



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

KHYBER PAKHTUNKHWA

AUDIT YEAR 2016-17

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AD LGE&RDD	Assistant Director Local Government & Rural Development Department
DAC	Departmental Accounts Committee
DDAC	District Developmental & Advisory Committee
DDO	Drawing and Disbursing Officer
GFR	General Financial Rules
LGA	Local Government Act
MFDAC	Memorandum for Departmental Accounts Committee
NC	Neighborhood Council
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
RDA	Regional Directorate of Audit
UC	Union Council
VC	Village Council

Preface

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

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

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

The observations included in this report have been finalized in the light of written replies of the Departments. However in some observations department did not submit written replies. DAC meetings could not be convened despite repeated requests.

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

Islamabad
Dated:

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Khyber Pakhtunkhwa, Peshawar, carries out of Assistant Director Local Government, Election & Rural Development Department and Village/Neighborhood Councils. Its Regional Directorate of Audit Peshawar has audit jurisdiction of District Governments, Tehsil Municipal Administrations, AD LGE&RDD and Village Councils/Neighborhood Councils of 03 Districts i.e. Peshawar, Charsadda and Nowshera.

The Regional Directorate has a human resource of 10 officers and staff with a total of 3000 person days available. The annual budget amounting to Rs 16.877 million was allocated to the RDA during financial year 2015-16. It has the mandate to conduct regularity (financial attest audit, compliance with authority audit) and performance audit of entities, projects and programmes. Accordingly Regional Director Audit Peshawar carried out audit of the accounts of AD LGE&RDD and selected 16 of total 154 Village Councils/Neighborhood Councils for the Financial Year 2015-16.

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

a. Scope of Audited

The total expenditure of the 16 village Councils/Neighborhood Councils in District Nowshera for the financial year 2015-16 was Rs.5.410 million. Out of this, the RDA Peshawar audited an expenditure of Rs.5.410 million. Which, in terms of % was 100% auditable expenditure. Detail is given below:

Detail of Village Councils/Neighborhood Councils audited

S.No	Tehsil	Total No. of Village Councils/Neighborhood Councils	Audited Last year	Audited This year	Name of Village Councils/Neighborhood Councils
1	Nowshera	62		06	Azakhel Payan-IV, Bara Khel, Batakzai, Meraji, Pirpai-III, Spin Kanay Khurd.
2	Jahangira	38		04	Akora Khattak-II, Khai-II, Misri Banda, Shadu-I.
3	Pabbi	53		06	Banda Nabi-I, Cwki Mumraiz, Kuri, Mufri Ali Shah, Saleh Khana, Spin Khak Dakhli

Out of the total expenditure of the Assistant Director Local Government Election & Rural Development Department and 16 Village Councils / Neighborhood Councils in District Nowshera for the Financial Year 2015-16 under the jurisdiction of RDA was 65.886 million. Out of this, RDA Peshawar audited an expenditure of Rs 26.354 million which, in terms of percentage, was 40% of auditable expenditure.

The receipts of 16 Village/Neighborhood Councils in District Nowshera for the Financial Year 2015-16, were Rs 0.176 million. Out of this, RDA Peshawar audited receipts of Rs 0.112 million which, in terms of percentage, was 64% of auditable receipts.

The total expenditure and receipts of Assistant Director Local Government Election & Rural Development Department and 16 Village/neighborhood Councils, District Nowshera, for the Financial Year 2015-16 were Rs 66.062 million. Out of this, RDA Peshawar audited the expenditure and receipts of Rs 26.466 million.

a. Recoveries at the instance of audit

No recovery was pointed out at the instance of audit.

b. Audit Methodology

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

c. Audit Impact

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

d. Comments on Internal Control and Internal Audit department

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

Another basic component of Internal Control, as envisaged under section 37 (4) of LGA 2013, is internal audit which was not found in place in the domain of Assistant Director Local Government Election & Rural Development Department and Village Councils/Neighborhood Councils.

e. Key Audit Findings

Irregularities/non-compliance were noticed in seven cases - Rs 353.913 million.¹

f. Recommendations

Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money.

¹ Para: 1.2.2.1 , 1.2.2.2, 1.2.2.3, 1.2.2.4 & 1.2.2.7

SUMMARY TABLES AND CHARTS

I: Audit Work Statistics

(Rs in million)

S. No	Description	No.	Budget
1	Total Entities (PAO) in Audit Jurisdiction	01	493.457
2	Total formations in audit jurisdiction	154	493.457
3	Total Entities (PAO) Audited	01	444.111
4	Total formations Audited	16	444.111
5	Audit and Inspection Reports	02	444.111
6	Special Audit Reports	--	--
7	Performance Audit Reports	--	--
8	Other Reports (relating to AD LGE&RDD)	--	--

II: Audit observations Classified by Categories

(Rs in million)

S. No	Description	Amount placed under Audit Observation
1	Unsound asset management	-
2	Weak financial management	353.913
3	Weak Internal controls relating to financial management	-
4	Others	
Total		353.913

III: Outcome Statistics

(Rs in million)

S. No	Description	Expenditure on Acquiring Physical Assets Procurement	Civil Works	Receipts	Others	Total for the year 2015-16	Total for the year 2014-15
1	Outlays Audited	-			444.111	444.111	20.126
2	Amount Placed under Audit Observation /Irregularities of Audit	-	-		353.913	353.913	62.713
3	Recoveries Pointed Out at the instance of Audit	-	-				
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-
5	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

Note: - The outcome figures reported for the year 2014-15 pertain to the (28) Union Councils audited last year. Since the PAO is the same therefore, these amounts have been included here to show cumulative effect against the PAO.

IV: Table of Irregularities pointed out

(Rs in million)

S. No	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations, principle of propriety and probity in public operation.	353.913
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors(accounting policy departure from NAM, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	Quantification of weaknesses of internal control systems.	-
5	Recoveries and overpayment, representing cases of established overpayment or misappropriations of public monies.	-
6	Non production of record.	-
7	Others, including cases of accidents, negligence etc.	-
Total		353.913

V: Cost Benefit

(Rs in million)

S. No	Description	Amount
1	Outlays Audited	444.111
2	Expenditure on audit	0.10
3	Recoveries realized at the instance of Audit	0.00
4	Cost Benefit Ratio	1:0

CHAPTER-1

1.1 Assistant Director Local Government Election & Rural Development Department & Village Councils/Neighborhood Councils Nowshera

1.1.1 Introduction

District Nowshera has three Tehsils i.e. Nowshera, Jehangira and Pabbi. There is an Assistant Director LGE&RDD, 24 Neighborhood Councils and 129 Village Councils. Each VCs/NCs has a Secretary. Assistant Director LGE&RDD is Drawing and Disbursing Officer (DDO) for his office and VCs/NCs of District Nowshera.

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

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

Functions and Powers of the Village Council or Neighborhood Council:

- i. Functions of the village council and neighborhood council, as the case may be, shall be to:
- ii. Monitor and supervise the performance of functionaries of all government offices located in the area of the respective village council or neighborhood council, including education, health, public health engineering, agriculture, livestock, police and revenue, and hold them accountable by making inquiries and reports to the Tehsil municipal administration, district government or, as the case may be, the Government for consideration and action;
- iii. Provide effective forum for out of court amicable settlement of disputes and, for this purpose, constitute panels of members as conciliators;
- iv. Register births, deaths and marriages;
- v. Implement and monitor village level development works;
- vi. Improve water supply sources, maintain water supply distribution system and take measures to prevent contamination of water;
- vii. Maintain village level infrastructure, footpaths, tracks, streets, prevent and abate nuisances and encroachments in public ways, public streets and public places.
- viii. Maintain and improve collective property including playgrounds, graveyards, funeral places, eid-gah, parks, public open spaces and community centers;
- ix. Identify development needs of the area for use by municipal administration and district government in prioritizing development plans;
- x. Make arrangements for sanitation, cleanliness, disposal of garbage and carcasses, drainage and sewerage system;
- xi. Display land transactions in the area for public information;
- xii. Mobilize community for maintaining public ways, public streets, culverts, bridges and public buildings, de-silting of canals and other development activities;

- xiii. Develop sites for drinking and bathing of cattle;
- xiv. Organize cattle fairs and agriculture produce markets;
- xv. Organize sports teams, cultural and recreational activities;
- xvi. Organize watch and ward in the area;
- xvii. Promote plantation of trees, landscaping and beautification of public places;
- xviii. Regulate grazing areas, establish cattle ponds and provide protection against stray animals and animal trespass;
- xix. Consider and approve annual budget presented by the respective Nazim, village council or neighborhood council;
- xx. Facilitate formation of voluntary organizations for assistance in functions assigned to it;
- xxi. Facilitate the formation of co-operatives for improving economic returns and reduction of poverty;
- xxii. Elect an Accounts Committee and review its recommendations on the annual statement of accounts and audit reports; and
- xxiii. Report cases of handicapped, destitute and of extreme poverty to district government.

1.1.2 Comments on Budget and Accounts (variance analysis)

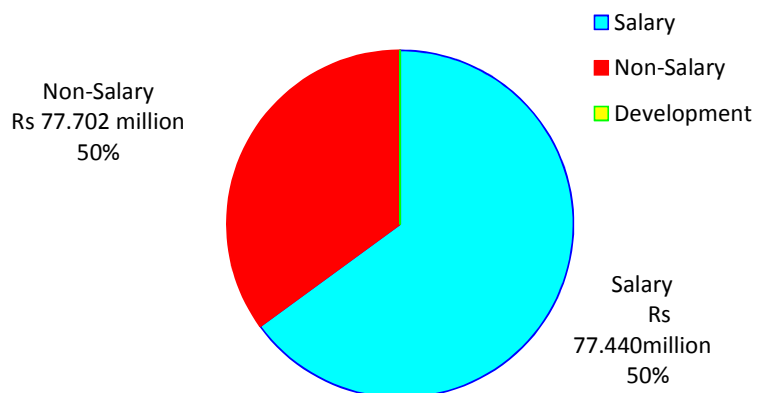
A total budget of Rs 493.455 million was allocated as budget by the District Government to the office of Assistant Director Local Government Election & Rural Development Department & 16 VCs/NCs of District Nowshera during financial year 2015-16, against which an expenditure of Rs 155.059 million was incurred by the Assistant Director Local Government Election & Rural Development Department & 16 VCs/NCs of District Nowshera with a saving of Rs 338.396 million during financial Year 2015-16. Detail is given below:

(Rs in million)

2014-15	Budget	Expenditure	Excess (+) / Saving (-)	% Excess (Saving)
Assistant Director				
Salary	110.003	77.440	(32.563)	29.60
Non-salary	81.452	77.619	(3.833)	4.71
Developmental	0302	0	(302)	100
Total	493.455	155.059	338.396	68.57
Receipts	0.024	0.024	0	0

The savings of Rs 338.396 million in all heads of accounts indicate weakness in the capacity of these local institutions to utilize the amounts allocated.

Expenditure 2015-16



1.1.3 Brief comments on the status of compliance with PAC Directives

The Audit Reports pertaining to Financial Years 2014-15 on accounts of Assistant Director Local Government & Rural Development Department, District Nowshera and 28 Union Councils were prepared under the Khyber Pakhtunkhwa Local Government Act, 2013 and have not yet been discussed in PAC. Provincial Assembly of Khyber Pakhtunkhwa has returned the Audit Reports during February, 2017 with the remarks that the same may be examined by respective Accounts Committees as provided under Khyber Pakhtunkhwa Local Government Act, 2013.

1.2 AUDIT PARAS

1.2.1 Irregularities and non-compliance

1.2.1.1 Blockage of government money due to poor/over budgeting- Rs 36.397 million

Para 66 of the General Financial Rules Volume-I states that all estimates of revenue and expenditure included in the budget are for the financial year.

According to Khyber Pakhtunkhwa 'Budget Rules 2016 Part-I (ii) Budget Classification and Call Circular, clause (7) Principals of Budgeting Section (d) Gross under-estimation and over estimation are serious budgetary irregularities.

Assistant Director LGE&RDD, Nowshera was released budget of Rs 36,397,621 during 2015-16. An expenditure of Rs 30,975,279 was incurred and the balance amount of Rs 67,372,000 was lapsed. The saving amount was 118% more than the expenditure of the year indicate poor/over budgeting.

Blockage of Government money occurred due to weak financial management which resulted in poor budgeting.

The irregularity was pointed out to management in June 2017, management did not reply. Request for convening DAC meeting was made on 18.07.2017, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No. 01/2015-16

1.2.1.2 Irregular appointment of village/ Neighborhood secretaries

According to rule-12 (2) of Khyber Pakhtunkhwa Province Civil Servants (Appointment, Promotion and Transfer) Rules,1989, initial recruitment to posts in Basic Pay Scales 3 to 15 borne on divisional or district cadre shall be made from amongst bonafide residents of the division or district concerned, as the case may be.

Further Notification No. SORI(S&GAD)4-1/75, dated 17th June,1989 on page-38 of ESTA Code states that, in pursuance of the provisions in rule 5 of the North-West Frontier Province Civil Servants (Appointment, Promotion & Transfer) Rules,1989, the Services and General Administration Department is pleased to lay down the constitution of the Departmental Promotion Committee and the Departmental Selection Committee for the purpose of making selection for promotion, transfer and initial appointment to the posts in BPS-15 and below in the Attached Departments/Offices as under:-

1. Appointing Authority ... Chairman
2. An officer to be nominated by the Administrative Department concerned.... Member
3. An Officer to be nominated by Appointing Authority. ... Member

Assistant Director LGE&RDD, Nowshera during 2015-16 has appointed 118 Village/Neighborhood Secretaries BPS-7. The following irregularities were observed:

- i. The Provincial Government (LGE&RDD) amended the Khyber Pakhtunkhwa Province Civil Servants (Appointment, Promotion and Transfer) Rules, 1989, as the candidate shall be preferably a bonafide resident of the same Village/Neighborhood Council. If such candidate is not available in the same Village/Neighborhood Council, then the candidate of adjacent Village/Neighborhood Council, if not available, then from the respective Tehsil vide notification No. SO (LG-1)2-188/89 dated 03.12.2015. The amendment in rules was not the mandate of the Department of LGE&RDD. Moreover, Law Department Khyber Pakhtunkhwa declared the amendment contradictory with the rules-12 (2) of Khyber Pakhtunkhwa Province Civil Servants (Appointment, Promotion and Transfer) Rules, 1989. The appointment of secretaries on Village/Neighborhood council basis was violation of Government rules. Resultantly candidates with high marks in the merit were not appointed with the reason that they not belong to that VCs/NCs.

- ii. The notification of LGE&RDD vide No. SO(LG-I) 2-343/Rect/2014 dated 30.07.2015 nominated the Deputy Commissioner (DC) as Chairman of Selection and Recruitment Committee was violation of Esta code.
- iii. The posts were advertised by Director General LGE&RDD Khyber Pakhtunkhwa. Audit held appointing authority for secretaries was Assistant Director LGE&RDD Nowshera which was a devolved office. Hence advertisement of the posts at provincial level was irregular and interference in the mandate of District Government.
- iv. Various candidate scoring less than 33% marks in NTS test was declared failed and were not interviewed was a unique practice adopted in appointment in Village/Neighborhood secretaries BPS-7.
- v. The degree, certificates and testimonials of selected candidates were not verified from the boards/universities concerned.
- vi. The computer certificates provided by the appointed candidates were issued from various local computer institutes. However, their registration with Government authority was not verified.

Irregular appointments occurred due to non-observance of rules which resulted in weak financial management.

The irregularity was pointed out to management in June 2017, management did not reply. Request for convening DAC meeting was made on 18.07.2017, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No. 03/2015-16

1.2.1.3 Blockage of developmental fund due to non-transferring to VCs/NCs - Rs 302.00 million

According to Para 17(1) of KPK village council budget rules 2016, all ADP projects shall be completed within the financial year for which the budget is

appropriated for such projects and shall not be extended, in whatsoever case, to next financial year.

During audit of record of Assistant Director Local Government Election & Rural Development Department Nowshera for 2015-16, it was observed that developmental fund of Rs 302.00 million was transferred to his assignment account on 04.11.2015 for further distribution among the VCs/NCs of District Nowshera. However, the allocation was not made to the VCs/NCs in time. Later on, the Provincial Finance Department directed to transfer the amount into joint bank accounts of VCs/NCs District Nowshera on 29.04.2016. However, audit observed that the developmental fund was transferred to bank accounts of VCs/NCs in the last week of June, 2016 of some of the VCs/NCs despite the fact that elected representatives of VCs/NCs taken charge their offices from 01.09.2015. The developmental fund could not be utilized during 2015-16 which resulted in blockage of Government money and deprived the public from timely facilities.

Further, the funds were released in advance by the Finance Department without submission any schemes to be executed and demand thereof from the VCs/NCs in violation of rules.

Non-transferring of development funds to VCs/NCs occurred due to weak internal controls which resulted in blockage of Government money.

The irregularity was pointed out to management in June 2017, management did not reply. Request for convening DAC meeting was made on 18.07.2017, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No. 02/2015-16

1.2.1.4 Excess release of remuneration and allowances budget – Rs 6.426 million

According to the Article 80 of the Constitution of Pakistan 1973, a statement of the estimated receipts and expenditure of the Government for a financial year, referred to as the Annual Budget Statement.

The remuneration and allowances of the Nazim and Naib Nazim and members village/neighborhood council are admissible with retrospective effect of 01.09.2015 vide Finance Department Notification No. SOB/LG/Districts Budget Rules/2015 dated 06.05.2015 read with even No. & dated 06.05.2016 at the following rates:

S.No.	Category	Honoraria	Telephone charges	Entertainment Allowance
1	Nazim VC/NC	10,000	2,000	2,000
2	Naib Nazim VC/NC	7,000	-	-
3	Member VC / NC	200 per day per session	-	-

Record of the Assistant Director, LGE&RDD for the year 2015-16 revealed that Finance Department allocated a sum of Rs 47,650,000 for the Honoraria of Tehsil Nazim and Naib Nazim, session charges of councilors, Telephone charges and entertainment of the VCs/NCs. It was observed that the elected representatives of VCs/NCs assumed charge of their offices w.e.f. 01.09.2015 and accordingly the honoraria and telephone budgets was required to be allocated for the period of 10 months but instead of that the budget was allocated for a period of 12 months in violation of standard budget rules and hence the release of Rs 6,426,000 over and above the budget requirement was irregular. Details are as under:

Particular	Monthly rate	Amount released for the year	Irregular release for 2 months (July 2015 and August, 2015)
Nazim Honoraria	10,000	120,000	20,000
Naib Nazim Honoraria	7,000	84,000	14,000
Nazim Telephone	2,000	24,000	4,000
Entertainment Allowance of Nazim	2,000	24,000	4,000
Session charges	200 per councilor	59,000	-

	per session		
Total per VC/NC		311,000	42,000
153 VCs/NCs		47,650,000	6,426,000

Release of fund in excess of financial year occurred due to weak financial management which resulted in violation of Article 80 of the constitution of Pakistan.

The irregularity was pointed out to management in June 2017, management did not reply. Request for convening DAC meeting was made on 18.07.2017, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No. 05/2015-16

1.2.1.5 Non-maintenance of cash book – Rs 1.533 million

According to rule 77(ii) of CTR, every officer receiving money on behalf of the Government should maintain a cash book in Form TR 4 and all monetary transactions should be entered in the cashbook as soon as they occur and attested by the head of the office in token of check. The cash book should be closed regularly and completely checked.

During audit of the accounts of Assistant Director, LGE&RDD for the year 2015-16, it was observed that an amount of Rs 1,199,031 was transferred in his designated bank account and Rs 1,533,138 was cashed from the bank account. However, it was informed that no cash book was maintained by the office.

Non-maintenance of cash book resulted in violation of the Government instruction.

The irregularity was pointed out to management in June 2017,

management did not reply. Request for convening DAC meeting was made on 18.07.2017, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No. 08/2015-16

1.2.1.6 Irregular expenditure without Pre-Audit - Rs 5.410 million

According to section 36(2) (e) of Local Government Act 2013, the village account officer shall perform pre-audit of all funds of village council before disbursement.

Sixteen (16) selected Village / Neighborhood council of District Nowshera under the Administrative control of Assistant Director Local Government, Election & Rural Development Department Nowshera during financial year 2015-16 incurred an expenditure of Rs 5,410,273 on purchase of furniture, computer, stationery, crockery, office rent, Chowkidar, electricity bills, T&T bills, honorarium of Nazimeens and councilors and entertainment charges . However, the payment was made without pre audit is in violation of rules. Details are given at **Annex-2**.

Irregular expenditure occurred due to weak internal control, which resulted in non-compliance of rules.

The irregularity was pointed out to management in June 2017, management did not reply. Request for convening DAC meeting was made on 18.07.2017, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No. 10/2015-16

1.2.1.7 Irregular Cash Payment – Rs 2.147 million

According to Para 3.4.2.4 of Manual of Accounting Policies, all payments will be made by Cheque, transfer or direct debit unless otherwise authorized by the Ministry of Finance or the Auditor-General.

Record of the selected 16 Village/Neighborhood council of District Nowshera under the Administrative control of Assistant Director Local Government, Election & Rural Development Department Nowshera for the financial year 2015-16 revealed that payment to suppliers on account of purchase of furniture, computer, UPS and Battery as well as honoraria to Tehsil Nazimeens were paid in cash instead of cross cheque. Details are given in **Annex-3**.

Payment in cash instead of cross cheque occurred due to in violation of rules.

The irregularity was pointed out to management in June 2017, management did not reply. Request for convening DAC meeting was made on 18.07.2017, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No. 11/2015-16

ANNEXURE

Annex-1

MFDAC Paras

(Rs in million)

S. No	AP No	Caption	Amount
02	277	Irregular purchase of Furniture and non-deposit of taxes	0.093
03	276	Irregular payment of office rent	0.315
04	275	Irregular appointment to Chowkidars and payment thereof	0.168
05	274	Irregular purchase of furniture and computer	0.309
06	273	Non-deposit of taxes	0.330
07	267	Irregular and unverified expenditure on account of POL and repair of vehicle	0.105
08	265	Irregular drawl of pay and allowances by the technical staff	0.463

Annex-2**Para 1.2.1.6****Detail of expenditure without pre-audit**

S. No.	Name of VC / NC	Expenditure (Rs)
1.	NC Akora Khattak-II	341,740
2.	VC Azakhel Payan-IV	469,650
3.	VC Banda Nabi-I	340,220
4.	VC Bara Khel	475,341
5.	VC Batakzai	447,711
6.	VC Chowki Mumraiz	216,500
7.	VC Kahi-II	269,556
8.	VC Kurvi	385,000
9.	VC Meraji	508,425
10.	VC Misri Banda	315,900
11.	VC Mufri Ali Shah	413,670
12.	VC Pirpai-III	376,353
13.	VC Saleh Khana	140,800
14.	NC Shadu-I	310,052
15.	VC Spin Kanay Khurd	317,755
16.	VC Spin Khak Dakhli	81,600
Total		5,410,273

Annex-3
Para 1.2.1.7

Detail of cash payment instead of cross cheque

S.No.	Expenditure type	Particular	Period	Cheque No.	Date	Amount (Rs)
VC AzaKhel Payan-IV						
1	Honoraria	Nazim	01.09.2015 to 31.05.2016	24653924	09.05.2016	90,000
		Naib Nazim				63,000
2	Contingency	Inshaal Traders	Computer + Printer	24653931	27.04.2016	78,585
3		Farhad Traders	Furniture			99,400
Total – A						330,985
VC Banda Nabi-I						
1	Honoraria	Nazim	01.09.2015 to 31.05.2016	24640675	17.06.2016	90,000
2		Naib Nazim		24640676	17.06.2016	53,000
3	Contingency	Furniture		24640673	20.05.2016	73,209
Total – B						216,209
NC Bara Khel						
1	Honoraria	Nazim	01.09.2015 to 31.05.2016	18680266	14.06.2016	90,000
		Naib Nazim		18680267		63,000
2		Nazim	01.06.2015 to 00.06.2016	18680268	30.06.2016	10,000
		Naib Nazim				7,000
Table – C						170,000
VC Batakzai						
1	Honoraria	Nazim	01.09.2015 to 31.05.2016	24681500	13.06.2016	90,000
		Naib Nazim		24681501	13.06.2016	63,000
		Nazim	01.06.2015 to 30.06.2016	24681502	20.06.2016	10,000
		Naib Nazim		24681503	17.06.2016	7,000

2	Contingency	VIP Parachah Steel Master & office furniture	Furniture	24681493	25.04.2016	40,500
3				24681496	25.04.2016	40,000
4		Izhar Refrigeration	UPS, Battery etc	24681498	02.06.2016	40,000
5		Amir Computers	Computer + Printer	24681497	19.05.2016	68,500
Total – D						359,000
VC Chowki Mumraiz						
1	Honoraria	Nazim	01.09.2015 to 31.05.2016	25832921	15.06.2016	90,000
		Naib Nazim	01.06.2015 to 01.06.2016			38,500
2	Contingency	Farhad Traders	Furniture			42,800
Total – E						171,300
VC Kurvi						
1	Honoraria	Nazim	01.09.2015 to 31.06.2016	40177877	28.06.2016	100,000
		Naib Nazim				70,000
2	Contingency	New Ali Furniture	Furniture	44177855	26.05.2016	50,000
Total – F						220,000

VC Meraji						
1	Honoraria	Nazim	01.09.2015 to 31.05.2016	25127191	13.06.2016	90,000
		Naib Nazim	01.06.2015 to 00.05.2016			25127192
2	Contingency	Abid Computers	Computer + Printer	-		45,000

3		Nowshera AGS Battery and UPS Centre	UPS	-		37,000
Total – G						235,000
VC Misri Banda						
1	Honoraria	Nazim	01.09.2015 to 31.05.2016	24640327	21.06.2016	90,000
		Naib Nazim				63,000
Total – H						153,000
VC Mufti Ali Shah						
1	Honoraria	Nazim	01.09.2015 to 31.05.2016	44649559	13.06.2016	90,000
		Naib Nazim				62,000
2		Nazim	01.06.2015	44649562	28.06.2016	10,000
		Naib Nazim	To 00.06.2016	44649562	28.06.2016	7,000
Total – I						169,000
VC Pirpai-III						
1	Honoraria	Nazim	01.09.2015 to 31.05.2016	968205	15.06.2016	90,000
		Naib Nazim				63,000
2	Contingency	Office Furniture	Furniture	-		73,500
Total – J						226,500
NC Shadu-I						
1	Honoraria	Nazim	01.09.2015 to 31.05.2016	5515062	08.06.2016	90,000
		Naib Nazim		5515063		63,000
2	Contingency	Chenut Furniture House	Furniture	55150158	19.05.2016	35,600
			Furniture	55150166	20.06.2016	16,000
Total – K						204,600
VC Spin Khak Sakhli						
1	Contingency	VIP Steel master furniture	Furniture			81600
Total – L						81600
Grand Total (A+B+C+D+E+F+G+H+I+J+K+L)						2,147,194

