reply will be submitted after scrutiny of record.

The department was requested vide letter dated 18.09.2024, followed by reminders dated 04.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends early deposit into the government treasury.

PDP No. 18 (2023-24)

21.4.7 Loss to the government due to awarding of contracts at higher rates – Rs. 35.060 million

According to Section 3 of Khyber Pakhtunkhwa Public Procurement Regulatory Authority Act 2012, all public procurement shall be conducted in a manner to promote the principles transparency, economy, value for money, accountability and swift grievance handling. Read with the advertisement and agreement, 10% performance security was required to be deposited by the successful bidders within 28 days.

During financial attest audit of Khyber Pakhtunkhwa Integrated Tourism Development Project (KITE) – DoT Component for the Financial Year 2023-24, it was observed that the contract of supply of the following vehicles/ machinery was awarded to various contractors at the contract price of Rs. 131,900,000/-. Further scrutiny of comparative statement and tender documents revealed that the lowest rates offered were ignored and the contracts were awarded to higher bidders causing loss to the government amounting to Rs. 35,060,000/- as detailed below:

(Amount in Rs)

S#	Description	Awarded to	Quantity	Accepted Rate	Lowest Rate	Lowest Contractor	Difference
1	Wheel Excavator (Medium Size)	M/S Global Technologies	03	112,500,000	80,940,000	M/S Gandhara Industries	31,560,000
2	Back Hoe Loader Cum Excavator	M/S Rikans International	01	19,400,000	15,900,000	M/S Multiline Enterprises	3,500,000
Total				131,900,000			35,060,000

The lapse occurred due to weak internal controls of the management over the affairs of the bid evaluation committee.

When pointed out in August 2024, the management stated that detail reply will be submitted after scrutiny of record.

The department was requested vide letter dated 18.09.2024, followed by reminders dated 04.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends investigating the matter for fixing of responsibility against the person(s) at fault besides recovery.

Para No. 26 (2023-24)

21.4.8 Doubtful cash withdrawals from the bank account in the name of officers for repair / renovation work – Rs. 12.472 million

According to Para 56 of the Central Public Works Department Code, for each individual work proposed to be carried out and repairs, a properly detailed estimate must be prepared for the sanction of competent authority; this sanction is known as the technical sanction to the estimate

According to Para 81 & 182 of the GFR, the estimates of development expenditure will include only the schemes approved in accordance with the prescribed procedure. To facilitate the preparation of estimates, as also to serve as a guide in settling rates in

connection with contract agreements, a schedule of rates for each kind of work commonly executed should be maintained in each locality and kept up to date. The rates entered in the estimates should generally agree with the scheduled rates but where, from any cause, these are considered insufficient, or in excess, a detailed statement must be given in the report accompanying the estimate, showing the manner in which the rates used in the estimate are arrived at.

During audit of the accounts of Khyber Pakhtunkhwa Culture & Tourism Authority Peshawar for the Financial Year 2022-23, it was observed that an amount of Rs.12.472 million was drawn from the bank in cash through open cheques on account of repair/renovation work. Audit held that the expenditure was doubtful on the following grounds:

- As per bank statement of the account, all the withdrawals were made in cash form from the bank instead of payment to respective vendors through cross cheques.
- The cash withdrawals of Rs.12.472 million were made mostly on the one & same date i.e. 06.02.2023 in the name of AD (L&P), DD(Admin) and other officers which apparently did not prove that the amount was actually required for repair/renovation work but seems to have compensated the officers.
- Income Tax of Rs.935,000/- ($12.472 \times 7.50\%$) was not deducted.
- Neither detailed estimates were prepared/ approved nor nature and scope of work was defined but few quotations were placed in the file.
- Neither bidding process for award of tender was carried out nor any contract agreement containing terms & conditions of the work etc. was executed.
- No demand for carrying out the repair/ renovation work was generated.
- PC-I, contractor bills, measurement sheets and end user work satisfactory / completion were not available.
- Detailed paid vouchers in support of cash withdrawals were not available on record.
- Approval of the financial allocation in the budget estimate for 2022-23 was not obtained from the Board of Directors nor approval of the expenditure at the end of financial year was obtained.

The lapse occurred due to financial mismanagement and lack of supervision which resulted in doubtful cash withdrawals.

During the exit meeting on 09.05.2024, audit observation was discussed in detail however, the management stated that detailed reply along with supporting documents will be submitted to the DAC forum.

The department was requested vide letter dated 24.07.2024, followed by reminders dated 04.12.2024 and 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiry by the Administrative Department along with a representative of the C&W Department for factual position and fixing of responsibility against the person(s) at fault besides recovery of the pointed out amount.

PDP No. 140 (2022-23)

21.4.9 Irregular and non-transparent appointment of contingent staff – Rs. 12.825 million

According to Sections 3 & 5 of the Khyber Pakhtunkhwa Culture and Tourism Authority Appointment and Conditions of Service Regulations 2020, appointment to post(s) shall be made by the Appointing Authorities in any one of the following methods, namely:

- Posting by way of transfer on deputation of a civil servant;
- Initial recruitment and retention in accordance with the Act and these regulations; and
- Transfer within the Authority;”

Appointment by initial recruitment to posts in Authority shall be made in the manner as specified in Schedule-I. Initial recruitment to posts shall be made after vacancies have been advertised in the newspapers. A candidate for initial recruitment to the post must possess educational qualification, technical qualification and experience as provided in these regulations.

During audit of the accounts of Khyber Pakhtunkhwa Culture & Tourism Authority Peshawar for the Financial Year 2022-23, it was observed that an expenditure of Rs.12.825 million was incurred on the fixed pay of the contingent appointed staff during the Year. Further scrutiny of the relevant record revealed the following irregularities:

- As per Appointment & Conditions of Service Regulations 2020, KP CTA, there were three (03) modes defined for appointments to the posts of the Authority. The instant mode of contingent appointments was not provided.
- Upon the establishment of the Authority, 76 officers/ officials were absorbed from the TCKP, deputationists’ posts, tourism police, contract staff, camping pods staff and different appointments under different PCs-I etc. Need based assessment was not carried out to evaluate the total required staff, staff available and deficiency but frequent contingent staff was hired from time to time which lead to surplus staff and financial liability.
- Instances were observed where positions of Deputy Manager Craft Design and Visual Art @ Rs.80,000/ month, PA to Director, Assistants, Graphic Designer, Record Keeper @ Rs.35000/month were filled through contingent appointments.
- All the contingent appointments were initially made for 03 months and their services were extended time and again before expiry of the employment period.

The perpetual extensions were aimed to entitle them for changing their employment status from contingent to contract and Authority's employees.

- All the contingent appointments on the specialized posts were made without taking into account the required academic qualification, experience, competitive process, medical fitness and security clearance.

The lapse occurred due to weak management of the HR affairs and non-observing the Service Regulations of the Authority which resulted in irregular contingent appointments.

During the exit meeting on 09.05.2024, audit observation was discussed in detail however, the management stated that detailed reply along with supporting documents will be submitted to the DAC forum.

The department was requested vide letter dated 24.07.2024, followed by reminders dated 04.12.2024 and 31.12.2024, for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends facts finding inquiry for fixing of responsibility against the person(s) at fault besides remedial action in the light of Service Regulations.

PDP No. 142 (2022-23)

21.4.10 Loss to the government due to non-recovery of penalty on the delayed deposit of annual lease amount by the lessee(s) - Rs.6.392 million

According to Para 28 of the GFR Volume-I, no amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of Competent authority for their adjustment must be sought.

According to Clause 3 of the contract agreements by the DG, Culture & Tourism Authority, KP for the lease of the Police House Nathiagali and Karnak House Nathiagali with the investors, the lease amount is payable in advance and on yearly basis on 1st June every year during agreement of fifteen years with grace period of 15 days in respect of which the lease amount is due failing which 1% of the annual lease amount per day as penalty will be charged, from 16th June every year.

During audit of the accounts of Khyber Pakhtunkhwa Culture & Tourism Authority Peshawar for the Financial Year 2022-23, it was observed that the below mentioned rest houses/ properties were leased out for a period of fifteen years. The annual lease amount was due on 01st June of each year with grace period of 15 days, failing which 1% of the annual lease amount per day as penalty was recoverable. The lessee(s) in the below mentioned cases, failed to deposit the annual lease amount within the grace period but the penalty as per contract clause was neither imposed nor recovered which resulted in loss of Rs.6.392 million to the government:

(Amount in Rs.)

S. No	Leased property	Period	Annual lease amount	Due date with 15 days grace period	Deposit date	Delay in days	Penalty @ 1% of the annual lease amount
1	Karnak R/House Nathiagali	01-06-2022 to 30.06.2023	5,115,000	16.06.2022	11.08.2022	57	2,915,550
2	Police House, Nathiagali	-do-	7,095,000	16.06.2022	03.08.2022	49	3,476,550
Total							6,392,100

The lapse occurred due to financial mismanagement.

During the exit meeting on 09.05.2024, audit observation was discussed in detail however, the management stated that detailed reply along with supporting documents will be submitted to the DAC forum.

The department was requested vide letter dated 24.07.2024, followed by reminders dated 04.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of penalty from the lessee(s) besides taking against the person(s) at fault.

PDP No. 147 (2022-23)

21.4.11 Interest loss to the government due to non-deposit of cheque for 03 months – Rs. 10.125 million

According to the Para 23 of the General Financial Rules, Every Government officer should realize fully and clearly that he would 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 Gov ornament 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 Khyber Pakhtunkhwa Culture & Tourism Authority Peshawar for the Financial Year 2022-23, it was observed that a crossed cheque No. 41968464 dated 23.12.2022 for Rs.224.990 million was received from KITE project as CTA fund share for the feasibility study for tourism development projects. The cross cheque was deposited into the Authority's bank account bearing No. 2001073497 and credited as on 22-03-2023 i.e. after lapse of 03 months.

Audit held that the Authority maintains 19 bank accounts i.e. 05 Authority's Grant-in-Aid and 14 ADP designated bank accounts. The available funds were invested in TDRs at the

interest rate of 16.5% to 22%. The delayed deposit/ credit of fund of Rs.224.990 million deprived the government from interest income of Rs.10.125 million (Rs. 224.990 million x 18% = Rs.40.498 x 3/12).

Audit apprehends that the received cheque might have been deposited in any personal bank account for 03 months period for earning interest for personal gains and after lapse of 03 months, the principal amount was returned back to the Authority's bank account.

The lapse occurred due to financial mismanagement which resulted in loss of Rs.10.125 million to the government.

During the exit meeting on 09.05.2024, audit observation was discussed in detail however, the management stated that detailed reply along with supporting documents will be submitted to the DAC forum.

The department was requested vide letter dated 24.07.2024, followed by reminders dated 04.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends inquiry in the matter for fixing of responsibility and recovery of loss from the person(s) at fault.

PDP No. 162 (2022-23)

21.4.12 Overpayment to contractor at the higher rates than the agreed ones – Rs. 10.442 million

According to Para 209 and 221 of the CPWA code read with Para 19 (iv) of the GFR, it is incumbent upon the person taking the measurement to record the quantities clearly and accurately. He will also work out and record in the MB the figure for the contents of the area. The SDO should compare the quantities in the bill with those recorded in the M.B. and see that all the rates are correctly entered and that all calculations, have been checked arithmetically. 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 Ministry of Finance.

During audit of the accounts of Khyber Pakhtunkhwa Culture & Tourism Authority Peshawar for the Financial Year 2022-23, it was observed that contract for the establishment of tourist spots at Samana Top district Orakzai was awarded to M/S Mehboob Ali government contractor at the cost of Rs.73.389 million vide acceptance No. W&I/Sports/EB-2022/1-20/20 dated 02.12.2022. The contractor's accepted rate was 10% below on MRS-2022. A payment of Rs.59.614 million was made to the contractor upto 3rd running bill.

Scrutiny of 3rd running bill revealed that all the items of work were paid on MRS-2022 (2nd Bi-annual) basis despite the fact that tender process was conducted on MRS-2022, bids from contractors were invited and acceptance of contractor's bid was also made on MRS-2022. As such, there was no justification to make payments on MRS-2022 (Bi-annual). The payment at higher rates resulted in overpayment of Rs.10.442 million to the contractor.

Audit held that overpayment to contractor in violation of rules appears to be covered by issuing the Technical Sanction on MRS-2022 (2nd bi-annual) rates after careless and casual scrutiny of bills by the consultant M/s Shaz Consultant.

The lapse occurred due to violation of central public works department..

When pointed out in May 2024, the management replied that the scheme was framed incorporating the schedule rates from MRS-2022 (2nd bi-annual) for Rs.81.642 million which was duly approved by competent forum on 02.11.2022. BOQ for NIT, bid proposals received and the contract agreement were rendered on MRS-2022 (2nd bi-annual) and the rates were in agreement with the approved PC-I. Hence, no violation was made in the procurement of works.

Audit did not agree with management's justification on the following grounds:

- In the NIT, the contractors were asked for submission of financial proposals on MRS-2022 instead of MRS-2022 (2nd bi-annual).
- The acceptance of tender by the Directorate of Works was issued to the contractor vide W&I/Sports/EB-2022/1-20/20 dated 02.12.2022 based on MRS-2022.
- As per recommendations of Deputy Director (Works) on the attendance sheet of E-bidding, the recommended lowest bid was 10% below on MRS-2022 instead of MRS-2022 (2nd bi-annual).
- The above facts along with management's reply creates doubt that the original documents i.e. PC-I/ BOQ were manipulated / replaced.

Based on above, Audit recommends recovery of the overpaid amount from the contractor besides initiating inquiry under relevant E&D rules for fixing of responsibility against the person(s) at fault.

The department was requested vide letter dated 24.07.2024, followed by reminders dated 04.12.2024 and 31.12.2024 for holding DAC meeting. However, the same was not convened till finalization of this report.

Audit recommends recovery of the amount.

PDP No. 170 (2022-23)



Chapter-22
Thematic Audit Report

1. Title of Thematic Audit

Thematic Audit of Utilization of DPR Fund for Physically Disabled Persons

1.1 Introduction

The Disabled Persons Rehabilitation (DPR) Fund was established for the employment, rehabilitation and welfare of the Disabled Persons and for matters connected thereto under Ordinance No. XL of 1981 Government of Pakistan M/O Law and Parliamentary Affairs Law Division Islamabad. Affairs of the program shall be run by the provincial council established by the Provincial Government and the Secretary Social Welfare Department shall be the Chairman and others will be the members of the council.

1.2 Background

The Disabled Persons Rehabilitation Fund was established by the Government of Pakistan Disable Persons (Employment and Rehabilitation) Ordinance No. XL of 1981 and Khyber Pakhtunkhwa Disabled Persons (Employment and Rehabilitation) Rules, 1991. The program is run by the Provincial Council established under Khyber Pakhtunkhwa Rules, 1991 for employment and rehabilitation of disabled persons. The Secretary and Director Social Welfare Department act as Chairman & Secretary of the Council respectively. Other members of the council are representatives from Labor Department, P&D Department, Manpower, Health, Education, Communication and Water & Power Departments, Chamber of Commerce, Social Welfare Council, Chief Administrator Zakat and Trade Union to be nominated by Labor Department. The departments and contractors are the main contributors to the fund.

1.3 Establishing the Audit Theme

1.3.1 Reasons of Selection

This audit is crucial owing to the substantial impact that the intervention can have on rehabilitation of the physically disabled persons in the province. The audit has focused on analyzing the different types of initiatives taken by the directorate of social welfare for the betterment of lives of the disabled persons.

1.3.2 Purpose / Objectives:

The primary objectives of the DPR Funds are:

- Financial assistance to Disabled Persons
- Training of Disabled Persons
- Establishment of Training Centers
- Registration, assessment and employment of Disabled Persons

- To formulate policy for the Employment & Rehabilitation of the Disabled Persons in Khyber Pakhtunkhwa
- Rehabilitation of Disabled Persons not fit for employment / job
- Provision of prosthesis to Disabled Persons
- Provision of Mobility Aid to Person with Disabilities

1.3.3 Scope

This audit has covered the following areas;

- Examination of the GoP Ordinance 1981, NWFP Rules 1991 and their implementation, vouchers, financial statement and other relevant record on test basis.
- Examination of program execution in accordance with the guidelines of the ordinance/ rules and with due regards to economy, efficiency and effectiveness.
- Collecting evidences, physical examination/verification in fields and checking of record on test basis.
- Government approved Fund investing policies.
- Detailed audit in light of risk assessment objectives.
- Whether all the funds received have been utilized in 2021-24.

2. Legal framework governing the Theme

The council / program was established / approved by the Government of Pakistan under Ordinance No. XL of 1981 followed by the Government of NWFP Zakat, Ushr, Social Welfare and Women Empowerment Department Rehabilitation Rules, 1991 and KP Disabled Persons (Employment & Rehabilitation (Amendment) Act, 2012.

3. Stakeholders and governmental organizations identified as directly / indirectly involved

- Secretary PCRDP
- Director PCRDP
- PCRDP Planning Commission
- Public in General

4. Roel of important organizations

- Provincial Council for Rehabilitation of Disabled Persons with representatives from different departments is responsible for looking after the betterment and rehabilitation of the disabled persons in the province.
- The Social Welfare Department KP provides administrative support to the activities undertaken for the rehabilitation of the disabled persons.

- The Directorate of Social Welfare KP supports the Council in provision of different services to the disabled persons.

5. Organization's Financials

From July 2021 to June 2024, an amount of Rs. 1,936,040,151/- was received into the fund, as enumerated in the following section.

5.1 Receipts realized during the Financial Years 2021-24

(Amount in Rs.)

S. No.	Year	Opening Balance	Amount received	Closing Balance
1	2021-22	279,620,479	937,860,781	1,217,481,260
2	2022-23	1,217,447,341	459,203,016	1,676,650,357
3	2023-24	1,676,845,256	538,976,354	2,215,821,610
Total		3,173,913,076	1,936,040,151	5,109,953,227

5.2 Expenditure incurred during Financial Years 2021-24

During the period 2021-24 expenditure to the tune of Rs.58.554 million was incurred for the implementation of DPR Fund objectives detailed below:

(Amount in Rs.)

S. No.	Year	DP Stipend	Salary	PTC Stipend	Grant Total
1	2021-22	22,036,000	4,962,617	-	26,998,617
2	2022-23	-	5,523,238	960,000	6,483,238
3	2023-24	9,444,000	7,348,747	8,280,000	25,072,747
Total		31,480,000	17,834,602	9,240,000	58,554,602

6. Field Audit Activity

6.1 Methodology

Audit team used quantitative data methods by holding discussions and interviews with the staff of the Directorate / PCRDP. The data regarding DPR funds was obtained from various provincial government departments.

The following documents and auditable records are available for the satisfactory completion of the thematic audit;

- Expenditure Statement
- Vouchers
- Total number of Disabled Persons in Khyber Pakhtunkhwa
- Stipend payment to 3,148 students in 19 districts across Khyber Pakhtunkhwa
- Data of register Disabled Persons in 28 districts across Khyber Pakhtunkhwa and 13 districts of Merged Areas
- Cash books

- Monthly progress reports

6.2 Audit Analysis

6.2.1 Significant Audit Observations

As a result of the thematic audit, the following audit observations were raised;

6.2.1.1 Non-utilization of funds for empowerment of PWDs - Rs. 2,517.486 million Non-distribution of financial assistance to the PWDs – Rs. 50.000 million

According to Section 28 (1) of the DPR Fund Rules 1991, the Fund was established to provide financial assistance to the disabled persons.

During thematic audit of Utilization of DPR Fund for Physically Disabled Persons for the Financial Years 2021-24, it was observed that a sub-committee was constituted for proper utilization of the DPR fund for the betterment of the disabled persons. However, further scrutiny of record revealed that the PCRDP failed to utilize the fund amounting to Rs. 1,877.486 million till date of audit i.e. January 2025.

Moreover, PC-I for Empowerment of PWDs in the Newly Merged Districts was approved with the estimated cost of Rs. 640.000 million for the benefit of all categories of disabilities. However, the amount was not utilized for the betterment of the disabled persons in the newly merged districts till date of audit i.e. January 2025.

Furthermore, the Secretary PCRDP advertised for distribution of Financial Assistance to PWDs in daily Mashriq on 02.12.2023 with closing date of 22.12.2023. Further scrutiny of record revealed that a total of 37,382 PWDs applied for the financial assistance. However, till date of audit i.e. January 2025, PCRDP failed to distribute the financial assistance although PCRDP board approved financial assistance worth Rs. 50.00 million in the 46th meeting held on 21.03.2023.

The lapse occurred due to weak administrative controls.

When pointed out in January 2025, the management replied that detail reply will be furnished after consultation of relevant record.

Audit recommends conducting inquiry into the matter for fixing of responsibility against the person(s) at fault.

6.2.1.2 Irregular payment on account of Financial Assistance - Rs. 2.500 million

According to Para 23 of the General Financial Rules Volume-I, every Government Officer should realize fully and clearly that he will be held personally responsible for any loss

sustained by Government through fraud or negligence either on his part or on the part of his subordinate staff.

During thematic audit of Utilization of DPR Fund for Physically Disabled Persons for the Financial Years 2021-24, it was observed that payment of Rs. 2.500 million was made as Financial Assistance to 50 mine blast victims vide Cheque No.279431958. Further scrutiny of record revealed that the payment was made in cash to Headquarters 11 Corps Peshawar. However, neither acknowledgement was obtained from the payees nor were details of disbursement provided to PCRDP making the payment irregular.

The lapse occurred due to weak internal controls which resulted into irregular payment.

When pointed out in January 2025, the management replied that detail reply will be furnished after consultation of relevant record.

Audit recommends conducting inquiry into the matter for fixing of responsibility against the person(s) at fault.

6.2.1.3 Loss to the Fund due to non-contribution of funds by autonomous bodies and non-observance of 2% quota - Rs. 586.320 million

According to Section 10 (1) of Ordinance No. XL of 1981 read with the Establishment Department KP letter No. OR-VI (E&AD)/3-2/2006/Vol-II dated 09.10.2012, all the establishments whether public or private are required to observe 2% quota for the employment of disabled persons, and in case of default, these establishments are required to pay Rs. 7,000/- per vacancy and per month.

During thematic audit of Utilization of DPR Fund for Physically Disabled Persons for the Financial Years 2021-24, it was observed that there was no proper system of monitoring, inspection and control in the PCRDP as no data was available to determine whether the agenda of the council regarding employment and rehabilitation of disabled persons was implemented or otherwise. Further scrutiny of the statement provided by the directorate for the Years 2021-24 revealed that various government departments should have appointed 438 disabled persons against the reserved quota.

Moreover, the autonomous bodies like universities, boards and authorities etc. neither provided employment opportunities to the disabled persons nor contributed amount into the DPR fund which resulted into a loss of Rs. 586.320 million.

Audit held that 438 families were deprived of their livelihood as these departments failed to provide employment opportunities to these physically disabled persons.

The lapse occurred due to weak internal controls.

When pointed out in January 2025, the management replied that detail reply will be furnished after consultation of relevant record.

Audit recommends conducting inquiry into the matter for fixing of responsibility against the person(s) at fault besides affecting recovery from the autonomous bodies.

6.2.1.4 Non-establishment of Training Centers & District Councils and non-provision of training to PWDS - Rs. 15.000 million

According to Sections 27 (1) and (3) of the DPR Fund Rules 1991, training centers shall be established for imparting training to disabled persons throughout the Province and payment of stipend to each registered disabled person receiving training in trade or vocation.

According to Sections 5 and 6 (A) of the Ordinance XL of 1981, the Provincial Government shall, by a notification in official gazette, establish a district council for disabled persons for framing policies and registration of disabled persons.

During thematic audit of Utilization of DPR Fund for Physically Disabled Persons for the Financial Year 2021-24, it was observed that neither designated training centers were established by Social Welfare Department for training of the disabled persons nor payment was made out of the DPR Fund showing that no practical steps were taken for the disabled persons and non-achievement of objectives of the fund.

Moreover, the Provincial Government failed to establish District Councils till the date of audit i.e. January 2025 for timely resolution of problems of the disabled persons.

Furthermore, the PCRDP allocated an amount of Rs. 15.000 million for the Training Capacity Building / Skill Development of PWDs and directed to utilize the funds for the training in its meeting held on 21.03.2023. However, till date of audit i.e. January 2024, no further action was taken by council management in this regard.

The lapse occurred due to weak internal controls.

When pointed out in January 2025, the management replied that detail reply will be furnished after consultation of relevant record.

Audit recommends establishing designated training centers with approved training program to improve the skills of disabled persons to make them useful members of the society besides conducting inquiry for fixing of responsibility against the person(s) at fault.

6.2.1.5 Non-provision of funds for artificial limbs workshop, prosthesis devices and assistive devices - Rs. 150.000 million

According to Section 28 (1) of the DPR Fund Rules 1991, the Fund was established to provide financial assistance to the disabled persons.

According to Section 29 (1) of the DPR Fund Rules 1991, funds for prosthesis devices will be provided to all the disabled persons from DPR Fund.

During thematic audit of Utilization of DPR Fund for Physically Disabled Persons for the Financial Year 2021-24, it was observed that PCRDP in its 46th meeting held on 21.03.2023 approved allocation of Rs. 5.000 million for artificial limbs workshop. However, further scrutiny of record revealed that the funds were not provided for the workshop even after lapse of 21 months despite the fact that sufficient funds were available in the Fund.

Moreover, an amount of Rs. 100.000 million was allocated for provision of assistive devices in the 46th meeting of PCRDP held on 21.03.2023, however, the same was not utilized for the intended purpose till date of audit i.e. January 2024.

Furthermore, no fund was released for provision of prosthesis devices to the deserving disabled persons out of the DPR fund as well.

The lapse occurred due to weak administrative controls.

When pointed out in January 2025, the management replied that detail reply will be furnished after consultation of relevant record.

Audit recommends conducting inquiry into the matter for fixing of responsibility against the person(s) at fault.

6.2.1.6 Non-investment of the leftover DPR funds and of PCRDP fund as endowment fund -

According to Section 28 (1) of the DPR Fund Rules 1991, the Fund was established to provide financial assistance to the disabled persons.

According to the minutes of PCRDP taken in its 46th meeting held on 21.03.2023, it was decided to invest the funds as endowment funds in the best public interest.

During thematic audit of Utilization of DPR Fund for Physically Disabled Persons for the Financial Year 2021-24, it was observed that Chairman and Secretary PCRDP failed to constitute investment committee as approved in 46th meeting of PCRDP meeting held on 21.03.2023 for investment of the funds for earning profit to be used for the welfare of the disabled persons.

Moreover, the council failed to invest the PCRDP fund as endowment funds till date of audit for the welfare of the PWDs.

The lapse occurred due to weak administrative controls.

When pointed out in January 2025, the management replied that detail reply will be furnished after consultation of relevant record.

Audit recommends conducting inquiry into the matter for fixing of responsibility against the person(s) at fault besides taking corrective measure.

6.2.1.7 Non-provision of interest free soft loans to PWDS - Rs. 360.000 million

According to the minutes of the 46th meeting of PCRDP held on 21.03.2023, provision of interest free soft loans amounting to Rs. 360.000 million to PWDs was approved by the council.

During thematic audit of Utilization of DPR Fund for Physically Disabled Persons for the Financial Year 2021-24, it was observed that the council management failed to provide interest free soft loans to the PWDs till date of audit i.e. January 2025 in violation of the council decision *ibid*.

The lapse occurred due to weak administrative controls.

When pointed out in January 2025, the management replied that detail reply will be furnished after consultation of relevant record.

Audit recommends conducting inquiry into the matter for fixing of responsibility against the person(s) at fault.

7. Departmental Responses

After concluding the thematic audit, the audit findings were shared with the management of the council / directorate for furnishing replies to the audit observations. However, it was replied that detailed replies will be submitted to Audit after checking the relevant record.

8. Conclusion

The establishment of DPR fund is a great initiative by Federal Government for disabled persons under Ordinance No. XL of 1981 of Government of Pakistan and Khyber Pakhtunkhwa Disabled Persons (Employment and Rehabilitation) Rule 1991. The program is

run by provincial government through organized chain of command. The core objectives of the DPR fund is extending all possible support to marginalized segment of society in equipping them with requisite training and financial assistance for living respectable life in society. Though theoretically it's cherished as great keep forward but practically nothing concrete is done so far. There are so many shortcomings noticed in DPR fund where its credibility could be questioned in relevance to achievement of objectives by the program. Some of the shortcomings are; (i) improper planning and execution of various activities, (ii) non-existence of monitoring and evaluation mechanism, (iii) weak financial management and internal controls. (iv) Non implementation of policies and instructions of the government, (v) non establishment of designated training centers, (vi) improper allocation of resources, (vii) non establishment of province council, (viii) improper mechanism for distribution of financial assistance.

9. Recommendations

1. Strict monitoring and supervision should be implemented to improve overall performance.
2. A committee should be constituted to enforce the provision of 2 % disabled person's quota in government departments or to recover Rs. 7,000/- per month per vacancy in case of non-employment of disabled persons.
3. Necessary steps should be taken for awareness of the program through electronic and print media.
4. Funds may be provided according to the actual requirement for effective's rehabilitation of disabled persons.
5. Proper trainings may be provided to the disabled persons on regular basis at different stations.
6. Mobility aids and prosthesis devices should be provided to all the disabled persons.

MFDAC

S. No.	PDP No.	FY	Department	Caption	Amount (Rs. In million)
1	66 & 73	2023-24	C & W	Overpayment to contractor due to excess payment than revised Administrative Approval	5.672
2		2023-24	Home & TA	Loss to government due to burning of huge quantity of arms and ammunitions in police station wari	-
5	461	2023-24	C & W	Wasteful Expenditure due to leaving the work in completed	6.607
6	432	2023-24	C & W	Loss to Government due to non-execution of work from the existing contractor	20.127
7	444	2023-24	C & W	Illegal payment on expired contractor agreement instead of forfeiture of 2% call deposit and retender of work	8.426
8	674	2023-24	C & W	Overpayment due to unjustified increase of an item of work	4.207
9		2023-24	Home & TA	Excess drawl of POL as compared with the consumption of Moil	7.105
10	542	2023-24	C & W	Overpayment due to non-utilization of available material at site	36.552
11	644	2023-24	C & W	Non- collection of performance security & non forfeiture of bid security	33.252
12	523	2023-24	C & W	Overpayment due to non-utilization of excavated materials	2.576
13	203	2023-24	C & W	Overpayment to contractor	5.034
14	203	2023-24	C & W	Overpayment due to allowing excessive quantities against approved quantities in TS	1.006
15	293	2023-24	C & W	Overpayment due to allowing excess quantity of asphalt than admissible	23.408
16	337	2023-24	C & W	Loss to government due to non-reduction of PC-I/TS/BOQ cost to the extent of 7.5%	24.546
17	360	2023-24	C & W	Poor Tendering Process resulting mis-procurement	1142.056
18	515	2023-24	C & W	Overpayment due to mis-application of Rate	1.000
19	662	2023-24	C & W	Unauthentic Payment on account of water bound macadam	1.767

20	67	2023-24	Irrigation	Unauthentic Payment on account of water bound macadam	2.376
21		2023-24	Irrigation	Loss to Government due to awarding of contracts at higher rates	7.098
22	111	2023-24	Irrigation	Irregular expenditure on account of Pay Allowances over & above sanction Posts	13.767
23		2023-24	Public Health Engineering	Loss to government due to less-recovery of water charges	57.00
25	423	2023-24	C & W	Non-deduction of withholding tax from contractors	19.435
26	226	2023-24	C & W	Non transparent award of contract due to irregular deposit of 2% earnest money/ call deposit by contractor	2.244
27	223	2023-24	C & W	Overpayment to contractors due to non-deduction of 2% KPRA tax and non-deduction of income tax	13.352
28	687	2023-24	C & W	Loss to government due to non-cancellation of contract at the risk and cost of contractor and non-debarment of absconder contractor	35.243
29	488	2023-24	C & W	Overpayment to contractor due to allowing higher rate and non-credit of receipts into government treasury	12.95
30	696	2023-24	C & W	Overpayment due to non-deduction of available material from RRM 1:6 in F&P	26.820
31	86	2023-24	Health	Suspected misappropriation on account of issuance of medicines to unauthorized persons	2.604
32		2023-24	Home & TA	Less recovery on account of Mohmand Dam receipts	0.913
33	175	2022-23	Energy & Power	Unauthorized purchase and allotment of vehicles	48.00
34	62	2022-23	Environment	Loss to the government due to unjustified and doubtful payment of reward	10.097
35	125	2023-24	C&W	Excess payment due to execution of doubtful work	179.133
36	2	2023-24	C&W	Non-initiating disciplinary action against inquiries conducted by Secretary C&W	0
37	5	2023-24	C&W	Irregular expenditure on purchase of vehicles and unverified expenditure	418.977

38	51	2023-24	C&W	Unauthorized expenditure on construction of road due to gross deviation from PC-1 provision	17.329
39	20	2023-24	Agriculture	Un-authorized expenditure from sale proceeds	4.548
40	25	2023-24	Irrigation	Overpayment to the contractors due to non-deduction of taxes	3.408
41	127	2023-24	Higher Education	Unauthorized payment on account of Adhoc Relief Allowance 2023	17.773
42	307	2022-23	Higher Education	Overpayment on account of pay and allowances of Project Director	11.968
43	308	2022-23	Higher Education	Overpayment on account of pay and allowances of Rector	15.659

Annexure-I
(Amount in Rs.)

1.3.2 Irregular payment of pay and allowances to employees with incorrect CNIC - Rs. 159.735 million						
Detail of employees having incorrect CNIC numbers (Payroll 9)						
S. No.	P No	Name of the employee	CNIC No	Cost Centre	Amount	Digits
1	1052745	Muhammad Farooq	135036076637900000	PR4058	81,282	18
2	136691	SHAH E RAM	99991702858	PR8863	779,158	11
3	136847	SITARA BEGUM	99991755551	PR8862	1,238,241	11
4	138411	SHAHEEN AKHTAR	99994018331	PR8863	1,019,262	11
5	141815	TEHMINA SALEEM	99994212037	PR8862	1,421,639	11
6	156532	ALI KHAN	17101028141	PR4304	2,284,440	11
7	156964	FARIA HUSSAN	12269452932	PR8880	5,655,210	11
8	157111	MUHAMMAD ALI	13565268581	PR4109	2,382,331	11
9	157381	MIRAJ BEGUM	13969840049	PR8865	626,403	11
10	168164	MOHAMMAD ALI	21204861498	PR8854	3,087,093	11
11	17002	Shafiq Ur Rehman	13564396610	PR8859	1,198,729	11
12	188865	MR SHAH JEHAN	14983378825	PR8860	1,081,101	11
13	18913	ALAM ZEB	173011328783-9	PR4422	968,618	14
14	237738	MUHAMMAD ASIF	171020283750709	PR4422	759,153	15
15	281501	DR ASHFAQ ALI	13075507719	PR8855	1,790,922	11
16	37046	MUJAHID KHAN	14591312545	PR4077	2,080,571	11
17	378981	Muhammad Javed	13578560439	PR5888	2,468,501	11
18	40114	ARSHAD KHAN	13664062269	PR4309	710,707	11
19	40224	JEHANZEB	13789086825	PR8865	685,202	11
20	40290	NAYYAR HALIMI	99901013098	PR4334	3,150,691	11
21	40298	NOOR HUSSAIN	13772552657	PR5893	746,934	11
22	40317	ABDUL KHALIQ	13766485845	PR5492	1,434,233	11
23	40432	BASHIR AHMAD	99901013169	PR8863	715,425	11
24	40452	ITBAR GUL	99901013180	PR8855	651,438	11
25	40477	ZAHID MASIH	99901013193	PR8861	1,090,761	11
26	40793	MST AWAL JAN	99901013272	PR8863	709,356	11
27	40817	ISLAM GUL	99901013283	PR8855	608,847	11
28	40852	JAVED KHAN	99901013297	PR8865	1,199,733	11
29	40859	NASIR KHAN	99901013301	PR8865	635,833	11
30	40979	MRS RIFFAT NAZLI	13589464433	PR8863	1,310,052	11
31	41002	Muhammad Sajjad	99901013330	PR8854	557,291	11
32	41020	MASAL KHAN	99901013339	PR8865	695,913	11
33	41033	RAFFIT JABEEN	13671232228	PR8863	1,179,238	11
34	41040	Muhammad Farooq	99901013349	PR8865	1,198,374	11
35	41131	NAHEED SARWAR	99901013395	PR5891	1,667,770	11
36	41193	RAHEELA RIAZ	13759642426	PR8862	1,294,929	11
37	41754	TAUSKHAN	171021161626-3	PR4422	606,009	14
38	43531	HABIB NAWAZ	99901014143	PR4422	793,728	11

39	43556	AYUB KHAN	99901014167	PR4422	798,188	11
40	43603	RAHIM KHAN	172012319149-3	PR4422	1,007,307	14
41	43951	SHAKIR ULLAH	99901014249	PR8861	1,271,600	11
42	44628	ZAHOOOR SHAH	13890042637	PR4109	2,406,810	11
43	44854	SHAHZAD MASIH	13590044762	PR4109	842,804	11
44	47568	NASEEM AKHTAR	13773654927	PR5892	593,423	11
45	47600	Mohammad Anwar	13892398975	PR4309	862,052	11
46	48049	MRS SHAMIM	13768672289	PR8863	735,663	11
47	48066	KHALID KHAN	13594387678	PR8857	2,306,610	11
48	49762	AMJAD HUSSAIN	99901016551	PR8865	615,919	11
49	49794	SOHAILA SADIQ	28593202009	PR8861	1,833,667	11
50	49869	FARHAD ALI	13713218717	PR8854	1,164,984	11
51	49969	AHMAD MUZAFAR	13556021940	PR8854	640,981	11
52	50032	NAAZ ALI	13769296537	PR8863	617,777	11
53	50096	NARGIS BEGUM	99901016828	PR8863	860,985	11
54	50098	HALEEMA	99901016830	PR8863	534,930	11
55	50192	FARIDA BEGUM	17301134239	PR8863	1,202,304	11
56	50301	MST RAISA BANO	13570170457	PR8863	598,869	11
57	50364	WARIS MASIH	17301154719	PR4167	550,720	11
58	50378	SHAMSHAD KHAN	13991108033	PR5888	679,754	11
59	50493	MUSSARAT BIBI	13874463895	PR4955	570,863	11
60	80168	SHOUKAT KHAN	13772570376	PR8854	592,179	11
61	90589	KHALID HASSAN	99902003830	PR4058	2,465,429	11
62	93119	REENA BIBI	99902006360	PR8129	498,421	11
Sub-Total-I					74,817,357	0

Detail of employees having incorrect CNIC numbers (Payroll 10)

S. No.	Pers.no.	Name of Employee	National ID	Cost Center	Total	Digits
1	1009759	KASHMALA INAYAT	9030901028938	PR4355	1,246,768	13
2	1052745	Muhammad Farooq	135036076637900000	PR4058	81,282	18
3	1357	MUHAMMAD KAMAL.	13087490176	PR8690	1,125,726	11
4	14262	ARIF HUSSAIN	12177889936	AD4451	652,066	11
5	15263	HAJI MUHAMMAD	10765071444	PR4017	3,426,912	11
6	16900	KHADIM HUSSAIN	13785111036	PR4017	2,460,458	11
7	17002	SHAFIQ UR REHMAN	13564396610	PR8859	1,198,729	11
8	175038	WAQAR AHMED KHAN	15579601459	PR4913	2,107,262	11
9	186531	SMUHAMMAD IQBAL SHAH	14965057368	PR4397	2,930,061	11
10	187118	MUHAMMAD TAQI SHAH	14970020061	DI6148	1,088,460	11
11	191111	QAIZAR ALAM	14989005639	DI6148	1,076,509	11
12	193749	AYAZ ALI SHAH	14993028906	PR4397	1,132,653	11
13	19671	YAQUB MAISH	13689042521	PR4452	752,930	11
14	220771	FAQEER MUHAMMAD	12385270314	PR4098	1,306,838	11

15	232397	SAID AHMAD ALI SHAH	13074000042	PR4387	1,336,608	11
16	233800	MOHAMMAD JAMSHID KHAN	13085298023	PR5440	1,514,325	11
17	234812	ISTIRAJ KHAN	13088049318	PR8690	1,221,379	11
18	257183	ANWAR KHAN	13990571748	PR4088	571,023	11
19	27064	MUHAMMAD FAROOQ	99901003442	PR4088	1,387,121	11
20	27354	KARIM KHAN	99901003700	PR8909	1,189,752	11
21	29290	M FAYAZ	13571389216	PR4088	871,527	11
22	29456	AASIF ULLAH 3402	99901005465	PR4098	452,853	11
23	29806	NOOR DAD	99901005763	PR4088	779,982	11
24	30666	IBRAR AHMAD	13781636706	PR4913	1,420,310	11
25	31445	MUHAMMAD IQBAL	10778253481	PR4098	1,142,394	11
26	31792	MISSAL KHAN NO.85	11765241763	PR4913	369,845	11
27	35222	ORANGZEB 2466	13887117193	PR4088	1,079,109	11
28	37046	MUJAHID KHAN	14591312545	PR4077	2,080,571	11
29	391668	RIZWAN ULLAH	13787027749	PR4397	1,189,134	11
30	39240	KHALIL UR REHMAN	10886150530	PR4017	964,198	11
31	39372	MOHAMMAD JAVED	13766007194	PR5101	3,468,208	11
32	415611	AMJID ALI	0013992111013	PR8735	2,054,944	13
33	42386	MR WAHEED MASIH	13688036645	PR4374	717,679	11
34	42950	RAMBAIL KHAN	12988107899	PR4397	2,195,650	11
35	44243	MR RAMDAD KHAN	13591259064	PR4041	1,104,566	11
36	44602	MUHAMMAD FAZIL	12990733494	PR4017	1,055,863	11
37	47176	GHAZALA TABASSUM	99901016004	PR4359	2,220,021	11
38	51584	ANEELA DURANI	99901000005	PR4017	10,433,610	11
39	79336	KHURSHID IQBAL	17221592187	PR4077	15,482,149	11
40	816831	TALAT JEHAN	0730185427150	PR8859	537,582	13
41	82402	AMJAD ALI	12991161417	PR8606	655,243	11
42	84281	MUHAMMAD MUNIR	13990093617	PR8690	1,156,206	11
43	85502	NAZAR ALI	14667048338	PR8047	586,962	11
44	86311	ABDUS SALAM	16045002863	PR8047	611,508	11
45	897097	HIDAYAT KHAN	0012993031850	PR8015	445,276	13
46	90589	KHALID HASSAN	99902003830	PR4058	2,465,429	11
47	97027	HAIDER RAZA	14394422037	PR4088	1,529,490	11
Sub-Total-II					84,877,171	
Grand Total					159,694,528	

Annexure-II
(Rs. In million)

3.4.2 Overpayment to contractors due to non-reduction of PC-I/TS/BOQ cost to the extent of 7% - Rs.365.847 million				
S. No.	Formation	Expenditure	Defray amount/ W.H. Tax	PDP No.
Financial Year 2023-24				
1	Executive Engineer, Highway Division D.I. Khan	710.518	53.289	492/2023-24
2	C&W Highway Division North Waziristan	1277.848	89.452	417/2023-24
Sub-Total-I		1988.366	142.741	
Previous Financial Years				
1	Executive Engineer, Highway Division Bannu	437.190	32.676	397/2021-22
2	Building Division South Waziristan	445	31.15	261/2022-23
3	Highway Division South Waziristan	2,137.215	149.59	278/2022-23
4	Chief Engineer (North) Swat	138.431	9.69	121/2022-23
Sub-Total-II		3,157.836	223.106	
Total		5,146.202	365.847	

S#	Voucher No	Date	Name of Work	Contractor	Total Payment	Income Tax
1	11-HW	16.08.2021	Construction of B/T Road from Telephone Exchange to SM Rocha FR Bannu	M/sTaj Ali Khan & Co., Govt. Contractor	5,455,476	409,161
2	13-HW	16.08.2021	Construction of 02 Bridges on large and small Khaisora (FATA)	M/sTaj Ali Khan & Co., Govt. Contractor	10,045,927	753,445
3	2-HW	14.09.2021	Establishment of Rescue 1122 in FR Bannu	M/s Hafeezullah Bizen Khel, Govt. Contractor	1,220,720	91,554
4	01-HW	01.10.2021	Construction of 02 Bridges on large and small Khaisora (FATA)	M/sTaj Ali Khan & Co., Govt. Contractor	13,015,582	976,169
5	03-HW	13.10.2021	Construction of RCC Bridge at Prong tanga Algad on Zarwom Shawa Road in Tribal District Bannu	M/s Muhammad Khel Construction Co.	12,327,846	924,588
6	05-HW	22.10.2021	Improvement and Widening of BT Road from Ali Khel to Nakori upto NWA Border (05 KM)	M/s SKC Construction Co.	9,604,934	720,370
7	06-HW	22.10.2021	Repair/Rehabilitation of old Existing Building GDC Habibullah	M/s Noman Engineer	1,508,067	0
8	5/HW	02.11.2021	Promotion of Farm Fisheries (Completion of Balance Work) in FR Bannu	M/s Malik Akhya Jan, Govt. Contractor	1,738,026	130,352
9	6/HW	02.11.2021	Promotion of Farm Fisheries (Completion of Balance Work) in FR Bannu	M/s GMD Solar Company (Pvt) Ltd.	731,700	54,878

10	12/HW	13.11.2021	Construction of B/T Road from Gangi Khel to Abdul Khel Hakim Killay Daryoba FR Bannu	M/s SKC Construction Co.	7,063,634	529,773
11	13/HW	13.11.2021	Construction of RCC Bridge at Prong tanga Algad on Zarwom Shawa Road in Tribal District Bannu	M/s Muhammad Khel Construction Co.	14,351,507	1,076,363
12	14/HW	22.11.2021	Govt. Degree College (Boys) Bakka Khel FR Bannu	M/s Khunia Khel Construction Co.	491,933	36,895
13	02-HW	03.12.2021	Construction of RCC Bridge SH: Construction of RCC Bridge over Tanga Jani Khel Wazir	M/s Surrani Construction Co	9,052,380	678,929
14	04-HW	10.12.2021	Promotion of Farm Fisheries (Completion of Balance Work) in FR Bannu	M/s Malik Akhya Jan, Govt. Contractor	1,532,191	114,914
15	05-HW	14.12.2021	Construction of 89 New Compound & 112 Compound decomposition in TDPs Camp in Bakka Khel	M/s Al-Falah Construction Firm	2,269,957	170,247
16	06-HW	14.12.2021	GGPS Muhammad Ilyas SDW Bannu	M/s Sher Usman Wazir, Govt. Contractor	1,482,702	111,203
17	01/HW	04.01.2022	Construction of 02 Bridges on large and small Khaisora (FATA)	M/s Taj Ali Khan & Co.	22,364,057	1,677,304
18	03-HW	06.01.2022	Construction of 89 New Compound & 112 Compound decomposition in TDPs Camp in Bakka Khel	M/s Al-Falah Construction Firm	4,547,102	341,033
19	04/HW	06.01.2022	Miscellaneous Issues TDPs Camp Bakka Khel, Bannu	M/s Al-Falah Construction Firm	7,721,131	579,085
20	05/HW	06.01.2022	GGPS Muhammad Ilyas SDW Bannu	M/s Sher Usman Wazir, Govt. Contractor	2,204,658	165,349
21	06/HW	06.01.2022	Promotion of Farm Fisheries (Completion of Balance Work) in FR Bannu	M/s Malik Akhya Jan, Govt. Contractor	2,480,036	186,003
22	08/HW	14.01.2022	GHSS Nadir Bodin Khel	M/s Gul Shahbaz Khan Wazir, Govt. Contractor	5,000,000	375,000
23	09/HW	14.01.2022	Establishment of GPS Kotka Malik Nazir Khan Alias Khunia Khel	M/s Masto Khan Wazir, Govt. Contractor	545,367	40,903
24	11/HW	14.01.2022	Construction of 02 Bridges on large and small Khaisora (FATA)	M/s Taj Ali Khan & Co.	4,574,434	343,083
25	12/HW	18.01.2022	Miscellaneous Issues TDPs Camp Bakka Khel, Bannu	M/s Al-Falah Construction Firm	7,467,530	560,065
26	14/HW	18.01.2022	Construction of RCC Bridge at Prong tanga Algad on Zarwom Shawa Road in Tribal District Bannu	M/s Muhammad Khel Construction Co.	2,575,198	193,140
27	16/HW	28.01.2022	Construction of RCC Bridge over Tanga Jani Khel Wazir in TSD Bannu	M/s Surrani Construction Co	5,947,622	446,072

28	04/HW	07.02.2022	Establishment of GPS Gulap Ping Ahmadzai Sub Division Wazir	M/s Masto Khan Wazir, Govt. Contractor	2,384,633	178,847
29	05/HW	17.02.2022	Promotion of Farm Fisheries (Completion of Balance Work) in FR Bannu	M/s Malik Akhya Jan, Govt. Contractor	643,047	48,229
30	06/HW	17.02.2022	Promotion of Farm Fisheries (Completion of Balance Work) in FR Bannu	M/s GMD Solar Company (Pvt) Ltd.	270,000	20,250
31	07/HW	21.02.2022	Construction of B/T Road from Telephone Exchange to SM Rocha FR Bannu SH: Construction of Bridges in KM 2 & 10	M/s Taj Ali Khan & Co.	11,894,003	892,050
32	08/HW	21.02.2022	GGPS Muhammad Ilyas SDW Bannu	M/s Sher Usman Wazir, Govt. Contractor	1,983,933	148,795
33	02/HW	07.03.2022	Miscellaneous Issues TDPs Camp Bakka Khel, Bannu	M/s Al-Falah Construction Firm	4,816,521	361,239
34	03/HW	07.03.2022	Construction of 89 New Compound & 112 Compound decomposition in TDPs Camp in Bakka Khel	M/s Al-Falah Construction Firm	918,371	68,878
35	04/HW	07.03.2022	Construction of B/T Road from Gangi Khel to Abdul Khel Hakim Killay Daryoba FR Bannu	M/s SKC Construction Co.	1,042,306	78,173
36	05/HW	07.03.2022	Establishment of Rescue 1122 in FR Bannu	M/s Hafeezullah Bizen Khel, Govt. Contractor	2,733,605	205,020
37	06/HW	07.03.2022	Construction of 02 Bridges on large and small Khaisora (FATA)	M/s Taj Ali Khan & Co.	25,000,000	1,875,000
38	07/HW	07.03.2022	Construction of RCC Bridge at Prong tanga Algad on Zarwom Shawa Road in Tribal District Bannu	M/s Muhammad Khel Construction Co.	5,331,956	399,897
39	08/HW	07.03.2022	Govt. Degree College (Boys) Bakka Khel FR Bannu	M/s Khunia Khel Construction Co.	1,709,151	128,186
40	09/HW	10.03.2022	Promotion of Farm Fisheries (Completion of Balance Work) in FR Bannu	M/s Malik Akhya Jan, Govt. Contractor	2,625,097	196,882
41	11/HW	10.03.2022	GGPS Muhammad Ilyas SDW Bannu	M/s Sher Usman Wazir, Govt. Contractor	1,473,065	110,480
42	12/HW	10.03.2022	Maintenance & Rehabilitation of Road from Gangi Khel Check Post to Abdul Khel Ahmadzai Area (05 KM) Bannu	M/s Khunia Khel Construction Co.	3,128,534	234,640
43	13/HW	10.03.2022	Maintenance & Rehabilitation of Road from FC Fort Ali Khel to Nokari (05 KM)	M/s Masto Khan Wazir, Govt. Contractor	1,982,777	148,708
44	14/HW	10.03.2022	Maintenance & Rehabilitation of Sangari Zarwam Shewa Road (05 KM) in FR Bannu	M/s Masto Khan Wazir, Govt. Contractor	1,377,878	103,341
45	15/HW	17.03.2022	Up-Gradation of GGPS Nural Sardi Khel Sub Division Wazir	M/s Masto Khan Wazir, Govt. Contractor	2,745,568	205,918

46	16/HW	29.03.2022	Govt. Degree College (Boys) Bakka Khel FR Bannu	M/s Khunia Khel Construction Co.	3,343,132	250,735
47	17/HW	29.03.2022	GGPS Kalam Din Zindi Khel SDW Bannu	M/s Zainullah Khan Wazir & Brothers	1,675,859	125,689
48	01/HW	01.04.2022	GMS Wali Noor Jani Khel SDW Bannu	M/s Khunia Khel Construction Co.	2,174,899	163,117
49	02/HW	05.04.2022	Promotion of Farm Fisheries (Completion of Balance Work) in FR Bannu	M/s Malik Akhya Jan, Govt. Contractor	637,183	47,789
50	03/HW	06.04.2022	GMS Gul Zali Bakka Khel SDW Bannu	M/s Al-Falah Construction Firm	6,385,304	478,898
51	04/HW	06.04.2022	Promotion of Farm Fisheries (Completion of Balance Work) in FR Bannu	M/s Malik Akhya Jan, Govt. Contractor	2,650,763	198,807
52	05/HW	08.04.2022	Construction of RCC Bridge at Prong tanga Algad on Zarwom Shawa Road in Tribal District Bannu	M/s Muhammad Khel Construction Co.	9,653,578	724,018
53	06/HW	08.04.2022	GGPS Muhammad Ilyas SDW Bannu	M/s Sher Usman Wazir	4,094,651	307,099
54	07/HW	08.04.2022	Reconstruction/Rehabilitation of AD Office Vaccine Bank and Solarization in SDW Bannu	M/s Khunia Khel Construction Co.	277,675	20,826
55	08/HW	11.04.2022	Construction of 02 Bridges on large and small Khaisora (FATA)	M/s Taj Ali Khan & Co.	13,962,376	1,047,178
56	09/HW	12.04.2022	Maintenance and Rehabilitation of Road from Gangi Khel Check Post to Abdul Khel Ahmadzai Area (05KM) in FR Bannu	M/s Khunia Khel Construction Co.	1,186,642	88,998
57	10/HW	12.04.2022	Maintenance & Rehabilitation of Sangari Zarwam Shewa Road (05 KM) in FR Bannu	M/s Masto Khan Wazir, Govt. Contractor	4,411,273	330,845
58	12/HW	12.04.2022	Construction of 02 Bridges on large and small Khaisora (FATA)	M/s Taj Ali Khan & Co.	16,132,624	1,209,947
59	13/HW	12.04.2022	Maintenance & Rehabilitation of Road from FC Fort Ali Khel to Nokari (05 KM)	M/s Masto Khan Wazir	2,779,045	208,428
60	14/HW	14.04.2022	Reconstruction/Rehabilitation of 02 Non Existing veterinary institution AD Office Vaccine Bank and its Solarization in SDW Bannu	M/s Gul Shahbaz Khan Wazir	330,455	24,784
61	16/HW	21.04.2022	GHSS Nadir Bodin Khel	M/s Gul Shahbaz Khan Wazir	10,000,000	750,000
62	17/HW	26.04.2022	Re-construction of GGPS Shewa Khan	M/s Gul Shahbaz Khan Wazir	1,125,953	84,446
63	18/HW	26.04.2022	Upgradation of GMS Malik Mumtaz Boji Khel, Bannu	M/s Masto Khan Wazir	7,447,846	558,588
64	19/HW	26.04.2022	Upgradation of GGPS Dil Faraz Bachaki Jani Khel, Bannu	M/s Gul Shahbaz Khan Wazir	2,698,113	202,358
65	20/HW	26.04.2022	Upgradation of GGPS Nural Sardi Khel, Bannu	M/s Masto Khan Wazir	2,086,658	156,499

66	21/HW	24.04.2022	Improvement, Rehabilitation of Approach Road to Jani Khel Mandi & PCC Road with Green Belt inside Mandi	M/s Tribal Construction Company SMC	4,268,500	320,138
67	01/HW	13.05.2022	Construction of 02 Bridges on large and small Khaisora (FATA)	M/s Taj Ali Khan & Co.	10,000,000	750,000
68	02/HW	13.05.2022	Govt. Degree College (Boys) Bakka Khel FR Bannu	M/s Khunia Khel Construction Co.	1,641,622	123,122
69	03/HW	13.05.2022	Upgradation of GHS Nawab Narmi Khel	M/s Gul Shahbaz Khan Wazir	8,114,400	608,580
70	04/HW	13.05.2022	Improvement, Rehabilitation & Widening of Zarwam Road (01 KM)	M/s Tribal Construction Company SMC	4,841,268	363,095
71	05/HW	13.05.2022	GMS Gul Zali Bakka Khel SDW Bannu	M/s Al-Falah Construction Firm	3,893,316	291,999
72	07/HW	19.05.2022	Improvement, Rehabilitation & Widening of Road from Jani Khel Mandi to Hindi Khel (2.29 KM)	M/s Haji Payow Shah & Sons	4,349,543	326,216
73	08/HW	19.05.2022	GGPS Kalam Din Zindi Khel SDW Bannu	M/s Zainullah Khan Wazir & Brothers	2,785,719	208,929
74	09/HW	19.05.2022	Re-construction of GPS Sarwar Jan Bakka Khel	M/s Tribal Construction Company SMC	4,336,265	325,220
75	10/HW	20.05.2022	Improvement, Rehabilitation & Widening of Main Road from Momond to Kurram Ghari (1.7 KM)	M/s Muhammad Wakil Khan	5,351,945	401,396
76	11/HW	20.05.2022	Reconstruction of GGPS Ismail Murib Khel SDW Bannu	M/s Gul Shahbaz Khan Wazir	3,570,857	267,814
77	12/HW	20.05.2022	Establishment of GPS Kotka Malik Nazir Khan Alias Khunia Khel	M/s Masto Khan Wazir	1,226,953	92,021
78	13/HW	20.05.2022	GPS Rahim Gul Utmanzai SDW Bannu	M/s Muhammad Wakil Khan	3,355,644	251,673
79	14/HW	25.05.2022	Improvement, Rehabilitation & Widening of Road from Jani Khel Mandi to Hindi Khel (2.29 KM)	M/s Haji Payow Shah & Sons	6,188,744	464,156
80	15/HW	26.05.2022	Establishment of GPS Gulap Ping Ahmadzai Sub Division Wazir	M/s Masto Khan Wazir	8,885,346	666,401
81	16/HW	26.05.2022	Re-construction of GGPS Shewa Khan	M/s Gul Shahbaz Khan Wazir	1,054,900	79,118
82	17/HW	26.05.2022	Re-construction of GMS Ayaz Killa SDW Bannu	M/s Tribal Construction Company SMC	3,613,151	270,986
83	18/HW	26.05.2022	Re-construction of GGPS Dil Faraz Bachaki Jani Khel, Bannu	M/s Gul Shahbaz Khan Wazir, Govt. Contractor	4,382,373	328,678
84	19/HW	30.05.2022	Construction of B/T Road from Gangi Khel to Abdul Khel Hakim Killay Daryoba FR Bannu	M/s SKC Construction Co.	16,894,062	1,267,055

85	20/HW	30.05.2022	GMS Wali Noor Jani Khel SDW Bannu	M/s Khunia Khel Construction Co.	8,382,485	628,686
86	21/HW	30.05.2022	Improvement, Rehabilitation of Approach Road to Jani Khel Mandi & PCC Road with Green Belt inside Mandi	M/s Tribal Construction Company SMC	5,086,939	381,520
87	23/HW	30.05.2022	GPS Rahim Gul Sarmely Utmanzai SDW Bannu	M/s Muhammad Wakil Khan, Govt. Contractor	2,532,057	189,904
Total					437,190,280	32,676,167

Annexure-III-A
(Amount in Rs.)

3.4.4 Over-payment to contractor due to non-deduction of available material – Rs. 117.855 million										
S. No.	Name of scheme	Qty available from excavation in Hard Rock (m ³)	Item of work	Qty executed in M ³	Paid Rate	Required rate (deduct 40% from RRM & 65% from WBM)	Diff	Overpayment (rate diff x paid Qty)	Cost factor @ 8%	Above below %
1	rehabilitation & widening of Nawaz Abad to Mundi Road (12 KM)	37,584.95	RRM (1:6) as in foundation and plinth	17434.94	7,007.91	4204.746	2,803.164	48,872,996	52,782,836	57,533,291
2	-do-	37,584.95	Water bond Macadam	1,677.50	2,505.20	876.82	800.68	1,343,140	1,450,591	1,581,145
3	Construction of Access Road to Tourist Areas destination in Hazara Division SH: Manoor Valley (15 KM)	106,765	RRM (1:6) as in foundation and plinth	15005.69	6,960.25	4,176.15	2784.10	41,777,341	45,199,528	32,643,979
4	construction /pavement /rehabilitation of roads at all UCs	4940	RRM (1:6) as in foundation and plinth	413.59	6683.45	4010.07	2673.38	1,105,683	1194137	1,034,959
	Shambral road uc Nikka Pani	2060	RRM (1:6) as in foundation and plinth	242.470	6683.45	4010.07	2673.38	648,214	700,071	606,752
	Dabi mar road uc oghi	1150.800	RRM (1:6) as in foundation and plinth	210.600	6683.45	4010.07	2673.38	563013	608,054	527001
Total		190,085.7		34984.79				94,310,387	101,935,217	93,927,127

Annexure-III-B
(Amount in Rs.)

Scheme	Available Qty	Estimated Cost	Qty of RRM executed in M3	Paid Rate	Required rate	Diff	Overpayment	Deduct below @ 12.50%/27.90%
Construction of Kharan to Kani Kot road, 66-H, 28.6.2024	7577.23	291.041	6406.34	6960.26	4350.16	2610.11	16,721,252	14,631,095
Construction of roads in PK -40 haripur 5-KM vr. 60-H dated 27.6.2024	2963-08	260.61	3760	6960.26	4350.16	2610.11	7,733,964	5,576,188
Construction of makniyal to karian neelum potto road (9-km) Gandian kamawan chappra road	6,527.58	40.814	2081.22	5384.70	3230.82	2153.88	4,482,698	3,720,639
Total	17067.89	592.465	12,247.6	-	-	-	28,937,914	23,927,922

Annexure-IV
(Amount in Rs.)

3.4.14 Overpayment to contractor in Escalation due to incorrect base rate of steel -Rs. 91.046 million

PRICE ADJUSTMENT STATEMENT

IPC No.	Effective Period	Work Done	Coefficient						Current Rates 49 days prior to the date of submission of IPC					Basic Rate 28 days Prior to tender opening					Adju st. Fact or (Pn)	Escalat ion Factor Pn-1	Escalation Amount (Rs)
			Fixed	Lab.	Cement	Steel	HSD	Bitumen	Lab.	Cement	Steel	HSD	Bitumen	Lab.	Cement	Steel	HSD	Bitumen			
			A	b	c	d	e	f	b	c	D	e	f	b	C	d	e	f			
3	Aug-	12,911,937	0.53	0.10	0.00	0.05	0.15	0.17	700	590	98,000	112.94	77,776	700	510	86,000	85.95	57,277	1.1149	0.1149	1,483,858
	Sep-18	12,911,937	0.53	0.10	0.00	0.05	0.15	0.17	700	550	90,500	106.57	77,776	700	510	86,000	85.95	57,277	1.0994	0.0994	1,284,015
	Oct-18	12,911,937	0.53	0.10	0.00	0.05	0.15	0.17	800	660	97,000	106.57	81,286	700	510	86,000	85.95	57,277	1.1279	0.1279	1,651,780
	Nov-	12,911,937	0.53	0.10	0.00	0.05	0.15	0.17	800	620	97,000	112.94	85,966	700	510	86,000	85.95	57,277	1.1529	0.1529	1,974,673
	Dec-	12,911,937	0.53	0.10	0.00	0.05	0.15	0.17	800	626	98,000	110.94	78,946	700	510	86,000	85.95	57,277	1.1292	0.1292	1,668,084
	Jan-19	12,911,937	0.53	0.10	0.00	0.05	0.15	0.17	800	620	95,000	106.68	76,606	700	510	86,000	85.95	57,277	1.1131	0.1131	1,459,893
	Feb-19	12,911,937	0.53	0.10	0.00	0.05	0.15	0.17	800	610	91,000	106.68	76,606	700	510	86,000	85.95	57,277	1.1107	0.1107	1,429,865
4	Mar-	41,281,515	0.53	0.10	0.00	0.05	0.15	0.17	800	605	95,000	111.43	79,531	700	510	86,000	85.95	57,277	1.1300	0.1300	5,368,107
	Apr-	41,281,515	0.53	0.10	0.00	0.05	0.15	0.17	800	605	96,500	117.43	83,919	700	510	86,000	85.95	57,277	1.1544	0.1544	6,374,015
5	May-	22,659,371	0.53	0.10	0.00	0.05	0.15	0.17	800	540	97,000	122.32	85,387	700	510	86,000	85.95	57,277	1.1676	0.1676	3,797,380
	Jun-19	22,659,371	0.53	0.10	0.00	0.05	0.15	0.17	800	540	97,000	126.82	85,387	700	510	86,000	85.95	57,277	1.1754	0.1754	3,975,333
	Jul-19	22,659,371	0.43	0.10	0.09	0.08	0.15	0.15	850	620	118,500	126.82	85,972	700	510	86,000	85.95	57,277	1.2175	0.2175	4,929,483
7	Aug-	91,548,745	0.43	0.10	0.09	0.08	0.15	0.15	850	580	119,000	132.47	85,972	700	510	86,000	85.95	57,277	1.2208	0.2208	20,215,234
8	Sep-19	157,404,44	0.43	0.10	0.09	0.08	0.15	0.15	832	577	116,327	127.14	82,462	700	510	86,000	85.95	57,277	1.1967	0.1967	30,966,562
9	Oct-19	155,064,70	0.43	0.10	0.09	0.08	0.15	0.15	832	557	106,000	127.14	83,799	700	510	86,000	85.95	57,277	1.1871	0.1871	29,012,284
10	Nov-	108,115,09	0.43	0.10	0.09	0.08	0.15	0.15	832	550	105,329	127.41	78,115	700	510	86,000	85.95	57,277	1.1708	0.1708	18,468,663
11	Dec-	82,276,414	0.43	0.10	0.09	0.08	0.15	0.15	832	530	103,332	125.01	78,115	700	510	86,000	85.95	57,277	1.1612	0.1612	13,266,951
12	Jan-20	72,275,293	0.43	0.10	0.09	0.08	0.15	0.15	832	510	104,332	127.26	78,115	700	510	86,000	85.95	57,277	1.1626	0.1626	11,750,232
13	Feb-20	72,622,176	0.43	0.10	0.09	0.08	0.15	0.15	832	490	103,166	127.26	78,115	700	510	86,000	85.95	57,277	1.1580	0.1580	11,471,543
	Mar-	72,622,176	0.43	0.10	0.09	0.08	0.15	0.15	832	490	103,833	118.50	75,775	700	510	86,000	85.95	57,277	1.1372	0.1372	9,961,321
14	Apr-	44,992,928	0.43	0.10	0.09	0.08	0.15	0.15	832	490	103,833	107.25	67,884	700	510	86,000	85.95	57,277	1.0969	0.0969	4,358,353
	May-	44,992,928	0.43	0.10	0.09	0.08	0.15	0.15	900	533	116,000	80.10	65,836	700	510	86,000	85.95	57,277	1.0727	0.0727	3,272,901
15	Jun-20	90,085,044	0.43	0.10	0.09	0.08	0.15	0.15	900	520	110,000	80.15	67,006	700	510	86,000	85.95	57,277	1.0680	0.0680	6,127,437
16	Jul-20	50,279,757	0.43	0.10	0.09	0.08	0.15	0.15	900	530	112,000	101.46	71,394	700	510	86,000	85.95	57,277	1.1203	0.1203	6,049,926
	Aug-	50,279,757	0.43	0.10	0.09	0.08	0.15	0.15	900	560	110,000	106.46	73,441	700	510	86,000	85.95	57,277	1.1378	0.1378	6,930,850
17	Sep-20	123,769,82	0.43	0.10	0.09	0.08	0.15	0.15	900	560	110,000	106.46	73,441	700	510	86,000	85.95	57,277	1.1378	0.1378	17,061,142
18	Oct-20	76,191,905	0.43	0.10	0.09	0.08	0.15	0.15	900	560	109,325	104.06	73,441	700	510	86,000	85.95	57,277	1.1330	0.1330	10,135,759
19	Nov-	91,051,383	0.43	0.10	0.09	0.08	0.15	0.15	900	560	108,000	102.33	70,209	700	510	86,000	85.95	57,277	1.1203	0.1203	10,954,707
20	Dec-	83,174,871	0.43	0.10	0.09	0.08	0.15	0.15	900	570	110,000	106.94	67,006	700	510	86,000	85.95	57,277	1.1236	0.1236	10,280,067
	Jan-21	83,174,871	0.43	0.10	0.09	0.08	0.15	0.15	900	580	118,833	111.72	67,006	700	510	86,000	85.95	57,277	1.1419	0.1419	11,804,122
21	Feb-21	120,147,71	0.43	0.10	0.09	0.08	0.15	0.15	900	600	117,000	116.08	67,006	700	510	86,000	85.95	57,277	1.1514	0.1514	18,184,681

23	Mar-	67,192,251	0.43	0.10	0.09	0.08	0.15	0.15	900	620	123,666	116.08	69,654	700	510	86,000	85.95	57,277	1.1680	0.1680	11,289,492
	Apr-	67,192,251	0.43	0.10	0.09	0.08	0.15	0.15	900	620	127,330	111.92	75,184	700	510	86,000	85.95	57,277	1.1786	0.1786	12,003,785
24	May-	117,272,91	0.43	0.10	0.09	0.08	0.15	0.15	900	620	128,332	110.76	78,729	700	510	86,000	85.95	57,277	1.1868	0.1868	21,911,252
25	Jun-21	47,060,939	0.43	0.10	0.09	0.08	0.15	0.15	900	630	135,000	111.66	82,824	700	510	86,000	85.95	57,277	1.2071	0.2071	9,746,425
	Jul-21	47,060,939	0.43	0.10	0.09	0.08	0.15	0.15	900	640	143,666	115.26	90,137	700	510	86,000	85.95	57,277	1.2424	0.2424	11,405,817
26	Aug-	93,289,933	0.43	0.10	0.09	0.08	0.15	0.15	932	690	158,000	116.53	92,478	700	510	86,000	85.95	57,277	1.2774	0.2774	25,882,244
27	Sep-21	95,539,294	0.43	0.10	0.09	0.08	0.15	0.15	932	680	162,000	117.54	98,229	700	510	86,000	85.95	57,277	1.2962	0.2962	28,300,522
28	Oct-21	74,983,079	0.43	0.10	0.09	0.08	0.15	0.15	932	680	162,000	117.54	107,628	700	510	86,000	85.95	57,277	1.3208	0.3208	24,057,065
29	Nov-	32,745,414	0.43	0.10	0.09	0.08	0.15	0.15	932	740	174,000	117.54	111,431	700	510	86,000	85.95	57,277	1.3525	0.3525	11,544,192
	Dec-	32,745,414	0.43	0.10	0.09	0.08	0.15	0.15	932	750	180,000	137.62	111,840	700	510	86,000	85.95	57,277	1.3960	0.3960	12,967,335
30	Jan-22	10,119,489	0.43	0.10	0.09	0.08	0.15	0.15	932	730	174,000	137.62	111,840	700	510	86,000	85.95	57,277	1.3869	0.3869	3,915,168
	Feb-22	10,119,489	0.43	0.10	0.09	0.08	0.15	0.15	932	720	170,333	137.62	111,840	700	510	86,000	85.95	57,277	1.3817	0.3817	3,862,790
	Mar-	10,119,489	0.43	0.10	0.09	0.08	0.15	0.15	932	740	171,000	137.62	111,840	700	510	86,000	85.95	57,277	1.3859	0.3859	3,904,785
	Apr-	10,119,489	0.43	0.10	0.09	0.08	0.15	0.15	932	850	173,000	137.62	111,840	700	510	86,000	85.95	57,277	1.4071	0.4071	4,120,049
31	May-	3,982,935	0.43	0.10	0.09	0.08	0.15	0.15	932	850	174,332	137.62	111,840	700	510	86,000	85.95	57,277	1.4084	0.4084	1,626,547
	Jun-22	3,982,935	0.43	0.10	0.09	0.08	0.15	0.15	932	930	205,000	137.62	111,840	700	510	86,000	85.95	57,277	1.4510	0.4510	1,796,404
	Jul-22	3,982,935	0.43	0.10	0.09	0.08	0.15	0.15	932	750	180,000	137.62	111,840	700	510	86,000	85.95	57,277	1.3960	0.3960	1,577,261
	Aug-	3,982,935	0.43	0.10	0.09	0.08	0.15	0.15	1,000	1,050	215,000	137.62	111,840	700	510	86,000	85.95	57,277	1.4912	0.4912	1,956,490
	Sep-22	3,982,935	0.43	0.10	0.09	0.08	0.15	0.15	1,000	1,050	200,995	137.62	111,840	700	510	86,000	85.95	57,277	1.4782	0.4782	1,904,601
	Oct-22	3,982,935	0.43	0.10	0.09	0.08	0.15	0.15	1,000	1,020	199,666	137.62	111,840	700	510	86,000	85.95	57,277	1.4717	0.4717	1,878,591
	Nov-	3,982,935	0.43	0.10	0.09	0.08	0.15	0.15	1,000	1,030	206,000	137.62	111,840	700	510	86,000	85.95	57,277	1.4793	0.4793	1,909,087
Dec-	3,982,935	0.43	0.10	0.09	0.08	0.15	0.15	1,000	1,030	189,667	137.62	111,840	700	510	86,000	85.95	57,277	1.4641	0.4641	1,848,573	
32	Dec22	26,566,059	0.43	0.10	0.09	0.08	0.15	0.15	1,000	1,030	189,667	137.62	111,840	700	510	86,000	85.95	57,277	1.4641	0.4641	12,329,925
33	Dec22	42,828,589	0.43	0.10	0.09	0.08	0.15	0.15	1,000	1,030	189,667	137.62	111,840	700	510	86,000	85.95	57,277	1.4641	0.4641	19,877,743
Escalation due as per correct base rate of steel																					470,580,14 2.5
Escalation paid till IPC 33																					561,626,97 3.0
Overpayment																					91,046,830 .5

Annexure-V
(Amount in Rs.)

3.4.20 Loss to the government due to overpayment to contractor on account of escalation – Rs. 19.983 million

PRICE ADJUSTMENT STATEMENT

IPC No.	Effective Period	Work Done	Coefficient				Current Rates 49 days prior to the date of submission of IPC			Basic Rate 28 days Prior to tender opening			Adjustment Factor (Pn)	Escalation Factor Pn-1	Escalation Amount (Rs)
			Fixed	Labour	Diesel	Bitumen	Labour	Diesel	Bitumen	Labour	Diesel	Bitumen			
1	Secured Advance														
2	15.09.21	27,297,907	0.50	0.10	0.15	0.25	932.17	117.54	1	900.00	116.08	1	1.0055	0.0055	149,076
3	21.09.21	9,117,805	0.50	0.10	0.15	0.25	932.17	117.54	1	900.00	116.08	1	1.0055	0.0055	49,793
4	;14.12.21	10,072,096	0.50	0.10	0.15	0.25	932.17	140.12	1	900.00	116.08	1	1.0346	0.0346	348,890
5	31.01.22	6,253,984	0.50	0.10	0.15	0.25	932.17	143.12	1	900.00	116.08	1	1.0385	0.0385	240,878
6	02.02.22	8,358,646	0.50	0.10	0.15	0.25	932.17	146.33	1	900.00	116.08	1	1.0427	0.0427	356,612
7	05.02.22	5,040,681	0.50	0.10	0.15	0.25	932.17	146.33	1	900.00	116.08	1	1.0427	0.0427	215,055
8	10.04.22	13,267,226	0.50	0.10	0.15	0.25	932.17	149.86	1	900.00	116.08	1	1.0472	0.0472	626,550
9	20.04.22	19,151,313	0.50	0.10	0.15	0.25	932.17	149.86	1	900.00	116.08	1	1.0472	0.0472	904,428
10	25.04.22	30,941,378	0.50	0.10	0.15	0.25	932.17	149.86	1	900.00	116.08	1	1.0472	0.0472	1,461,218
11	16.05.22	10,239,233	0.50	0.10	0.15	0.25	932.17	149.86	1	900.00	116.08	1	1.0472	0.0472	483,552
Escalation due															4,836,050
Escalation paid till IPC 11															24,820,000
Overpayment															19,983,949

Annexure-VI

3.4.21 Overpayment to contractor due to non-freezing of current rates in escalation on expiry of original contract period – Rs. 8.180 million

PRICE ADJUSTMENT STATEMENT

IPC No.	Effective Period	Work Done	Coefficient					Current Rates 49 days prior to the date of submission of IPC				Basic Rate 28 days Prior to tender opening				Adjustment Factor (Pn)	Escalation Factor Pn-1	Escalation Amount (Rs)
			Fixed	Labour	Cement	Diesel	Bitumen	Labour	Cement	Diesel	Bitumen	Labour	Cement	Diesel	Bitumen			
1	04.09.20	12,119,041	0.60	0.10	0.08	0.15	0.08	900.00	533.00	106.46	65,836	900.00	533	81.58	65,836	1.0457	0.0457	554,404
2	10.10.20	11,590,840	0.60	0.10	0.08	0.15	0.08	900.00	533.00	106.46	65,836	900.00	533	81.58	65,836	1.0457	0.0457	530,240
3	20.10.20	19,781,253	0.60	0.10	0.08	0.15	0.08	900.00	560.00	106.46	65,836	900.00	533	81.58	65,836	1.0495	0.0495	980,077
4	10.04.21	8,601,788	0.60	0.10	0.08	0.15	0.08	900.00	620.00	116.08	65,836	900.00	533	81.58	65,836	1.0757	0.0757	650,955
5	11.05.21	4,277,206	0.60	0.10	0.08	0.15	0.08	900.00	620.00	111.92	65,836	900.00	533	81.58	65,836	1.0680	0.0680	290,969
6	15.06.21	13,982,140	0.60	0.10	0.08	0.15	0.08	900.00	620.00	110.76	65,836	900.00	533	81.58	65,836	1.0659	0.0659	921,351
7	07.07.21	-	0.60	0.10	0.08	0.15	0.08	900.00	620.00	110.76	65,836	900.00	533	81.58	65,836	1.0659	0.0659	-
8	10.11.21	11,379,624	0.60	0.10	0.08	0.15	0.08	900.00	620.00	116.08	65,836	900.00	533	81.58	65,836	1.0757	0.0757	861,172
9	10.11.21	3,663,556	0.60	0.10	0.08	0.15	0.08	900.00	620.00	116.08	65,836	900.00	533	81.58	65,836	1.0757	0.0757	277,246
10	26.01.22	11,657,632	0.60	0.10	0.08	0.15	0.08	900.00	620.00	116.08	65,836	900.00	533	81.58	65,836	1.0757	0.0757	882,211
11	15.02.22	7,742,623	0.60	0.10	0.08	0.15	0.08	900.00	620.00	116.08	65,836	900.00	533	81.58	65,836	1.0757	0.0757	585,936
12	15.05.22	2,717,112	0.60	0.10	0.08	0.15	0.08	900.00	620.00	116.08	65,836	900.00	533	81.58	65,836	1.0757	0.0757	205,622
13	28.08.22	16,271,485	0.60	0.10	0.08	0.15	0.08	900.00	620.00	116.08	65,836	900.00	533	81.58	65,836	1.0757	0.0757	1,231,372
Escalation due																	7,971,556	
Escalation paid till IPC 13																	16,147,999	
Overpayment																	8,176,443	

Annexure-VII
(Amount in Rs.)

3.4.26 Overpayment to Contractor due to non-adjustment of available material at site – Rs. 33.671 million									
Scheme	E/Cost	Qty available from excavation in hard rock (m³)	Item of work	Qty of RRM executed in M³	Paid Rate	Required rate	Diff	Overpayment	Cost factor@ 5%
Approach road to shiek badin tourist site (30.4KM) sub head:- Package-11 (road from Panila side) 16 km	750.175	98342.76	RRM (1:6) as in F&P	2126.74	6683.45	4010.07	2673.38	5,685,584	5,969,863
-do-	750.175	98342.76	WBM	2791.25	2505.20	866.047	1639.15	4,575,277	4,804,041
Total									10,773,904
Sub-Total-I (Below @ 27.12%)									7,852,021

Scheme	VR No & date	Qty available from excavation	Item of work	Qty of RRM executed in M³	Paid Rate	Required rate	Diff	Overpayment	Cost factor@ 8%, &7%	Below @ 12.50%, 12.20 %
Improvement & black topping of road from oat mela to oval mela package 01 (5 KM)	06-UO, dated 30.08.22	36,111	R RM (1:6) as in F&P	3812.86	10990.72	4010.07	2673.38	10,193,224	10906749	9,427,166
improvement & black topping of road from oat mela to ovai mela package 02 (5 KM)	07-UO, dated 30.08.22	19,520	R RM (1:6) as in F&P	1919.26	10990.72	4010.07	2673.38	5,130,911	5,490,075	4,820,285
Construction of road from Merai to zera (7.8 Kms) in district orkzai	No.03-Lo dated 15-06-2023	30,000	R RM (1:6) as in F&P	2183.99	10990.72	4249.76	2833.17	5,187,614	6,496,995	6,496,995
Construction of road Saboora khel in District Orkzai	VR No. 03-UO dated 23.05.23	942.45	R RM (1:6) as in foundation and plinth	832.45	10990.72	4249.76	2833.18	2,358,480	2,641,498	2,241,311
Construction of road from saman sur	VR No. 1-O	9968.05	R RM (1:6) as in	580.66	10990.72	3769.33	1615.42	938009	1,050,570	748,531

mallo road to kuz kooorna (4kms)	dated 15.06.23		foundation and plinth							
-do-	VR No. 1-O dated 15.06.23	9968.05	WBM	1661.5	10990.72	944.37	1572.63	2,612,924	2,926,475	2,085,113
Sub-Total-II		106,509.55		10990.72						25,819,401
Grand Total										33,671,422

Annexure-VIII
(Rs. in million)

3.4.27 Non transparent award of contracts – Rs.1323.780 million									
S. No.	Name of scheme	E -cost	1st date of tender	2nd date of tender	Expiry date	Successful contractor	Rate offered	Rebate	Tender submitted on
1	Constt: of BTR from Essakhel to Shamaz Khel TSD Darazinda	89.611	15.8.22	6.10.22	10.10.22	New Zaman Trader	8	-2.1	11.50 AM
2	Constt: of BTR from Badshahkhel to chalwasti	97.036	15.8.22	6.10.22	10.10.22	MS BK associates	9.98	4	11.34 AM
3	Constt: of BTR from Sohailkhail to toorTeeza TSD	180	15.8.22	6.10.22	10.10.22	MS Attah Muhammad	9.50	4	11.32 AM
4	Constt: of BTR from Shiekaftabkot to khalidkot	200	15.8.22	6.10.22	10.10.22	MS Safdar & Co.	9.50	4	11:33 AM
5	Constt: of BTR from bacha khail to najamkhail	79.98	15.8.22	6.10.22	10.10.22	Gulistan Battani	9	4	11:32 AM
6	Constt: of BTR from khanakkhel to mastanazai TSD Darazinda (5-KM)	93.70	15.8.22	6.10.22	10.10.22	Gulistan Battani	6	4	11.58 AM
7	Constt: of Main Kohi to zardad Shaheed kalai TSD Darazinda (4-Km)	57.94	15.8.22	6.10.22	10.10.22	Umar Zai Construction	10	4	11:35 AM
8	Rehabilitation of roads towards SafdarKhan GhundaiBehran up to bela	149.25	15.8.22	6.10.22	10.10.22	M. aslam Khan	-0.02	0	11:32 AM
9	Constt:/ rehabilitation of Main ezikaram road (1-Km) To 6 Km up to Mazumalkot	116.266	15.8.22	6.10.22	10.10.22	M. aslam Khan	-0.02	0	11:39 AM
10	BTR from Basir ZakaKhail to Razzaqi Gaherai Darazinda	260		27.5.22	30.5.22	M. aslam Khan	-0.02	0	11:36AM
Total		1323.783							

Annexure-IX
(Amount in Rs.)

3.4.38 Loss to the Government due to non-deduction of stone cost from RRM 1:6 in foundation – Rs. 28.490 million						
RRM in Foundation	Deduction required in RRM Qty	Rate paid/M3	Rate required less cost of stone	Diff	Loss	Remarks
2364.82	2364.82	5823.02	4076.11	1746.90	4,131,104	CSR rate of RMM 1:6 includes 30% cost of stone
Sub-Total-I					4,145,114	

Name of work	Qty available from hard rock in G-1 M3	Item of work	Allowed Qty (M³)	Allowed Rate	Required Rate	difference	Loss amount (Rs)
Constt: and black topping of warsak to Nazar mena road (3-Km) and Kohi to shadarghula (2-km)	15757.18	RRM in foundation & plinth	3768	6,434.54	4182.45	2252.09	8,485,768
Constt: and black topping of warsak to Nazar mena road (3-Km) and Kohi to shadarghula (2-km)	15757.18	Water bound macadam base course	2841.68	2,505.20	876.82	1628.38	4,627,334
Sub-Total-II							13,113,102

S. No.	Name of work	Qty available from excavation in structure - work(m3)	Paid Qty of Formation of embankment from borrow excavation (m3)	Paid Rate (Rs)	Loss amount (Rs)
1	Construction of 16-Kms Black topped roads pin mehsud area south Waziristan Tribal District	145,014.1 m3	19,529.86	264.77	5,170,921
2	Black topped road from ladh to gohwk (5 kms) & widening BT road from Sam to kareeb koorna lower kunigram.	7,493.042 m3	5033.27	418.41	2105971
3	6 –Km black topped road from Dashkha to Razin Haris Koorna Tehsil Makin South Waziristan	130,212.54m3	8212.53	342.35	2,811,559
4	BTR from Naraiye Sorayee to tora Umar zai in Darazinda	3751.78	19,180.84	308.68	1,158,099
Sub-Total-III		286,471.462	51,951.50	-	11,246,550
Grand Total					28,490,756

Annexure-X

7.4.5 Missing of six Toyota land-cruiser Armored government vehicles - Rs. 80.000 million						
S. No.	Vehicle No.	Make/type/engine capacity	Chassis no.	Model	Allotted to	Purchaser
1	1400	Toyota Land-Cruiser (Armored)	URJ202-4079664	2015	Returned to M/s Toyota due to flaw in the vehicle	Administration Deptt.
2	1395	Toyota Land-Cruiser (Armored)	URJ202-4078005	2015	Returned to M/s Toyota due to flaw in the vehicle	-do-
3	1332	Toyota Land-Cruiser (Armored)	URJ202-4077844	2015	Returned to M/s Toyota due to flaw in the vehicle	-do-
4	1383	Toyota Land-Cruiser (Armored)	URJ202-4079685	2015	Returned to M/s Toyota due to flaw in the vehicle	-do-

Annexure-XIII

(Amount in Rs.)

8.4.7 Loss to the government due to mismanagement of RBDC funds - Rs. 248.576 million					
Month	Amount	Required Date	Actual Date of collection	Delay in Days	Interest
Jul-23	153,680,518	10/07/2023	06/10/2023	88	8,151,383
Aug-23	277,403,627	10/08/2023	02/11/2023	84	14,044,984
Sep-23	303,316,175	10/09/2023	19/12/2023	100	18,282,071
Oct-23	345,835,671	10/10/2023	21/02/2024	134	27,932,152
Nov-23	345,835,671	10/11/2023	21/02/2024	103	21,470,236
Dec-23	290,464,919	10/12/2023	05/04/2024	117	20,483,745
Jan-24	302,518,853	10/01/2024	17/05/2024	128	23,339,537
Feb-24	302,518,853	10/02/2024	17/05/2024	97	17,686,993
Mar-24	283,607,129	10/03/2024	29/06/2024	111	18,974,482
Apr-24	310,147,187	10/04/2024	13/09/2024	156	29,162,333
May-24	310,147,187	10/05/2024	13/09/2024	126	23,554,192
Jun-24	445,233,427	10/06/2024	13/09/2024	95	25,494,188
Total					248,576,296

Annexure-XIV**(Amount in Rs.)**

10.4.3 Suspected misappropriation on account of repair of vehicles - Rs. 45.078 million						
S.#	Cheque.#	Dated	Month	Vehicle No	Contractor	Amount
1	43642187	25/01/2024	Nov-23	.063 X Ray Bus	Israr Ud Din Khan	2,200,000
2	43642155	13/11/2023	Nov-23	.063 X Ray Bus	Israr Ud Din Khan	2,200,000
Sub-Total						4,400,000
3	43642187	25/01/2024	Nov-23	A-1115 N/A	Israr Ud Din Khan	1,735,000
4	43642155	13/11/2023	Nov-23	A-1115 N/A	Israr Ud Din Khan	924,500
5	43642167	16/11/2023	Nil	A-1115 N/A	Israr Ud Din Khan	1,259,000
Sub-Total						3,918,500
6	43642187	25/01/2024	Nov-23	A-3469 Prado	Israr Ud Din Khan	1,251,000
7	43642155	13/11/2023	Nov-23	A-3469 Prado	Israr Ud Din Khan	951,000
8	43642167	16/11/2023	Nil	A-3469 Prado	Israr Ud Din Khan	1,220,000
Sub-Total						3,422,000
9	43642187	25/01/2024	Nov-23	A-3968 Mobile dispensary	Israr Ud Din Khan	1,300,500
10	43642155	13/11/2023	Nov-23	A-3968 Mobile dispensary	Israr Ud Din Khan	1,125,000
11	43642167	16/11/2023	Nil	A-3968 Mobile dispensary	Israr Ud Din Khan	1,000,500
Sub-Total						3,426,000
12	43642187	25/01/2024	Nov-23	A-9242 Jiminy Jeep	Israr Ud Din Khan	1,144,800
13	43642155	13/11/2023	Nov-23	A-9242 Jiminy Jeep	Israr Ud Din Khan	1,083,500
14	43642155	13/11/2023	Nov-23	A-9242 jiminy Jeep	Israr Ud Din Khan	1,340,000
15	43642155	13/11/2023	Nov-23	A-9242 jiminy Jeep	Israr Ud Din Khan	1,144,800
Sub-Total						4,713,100
16	43642187	25/01/2024	Nov-23	AA-2092 Suzuki Swift	Israr Ud Din Khan	1,395,000
17	43642155	13/11/2023	Nov-23	AA-2092 Suzuki Swift	Israr Ud Din Khan	1,054,500
18	43642167	16/11/2023	Nil	AA-2092 Suzuki Swift	Israr Ud Din Khan	1,395,000
Sub-Total						3,844,500
19	43642187	25/01/2024	Nov-23	AA-2633 N/A	Israr Ud Din Khan	1,088,650
20	43642155	13/11/2023	Nov-23	AA-2633 N/A	Israr Ud Din Khan	613,650
21	43642167	16/11/2023	Nil	AA-2633 N/A	Israr Ud Din Khan	978,500
Sub-Total						2,680,800
22	43642187	25/01/2024	Nov-23	AA-4022 Toyota Corola	Israr Ud Din Khan	1,324,000
23	43642155	13/11/2023	Nov-23	AA-4022 Toyota Corola	Israr Ud Din Khan	1,024,000
24	43642167	16/11/2023	Nil	AA-4022 Toyota Corola	Israr Ud Din Khan	1,235,300
Sub-Total						3,583,300
25	43642155	13/11/2023	Nov-23	AB-2766 Rivo EPI	Israr Ud Din Khan	991,350
26	43642167	16/11/2023	Nil	AB-2766 Rivo EPI	Israr Ud Din Khan	925,000
Sub-Total						1,916,350
27	43642187	25/01/2024	Nov-23	B-3507 Toyota Cabin	Israr Ud Din Khan	1,435,000
28	43642155	13/11/2023	Nov-23	B-3507 Toyota Cabin	Israr Ud Din Khan	1,185,500
29	43642167	16/11/2023	Nil	B-3507 Toyota Cabin	Israr Ud Din Khan	1,260,000
Sub-Total						3,880,500

30	43642187	25/01/2024	Nov-23	X-7292 N/A	Israr Ud Din Khan	1,459,000
31	43642155	13/11/2023	Nov-23	X-7292 N/A	Israr Ud Din Khan	1,459,000
	Sub-Total					2,918,000
32	43642187	25/01/2024	Nov-23	X-91-5 Double Cab	Israr Ud Din Khan	1,440,000
33	43642155	13/11/2023	Nov-23	X-91-5 Double Cab	Israr Ud Din Khan	1,175,000
34	43642155	13/11/2023	Nov-23	X-91-5 Double Cab	Israr Ud Din Khan	1,310,000
35	43642155	13/11/2023	Nov-23	X-91-5 Double Cab	Israr Ud Din Khan	1,140,000
36	43642167	16/11/2023	Nil	X-91-5 Double Cab	Israr Ud Din Khan	1,310,000
	Sub-Total					6,375,000
	Grand Total					45,078,050

Annexure-XV

(Amount in Rs.)

10.4.18 Loss to the government due to purchase of disposable items at higher rates - Rs. 26.159 million							
Details of purchase of disposable items for DHQ (MTI) D.I. Khan							
S. No.	Name of Item	Hospital Rate	MCC Rate	MCC No.	Difference	Qty Purchased	Amount
1.	IV Cannula 22NO	74.5	56.5	1093	18	260000	4680000
2.	Surgical Gloves No,7.5	208	85.96	1022	122.04	24000	2928960
3.	Surgical Gloves NO,8	208	85.96	1022	122.04	24000	2928960
4.	IV Set/Drip Set	25.45	22	1087	3.45	500,000	1725000
5.	Adhesive tape 1" x 5 yards	1400	43.25	894	1356.75	6200	8411850
Sub-Total-I							20,674,770
Details of purchase of disposable items for MMMTH (MTI) D.I. Khan							
S. No.	Name of Item	Hospital Rate	MCC Rate	MCC No.	Difference	Qty Purchased	Amount
1.	IV Cannula 22"	74.5	56.5	1093	18	55000	990000
2.	IV Set/Drip Set	25.45	22	1087	3.45	155000	534750
3.	Adhesive tape (1" x 5 yards)	1400	43.25	894	1100	3600	3960000
Sub-Total-II							5,484,750
Total							26,159,520

Annexure-XVI**(Amount in Rs.)**

10.4.25 Loss due to non-payment of hospital share from MRI / CT scan - Rs. 12.550 million					
Month	Net Income	Consultant share	20% Hospital Share	Free charged to Hospital	Remarks
July, 22	No income paid to hospital. Rs. 3.400 million was calculated as hospital share for the said period.				
Aug, 22					
Sept, 22					
Oct,22					
November, 22	3,902,200	3121760	780440	74,180	Payment made
Dec,22	3,847,100	3077680	769420	60,140	
Jan,23	3,317,800	2654240	663560	59,450	
Feb,23	3,207,900	2566320	641580	40,740	
Mar,23	4,066,700	3253360	813340	122,300	Share not paid
Apr,23	2,215,000	1772000	443000	86,180	
May,23	3,540,500	2832400	708100	92,170	
June,23	2,651,400	2121120	530280	51,250	
Total-A	26,748,600	21398880	5,349,720	586,410	
Expected income till 12/2023 -B			3,799,860		
Liability from July,22 to Feb, 23 -C			3,400,000		
Grand Total (A+B+C)			12,549,580		

Annexure-XVII

(Amount in Rs.)

11.4.6 Loss to the university fund due to allotment of shops at lesser rates - Rs. 127.008 million					
Year	Required Rent	Actual Rent	Diff.	Period (months)	Amount
2018	80,000	500	79,500	12	954,000
2019	80,000	500	79,500	12	954,000
2020	80,000	500	79,500	12	954,000
2021	100,000	500	99,500	12	1,194,000
2022	100,000	500	99,500	12	1,194,000
2023	100,000	500	99,500	12	1,194,000
2024	125,000	500	124,500	12	1,494,000
Total					7,938,000
Grand Total (Rs. 7,938,000 X 16 shops)					127,008,000

Annexure-XVIII

(Amount in Rs.)

11.4.7 Recurring loss to the university fund due to illegal possession of university houses by police personnel – Rs. 10,235 million							
S. No.	Type of House and Occupied by	Covered Area	BPS/ Covered area	Period	Rate	Months	Amount
1	O-type						
	1. SP/DSP	3525sft	BPS-17/18	1-7-2021 to 30-06-2024	16619	36	598,284
	2. Police line Office	3525sft	Rs.39p.Sft	1-7-2021 to 30-06-2024	137475	36	4,949,100
2	F-type house						
	F-23 (Police Post)	1763sft	39p.Sft	1-7-2021 to 30-06-2024	68757	36	2,475,252
3	MM-type house						
	MM-39 (Police Emp Residents)	675sft	BPS-5	1-7-2021 to 30-06-2024	4469	36	160,884
	MM-40 (Police Emp Residents)	675sft	BPS-5	1-7-2021 to 30-06-2024	4469	36	160,884
	MM-41 (Police Emp Residents)	675sft	BPS-5	1-7-2021 to 30-06-2024	4469	36	160,884
	MM-42 (Police Emp Residents)	675sft	BPS-5	1-7-2021 to 30-06-2024	4469	36	160,884
4	CB-type house						
	CB-30 (Police Emp Residents)	831sft	BPS-5	1-7-2021 to 30-06-2024	4469	36	160,884
5	J-type house						
	J-22 (S.H.O)	1541sft	BPS-16	1-7-2021 to 30-06-2024	12562	36	452,232
6.	Servant Quarters	6 Nos	BPS-5	1-7-2021 to 30-06-2024	5569	36 x6	955,304
Total							10,234,592

Annexure-XIX**(Amount in Rs.)**

11.4.8 Loss to the university fund due to non-recovery of rental charges of Post Mall - Rs. 321.829 million						
Rent Rate	Period	Months	Total Annual Rent	Total Progressive Rent	8% Interest Annual	Recoverable dues
306,232	1/2001 to 9/12	141	43,178,712	43,178,712	3454297	46,633,009
336,855	10/12 to 9/11	12	4,042,260	50,675,269	4054022	54,729,291
370,540	10/11 to 9/12	12	4,446,480	59,175,771	4734062	63,909,832
407,594	10/12/ to 9/13	12	4,891,128	68,800,960	5504077	74,305,037
448,353	10/13/ to 9/14	12	5,380,236	79,685,273	6374822	86,060,095
493,188	10/14 to 9/15	12	5,918,256	91,978,351	7358268	99,336,619
542,506	10/15 to 9/16	12	6,510,072	105,846,691	8467735	114,314,426
596,756	10/16 to 9/17	12	7,161,072	121,475,498	9718040	131,193,538
651,431	10/17 to 9/18	12	7,877,172	139,070,710	11125657	150,196,367
716,574	10/18 to 9/19	12	8,598,888	158,795,255	12703620	171,498,875
788,231	10/19 to 9/20	12	9,458,772	180,957,647	14476612	195,434,259
867,054	10/20 to 9/21	12	10,404,648	205,838,907	16467113	222,306,020
953,759	10/21 to 9/22	12	11,445,108	233,751,128	18700090	252,451,218
1,049,134	10/22 to 9/23	12	13,848,564	266,299,782	21303983	287,603,764
1,154,047	10/23 to 6/24	9	10,386,423	297,990,187	23839215	321,829,402

Annexure-XX**(Amount in Rs.)**

11.4.9 Unauthorized payment to the university employees on account of house requisition - Rs. 403.217 million							
Scale	Nos.	Subsidy Rate	HRA	Difference	Period (months)	Amount	
BPS 4	56	9654	3,570	6,084	36	12,265,344	
BPS 5	52	9654	3,610	6,044		11,314,368	
BPS 6	29	9654	3,640	6,014		6,278,616	
BPS 7	97	14,682	4,968	9,714		33,921,288	
BPS 8	20	14,682	5,013	9,669		6,961,680	
BPS 11	11	24,744	6,909	17,835		7,062,660	
BPS 12	27	24,744	6,990	17,754		17,256,888	
BPS 14	58	31,085	8,640	22,445		46,865,160	
BPS 15	23	31,085	8,741	22,344		18,500,832	
BPS 16	118	31,085	9,024	22,061		93,715,128	
BPS 17	61	41,147	12,557	28,590		62,783,640	
BPS 18	34	41,147	13,590	27,557		33,729,768	
BPS 19	24	54,704	18,684	36,020		31,121,280	
BPS 20	7	68,700	23,074	45,626		11,497,752	
BPS-21	5	82,261	27,024	55,237		9,942,660	
Total							403,217,064

Annexure-XXI

(Amount in Rs.)

11.4.13 Loss to the university fund due to defective work done - Rs. 58.502 million			
Name of work	Quantity dismantled sft	Rate of item (10-61-d MRS 2019)	Amount
Academic Block 1B	39,419	213.00	
Academic building 1C	38,368		
Construction of Main Mosque	20,586		
Pakhtunkhwa College of Arts	29,573		
University College 36A DVM	28,752		
University College for Women	29,821		
Construction of Hostel No.1	41,621		
Construction of Hostel No.2	46,518		
Total	274,658	213.00	58,502,154

Annexure-XXII**(Amount in Rs.)**

11.4.14 Loss to the university fund due to execution of NSI item - Rs. 42.658 million							
Name of work	Name of NSI item	Rate	Name of Schedule item	Rate	Difference	Quantity	Amount
Academic Block 1B	P&F master granite tile 24x24	423.00	Granite tile 24x24 best quality imported Items No. 10-59-a (MRS-2019)	152.00	271.00	11449.78	3,102,890
	P&F Indian Baltic Brown Granite 24x24	875.00			723.00	2330	1,684,590
PCA building	P&F master granite tile 24x24	423.00			271.00	3164.39	857,550
Library building	P&F master granite tile 24x24	423.00			271.00	6971	1,889,141
Academic Block 1A	Master Granite tile 24x24	423/- per sft	Granitto Tile (UAE) 24x24 (10-48-c 2017)	337/- Per sft	86/-	164807 sft	14,386,872
	Granite Marble ¾ thick	752/- per sft	Silky Black,/ Sunny white (10-26-a 2017)	182/- per sft	570/-	11141	6,350,370
	China made Dumpa ceiling tile	450/- per sft	Acoustic miller fiber tile (12-40 2017)	166/- per sft	284/-	50658 sft	14,386,872
Total							42,658,285

Annexure-XXIII**(Amount in Rs.)**

11.4.15 Overpayment to contractor on account of printing work - Rs. 14.263 million				
Name of Sub Work	Name of Item	Quantity executed	Rate paid	Amount
Academic Block 1B	Scraping of Paint	95675	5.65	540564.00
	P & Applying wall putty 2 mm	95675	4.517	432164.00
	Preparing surface & painting 1 st coat	164086	9.590	1573585.00
Academic Block 1C	Scraping of Paint	98188	5.65	554762.00
	P & Applying wall putty 2 mm	98188	4.517	443515.00
	Preparing surface & painting 1 st coat	166828	9.590	1599880.0
Main Mosque Package IV	Scraping of Paint	33332	5.65	188325.00
	P & Applying wall putty 2 mm	33332	4.517	150560.00
	Preparing surface & painting 1 st coat	33332	9.590	319654.00
PCA building	Scraping of Paint	50903	5.65	287602.00
	P & Applying wall putty 2 mm	50903	4.517	229929.00
	Preparing surface & painting 1 st coat	79520	9.590	762597.00
UC 36B Block A (DVM) Package C	Scraping of Paint	40793	5.65	230480.00
	P & Applying wall putty 2 mm	40793	4.517	184262.00
	Preparing surface & painting 1 st coat	58275	9.590	558857.00
University College for Women	Scraping of Paint	61083	5.65	345119.00
	P&Applying wall putty 2 mm	61083	4.517	275912.00
	Preparing surface & painting 1 st coat	87307	9.590	837274.00
Construction of Library	Scraping of Paint	29260	5.65	165319.00
	P&Applying wall putty 2 mm	29260	4.517	132167.00
	Preparing surface & painting 1 st coat	29260	9.590	280603.00
Construction of Hostel No.1	Scraping of Paint	74963	5.65	423541.00
	P&Applying wall putty 2 mm	74963	4.517	338608.00
	Preparing surface & painting 1 st coat	74963	9.590	718895.00
Construction of Hostel No.2	Scraping of Paint	74963	5.65	423541.00
	P&Applying wall putty 2 mm	74963	4.517	338608.00
	Preparing surface & painting 1 st coat	74963	9.590	718895.00
				13055218.00
			Add Premium 9.25%	1207608.00
				14262826.00

Annexure-XXIV

11.4.16 Overpayment due to allowing higher rate - Rs. 8.165 million						
Name of Sub Work	Name of Item	Quantity executed	Rate paid	Rate approved	Difference	Amount
Academic Block 1B	Lecquer	12483	190	80	110	1,373,130
Academic Block 1C	Polish	12397	190	80	110	1,363,670
Main Mosque Package IV	including	1700	190	80	110	187,000
Construction of building PCA	Labour & Material	8946	190	80	110	984,060
UC 36B Block A (DVM) Package C		4537	190	80	110	499,070
University College for Women		5334				586,740
Construction of Library		2870				315,700
Construction of Hostel No.1		8000				880,000
Construction of Hostel No.2		4800				528,000
		61067				6,717,370
				Add 9.25% premium		621,357
Total						7,338,727

Annexure-XXV**(Amount in Rs.)**

11.4.17 Loss to the university fund due to execution of NSI items at higher rate - Rs. 23.458 million					
Name of work	Quantity	Rate paid	MRS rate	Diff.	Amount
Academic Block 1B	39,419	275	189.59	85.41	
Academic building 1C	38,368				
Construction of Main Mosque	20,586				
Pakhtunkhwa College of Arts	29,573				
University College 36A DVM	28,752				
University College for Women	29,821				
Construction of Hostel No.1	41,621				
Construction of Hostel No.2	46,518				
Total	274,658	275	189.59	85.41	23,458,540

Annexure-XXVI**(Rs. In million)**

11.4.26 Loss to the university fund due to non-recovery from defaulter scholars – Rs. 30.749 million and UK Pounds 346,890			
S. No.	Name of Scholar	Rs. in Million	Pounds
1.	Asma Basit	8.462	-
2.	Saiqa Noor	2.899	-
3.	Saima Zafar	10.877	-
4.	Syeda Saba Shah	5.528	-
5.	Syeda Fatima Shah	0.714	-
6.	Wirda Nisar	0.149	70937
7.	Syeda Laila Naqvi	1.622	43,863
8.	Ayesha Naqbool	0.139	90,216
9.	Haleema Sadia	0.149	70,937
10.	Huma Anwar	0.149	70,937
Total		30.749	346,890

Annexure-XXVII**(Amount in Rs.)**

11.4.30 Loss to the university fund due to non-adjustment of advances – Rs. 1.988 million					
S. No.	Date	Name	Designation	Description	Amount (Rs.)
1	01.07.19	Dr. Saeed Anwar	Controller of Examination	Lab expenses	110,000
2	30.06.20	Mr. Qadir Khan	Dy. Director Admin	-	1,080,000
3	30.06.20	Mr. Qaisar Khan	Transport In-charge	-	328,000
4	30.06.20	Muhammad Bilal	Assistant Treasurer	-	450,000
5	30.06.20	Mr. Khalid Khan	Director P&D	-	20,000
Total					1,988,000

Annexure-XXVIII**(Amount in Rs.)**

12.4.5 Fraudulent withdrawal of pay and allowances – Rs. 32.769 million				
Pr. No.	Name	Designation	Amount	Remarks
522652	Shahid Ali	Constable	1,103,816	Also perform duties as Senior Clerk in pay branch of CCPO
744828	Shahid Ali	Constable	6,486,739	Also perform duties as Senior Clerk in pay branch of CCPO
687387	Muhammad Ismail	Constable	1,595,799	Perform duties with Mr. Shahid Ali son as gunner as per inquiry report and declared as ghost employee
1002068	Hamad Ali	Constable	581,096	Ghost/fake employee received salary without performing duties
700072	Fahmeed Gul	Constable	744,228	Ghost/fake employee received salary without performing duties
522462	Muhammad Zahid	Constable	1,561,712	Ghost/fake employee received salary without performing duties
287756	Akbar Khan	SPO	270,000	Ghost/fake employee received salary without performing duties
985648	Sudais Ali	Constable	1,298,763	Ghost/fake employee received salary without performing duties
993491	Muhammad Arsalan	Constable	901,000	Ghost/fake employee received salary without performing duties
699591	Daud Khan	Constable	8,282,314	Ghost/fake employee received salary without performing duties
523018	Muhammad Asif	Constable	2,852,918	Ghost/fake employee received salary without performing duties
739809	Muhammad Bilal	Constable	849,677	Ghost/fake employee received salary without performing duties
456225	Rehan Ahmad	Constable	4,910,115	Ghost/fake employee received salary without performing duties
896189	Danyal Ali	Constable	1,331,360	Ghost/fake employee received salary without performing duties
98163	Faizan Khan	Constable	Data removed from SAP	Ghost/fake employee received salary without performing duties
Total			32,769,537	

Annexure-XXIX

15.4.2 Overpayment to contractors due to non-deduction of taxes – Rs.3.408 million				
S#	Voucher No and Dated	Total Amount	KPRA 2 %	Income Tax
1	1-S – Date 31-07-23	3,000,000	60,000	30,000
2	2-S- Date 31-07-23	1,500,000	30,000	120,000
3	3-G- Date 27-07-23	2,000,000	40,000	20,000
4	7-G- Date 31-07-23	1,500,000	30,000	15,000
5	8 G -Date 31-07-23	3,000,000	60,000	30,000
6	1-S- Date 02-08-23	1,500,000	30,000	15,000
7	5- S Date03-08-23	500,000	10,000	5,000
8	6-S- Date 03-08-23	2,000,000	0	20,000
9	7-S- Date 04-08-23	1,000,000	0	10,000
10	9-S-Date 04-08-23	8,000,000	60,000	30,000
11	10-S Date 04-08-23	500,000	10,000	5,000
12	9-G- Date 06-09-23	3,667,000	0	18,350
13	42-G-Date21-09-23	1,903,904	0	19,039
14	1-G- Date 12-10-23	700,000	14,000	0
15	1-G-Date25-01-24	28,430,395	0	142,152
16	1—S Date 16-01-24	700,000	14,000	0
17	2-S-Date 24-01-24	952,066	19,041	0
18	6-G-Date 15-02-24	7,001,842	0	135,009
19	6-G-Date 06-06-24	721,633	14,433	0
20	9-G- Date 06-06-24	5,661,000	113,220	0
21	33-G- Date 28-06-24	1,500,000	30,000	0
Total Amount		75,737,840	534,694	614,550

Annexure-XXX**(Amount in Rs.)**

18.4.2 Non-recovery on account of outstanding dues from Joint Venture firms - Rs. 466.126 million				
S. No.	Name of Joint Venture	Area /Type	Amount	Further directives of the Committee
1	M/S North Range Mines	3995.87 acres/ Gemstones	83,913,249	Forfeit the security/ CDR/ advance profit share amount and recover the outstanding amount.
2	M/S Askari Gems and Minerals	4997.85 acres/ Quartz	99,348,203	Forfeit the security/ CDR/ advance profit share amount and recover the outstanding amount.
3	M/S Hazrat Uddin & Sons	3992.52 acres/ Copper	1,221,711	Forfeit the security/ CDR/ advance profit share amount and recover the outstanding amount.
4	Global Connection	Iron Ore	106,871,174	Forfeit the security/ CDR/ advance profit share amount and recover the outstanding amount.
5	Global Connection	Iron Ore	106,871,174	Forfeit the security/ CDR/ advance profit share amount and recover the outstanding amount.
6	M/S North Range Mines	1240.54 acres/ Gemstones	33,372,343	Forfeit the security/ CDR/ advance profit share amount and recover the outstanding amount.
7	M/S North Range Mines	834.09 acres/ Nephrite	16,171,845	Forfeit the security/ CDR/ advance profit share amount and recover the outstanding amount.
8	M/S North Range Mines	994.97 acres/ Nephrite	18,357,264	Forfeit the security/ CDR/ advance profit share amount and recover the outstanding amount.
Total			466,126,963	

Annexure-XXXI**(Amount in Rs.)**

19.4.3 Unauthorized retention of savings out of dollar parity gains - Rs. 466.508 million							
S#	Grant wise Disbursement	\$ Rate as per agreement	Dollars	\$ Rate as per SBP	Value in Rs as per agreement	Value as per SBP Letter	Savings
1	TF-2589 dt: 08.10.2021	150	1,806,708	160.1581	271,006,200	289,358,921	18,352,721
2	TF-2595 dt: 08.10.2021	150	1,010,115	168.9715	151,517,250	170,680,647	19,163,397
3	TF-2594 dt: 08.10.2021	150	2,172,819	168.9715	325,922,850	367,144,486	41,221,636
4	TF-2594	150	4,640,852	177.8999	696,127,800	825,604,786	129,476,986
5	TF-2594 dt: 21.09.2022	150	1,746,083	234.019	261,912,450	408,616,598	146,704,148
6	TF-2595 dt: 21.09.2022	150	1,246,470	234.019	186,970,500	291,697,663	104,727,163
7	5 th TF-2594	150	530,60	279.3278	7,959,000	14,821,133	6,862,133
Total			13,153,107		1,901,416,050	2,367,924,234	466,508,184

Annexure-XXXII**(Amount in Rs.)**

21.4.1 Loss to the government due to non-outsourcing / non-leasing of properties - Rs. 65.112 million			
S. No.	Name of the property	Highest bidder	Highest bid
1	Shogran Rest House Mansehra	M/S Karakoram Hotel	7,185,500
2	Hamala House, Nathiagali	M/S Karakoram Hotel	885,000
3	Upper Naran Mansehra	M/S Karakoram Hotel	2,585,000
4	Lower Naran Mansehra	M/S Karakoram Hotel	1,185,000
5	Mhnial Rest House Haripur	M/S Apical Ways	750,000
6	Hill top rest house shogran, Mansehra	M/S Apical Ways	1,700,000
7	22 Walnut Inspection Hut Naran Mansehra	M/S Apical Ways	9,750,000
8	District Council Rest House Naran	M/S Apical Ways	2,000,000
9	Mattaltan Swat	M/S Chib Enterprises	500,000
10	Naran Old Pine Mansehra	M/S River View Inn	501,250
11	Inspection Hut Mastuj Upper Chitral	M/S Chib Enterprises	400,000
12	Naran New Mansehra	M/S Chib Enterprises	700,000
13	Domel Rest House Mansehra	M/S Apical Ways	160,000
14	Badgoi Thal Otrorh Road Dir Kohistan	M/S Chib Enterprises	600,000
15	Kalam Rest House Swat	M/S Chib Enterprises	1,350,000
16	Police Rest House Naran Mansehra	M/S River View Inn	1,504,250
17	Bumborait Rest House Lower Chitral	M/S Chib Enterprises	450,000
18	Banna Allai Battagram	M/S Apical Ways	150,000
19	Ahal Rest House Mansehra	M/S Apical Ways	50,000
20	Karori Sher Garh Mansehra	M/S Apical Ways	150,000
Sub-Total			32,556,000
Grand Total (Rs. 32,556,000 X 2 years)			65,112,000