



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
LOCAL GOVERNMENTS  
DISTRICT BANNU**

**AUDIT YEAR 2020-21**

**AUDITOR GENERAL OF PAKISTAN**

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## ABBREVIATIONS AND ACRONYMS

|           |  |
|-----------|--|
| AIR       | Audit and Inspection Report                                  |
| AD        | Assistant Director   |
| APPM      | Accounting Policies and Procedures Manual                    |
| AG        | Accountant General   |
| BDA       | Bannu Development Authority                                  |
| BHUs      | Basic Health Units   |
| CMD       | Chief Minister Directive                                     |
| CPWA Code | Central Public Works Accounts Code                           |
| CVT       | Capital Value Tax  |
| DAC       | Departmental Accounts Committee                              |
| DAC       | District Accounts Committee                                  |
| DCA       | District Comptroller of Accounts                             |
| DG        | Director General   |
| DEO       | District Education Officer                                   |
| DHO       | District Health Officer                                      |
| DO        | District Officer   |
| DPR       | Disabled Person Rehabilitation                               |
| GHSS      | Government Higher Secondary School                           |
| INTOSAI   | International Organization of Supreme Audit<br>Institutions  |
| E& SE     | Elementary & Secondary Education                             |
| FTR       | Federal Treasury Rules                                       |
| KPPRA     | Khyber Pakhtunkhwa Public Procurement Rules<br>Authority     |
| LED       | Light Emitting Diode   |
| LGE & RDD | Local Government, Election & Rural Development<br>Department |
| LGA       | Local Government Act   |
| MCC       | Medicine Coordination Cell                                   |
| MFDAC     | Memorandum for Departmental Accounts<br>Committee            |
| PAC       | Public Accounts Committee                                    |

|     |                                 |
|-----|---------------------------------|
| PAO | Principal Accounting Officer    |
| PTC | Parents Teachers Council        |
| TMA | Tehsil Municipal Administration |
| TMO | Tehsil Municipal Officer        |
| TAC | Tehsil Accounts Committee       |
| TS  | Technical Sanction              |

## **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 Governments of each District of the Khyber Pakhtunkhwa.

The report is based on audit of the accounts of offices of District Government and Tehsil Municipal Administrations, Assistant Director Local Government, Elections and Rural Development Department Village Councils and Neighborhood Councils, in District Bannu for the financial year 2019-20. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2020-21 on test check basis with a view to report significant findings to the relevant stakeholders. The main body of the audit report includes systemic issues and significant audit findings. Relatively less significant issues are listed in Annex-1 of the Audit Report. The audit observations listed in Annex-1 shall be pursued with the Principal Accounting Officers at the DAC level. In all cases where Principal Accounting Officers do not initiate appropriate action, the audit observations will be brought to the notice of appropriate forum through the next year's Audit Report.

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

Some the observations included in this report were finalized in the light of written replies of the departments where in the most the departments did not submit written replies till finalization of this report. DAC meeting were also not convened despite repeated requests.

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

Islamabad  
Dated:

**(Javaid Jehangir)**  
**Auditor General of Pakistan**

## EXECUTIVE SUMMARY

The Directorate General Audit District Governments, Khyber Pakhtunkhwa carries out the audit of Local Governments in 35 districts of Khyber Pakhtunkhwa. Regional Directorate of Audit (RDA) Bannu on behalf of the DG Audit District Government, Khyber Pakhtunkhwa carried out the audit of Local Government of two districts namely; Bannu and Lakki Marwat.

The office is mandated to conduct regularity audit (Financial attest audit and compliance with authority audit), performance audit and special studies.

Local Governments of District Bannu consist of three tiers which perform their operations under Khyber Pakhtunkhwa Local Government Act 2013. Financial provisions of the Act describe the Local Consolidated Fund and Public Account for which annual Budget Statement is approved by the respective councils in the form of budgetary grants. Top Tier- the District Government comprises one Principal Accounting Officer (PAO) i.e. Deputy Commissioner for the District Government, who is officer in charge (Administrator) of 10 devolved departments including AD Local Government Election & Rural Development Department. The second Tier- Town/Tehsil Municipal Administrations have one PAO i.e. Town/Tehsil Municipal Officer (Administrator) for each administration. There are four Tehsils administrations in district Bannu. The third Tier-village and neighborhood Councils have AD LGE & RDD as Principal Accounting Officer (Administrator) for these councils. There are 110 VCs/NCs in district Bannu.

In addition District Bannu has one Development Authority i.e. Bannu Development Authority for which Secretary LGE&RDD is the PAO.

### **a. Scope of audit**

This office is mandated to conduct audit of 125 formations working under 07 PAOs. Total expenditure and receipts of these formations were Rs 9795.855 million and Rs 813.649 million respectively for the financial year 2019-20.

Audit coverage relating to expenditure for the current audit year comprises 06 formations of 07 PAOs having a total expenditure of Rs 8754.555

million for the financial year 2019-20. In terms of percentage, the audit coverage for expenditure is 89.37% of auditable expenditure.

Audit coverage relating to receipts for the current audit year comprises 06 formations of 06 PAOs having a total receipt of Rs 813.649 million for the financial year 2019-20. In terms of percentage, the audit coverage is 100 % of auditable receipts.

In addition to this compliance audit report, Directorate of District Audit conducted Financial Attest Audits, Performance Audits and Special Studies for which reports are being published separately.

**b. Recoveries at the Instance of Audit**

As a result of audit, a recovery of Rs 86.963 million was pointed in this report. No recovery was affected till finalization of this report.

**c. Audit Methodology**

Audit was conducted according to INTOSI guidelines for Compliance audit and Financial Audit Manual of AGP.

Audit procedures employed to obtain evidences were inspections, Analytical procedures, observations and computation.

**d. Audit Impact**

As result of Audit no substantial impact was noticed as the management did not convene the DAC meeting. The departments failed to implement corrective measures in shape of financial management and to establish effective internal control system. Therefore irregularities noticed during the current audit were of identical nature as pointed out during the preceding years.

**e. Comments on Internal Control and Internal Audit department**

Internal control is designed to address risk and to provide reasonable assurance that in pursuit of entity's mission, its objectives are being achieved.

Comments on five components of internal control are given below:



The organizational structure followed in the local Government Offices was according to the LGA 2013.

No activity i.e. risks identification, risk evaluation and appropriate responses were carried out in the local government.

Accounts were not reconciled with the DAO by TMAs. No review was carried out of the performances.

Internal and external communications followed Government instructions. However, TMAs did not follow the accounting procedure given in the APPM.

No system of monitoring was found to track the progress of District Government towards its objectives. No internal Auditor was appointed. Annual Review of internal control was also not carried out.

**f. Key Audit Findings of the Report**

- i. Non compilation/consolidation of accounts of Local Governments- Rs 514.385 million<sup>1</sup>
- ii. Un authorized payments to DDOs instead of crossed cheques to vendors Rs. 312.280 million<sup>2</sup>
- iii. Unverified payments on accounts of arrears of pay and allowances Rs. 348.350 million<sup>3</sup>
- iv. Misappropriation was noticed in two cases amounting to–Rs.15.91 million<sup>4</sup>
- v. Irregularities were noticed in eight cases amounting to Rs.59.402<sup>5</sup>
- vi. Others were noticed in two cases amounting to Rs.64.785million<sup>6</sup>

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

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<sup>1</sup>Para 1.2.1

<sup>2</sup>Para 1.2.2

<sup>3</sup>Para 1.2.3

<sup>4</sup> Para 2.5.1.1 and 3.5.1.1

<sup>5</sup> Para 2.5.2.1 to 2.5.2.3, 3.5.2.1 to 3.5.2.3 and 4.5.1.1 to 4.5.1.2

<sup>6</sup> Para 3.5.3.1 and 4.5.2.1

**g. Recommendations**

- i. Excess expenditure needs to be regularized by demanding of additional funds from finance deptt.
- ii. All payments need to be made through crossed cheques to vendors.
- iii. Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money.
- iv. Strenuous efforts need to be made by the departments to recover long outstanding dues,rent of shops and revenue from contracts.
- v. Departments need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc. to ensure that lapses of the kind reported in this audit report are pre-empted and fair value for money is obtained from public spending.

# **CHAPTER-1**

## **Public Financial Management**

### **1.1 Sectorial Analysis**

#### **Introduction**

After promulgation of Local Government Act, 2013, Local Government elections were held in 2015, which resulted in formation of three tiers of government in each district of Khyber Pakhtunkhwa. On the expiration of tenure of the district councils, tehsil councils and village and neighborhood councils in the province, Local Government, Election and Rural Development department in its notification dated 4<sup>th</sup> September, 2019 authorized the DCs, TMOs and Assistant Directors Local Government and Rural Development Department to perform functions of respective Nazimeen under local Government Act 2013, till formation of new elected local Government.

In the light of LGE&RDD's notification dated 4<sup>th</sup> September, 2019 District Bannu is headed by Deputy Commissioner who is Principal Accounting Officer of the budget grant allocated to the 11 offices devolved at district level. Similarly, Town Municipal Administration is headed by Town Municipal Officer who is the Principal Accounting Officer for the Town Municipal Administration whereas Assistant Director LGE&RDD is the Principal Accounting Officer for Village/Neighborhood Councils.

In District Bannu, Funds amounting to Rs 9107.621 million were allocated to 12 formations working under 07 PAOs. Out of which, expenditure of 8825.734 million was made resulting into saving of Rs 281.886 million. Receipts of Rs 3.393 million were collected through these formations during the financial year 2019-20. Audit coverage relating to expenditure for the current audit year comprises 07 formations of 07 PAOs having a total expenditure of Rs 8754.555 million for the financial year 2019-20. In terms of percentage, the audit coverage

for expenditure is 89.37% of auditable expenditure. Similarly, audit coverage for receipts is 100%.

According to Section 36(3) of Local Government Act 2013, the District Accounts Officer was required to consolidate accounts of Local Government on quarterly and annual basis. However, District Accounts Officer, Bannu did not reflect Rs 970.121 million into the consolidated financial statement of Local Government, Bannu. Similarly, the development expenditure of Rs 63.160 million was presented under operating expenses, whereas, this should have been presented under the head “Physical Assets and Civil Works”.

District Government, Bannu was found lagging behind in many areas envisioned as integral component of the Local Government in the Khyber Pakhtunkhwa Local Government Act 2013. The District Government could not establish & maintain Public Fund account as required under section 30 of LGA 2013(amended in 2019). Similarly, it also failed to prepare, present and approve the budget estimates of receipts from district council for District Government, Bannu as required under section 18 and 35 of LGA 2013. The receipts collected as taxes/fees/rents under section 42 of LGA-2013 were also not credited to the District Fund. Most importantly, Finance Department, Khyber Pakhtunkhwa could not provide District Account Office, Bannu with prescribed format and necessary trainings to compile the accounts of TMAs and Village/Neighborhood councils and then reflect the same in the consolidated financial statement of the district, which resulted in disclaimer of its accounts by the Auditor General of Pakistan. Moreover, Internal Audit function was not established as provided in sub section 4 of section 37 of LGA 2013, as internal auditors were not posted in the District and Tehsil Councils. In addition, Asset management by District Government was yet another area it could not address as required under section 38 of the LGA 2013(amended in 2019).

The Local government provided services in the following sectors.

## **Education**

The education sector is one of the major sectors devolved at district level. Statistics show that there are 1227 primary, 147 middle, 107 secondary and 36 higher secondary schools in District Bannu. The estimated Teacher Student Ratio is 1:43 at primary, 1:68 at middle, 1:29 at secondary and 1:25 at the level of higher secondary schools. District Bannu literacy rate is 32.11% the Gross Enrollment Rate (GER) is 53%, and the Net Enrollment Rate (NER) is 41% at the primary level. On budgetary front, District Education office, Bannu succeeded in spending 90.00% of District ADP and 97.5% of non-salary budgets.

District Education Offices in Bannu were given target of enrolment of 250,000 children for current year against which 145,882 kids were enrolled; wherein, DEO (male) and DEO (female) enrolled 85,818 and 60,064 children respectively. Similarly, annual average of teacher's attendance rate and student attendance rate as per independent Monitoring Unit (IMU) data were approximately 91% & 79% respectively. Furthermore, 74% schools in district Bannu were provided with all basic facilities like classrooms, water supply, group latrine, boundary walls and electrification. However, administrative visits of DEO, DDEO and SDEO were only 31.77% against the assigned targets.

## **Health**

Health is another important sector of District Bannu with a total of 89 health facilities spread across the district, among which 09 are urban while the rest are rural based. Their further break-up is 34 BHUs, 49 CDs, 2 MCHs, 2 HOSP and 2 RHC with the total catchment area population of approximately 876,200 as per survey carried out by Health department in 2016.

The Department of Health has established an "Independent Monitoring Unit" for continuous monitoring of the performance of health facilities through its field based Data Collection Assistants and District Monitoring Officers. Department twice examines data collected through various sources to improve efficiency and effectiveness in the business processes of service delivery.

On mother and child health care front, 10,181 babies were born with 2,350 and 7,831 in primary and secondary health facilities respectively. Out of them, 315 infant and 48 maternal deaths were recorded. Lab investigations and diagnostic facilities were also fully utilized as 1489 lab tests, 118 X-rays/ultrasounds and 35 ECGs were done in both primary and secondary health facilities in district Bannu. Figures of immunization from EPI register were also very impressive as 66,655 pregnant women received TT-2 vaccines, 22,275 kids under 12 months received full immunization, 15,987 children under 12 months received 1st measles vaccines and 14879 kids under 12 received 3rd pentavalent vaccine. 27372 families were provided family planning services as evident from FP register. Human resource data from facility records revealed that these health facilities were amply provided with medical officers and paramedics as only very few positions were found vacant. As these facilities were frequently visited by patients so they also generated good revenue from OPD services, indoor patients' treatment and other lab investigations etc.

### **Social Welfare**

In social Welfare and Women Empowerment sector, budgetary allocations were focused on providing social cushion to the deprived and marginalized segments of society especially, women and children. In the proposed development plan, the department had continued to proceed with its ongoing projects which included schemes for the wellbeing and safeguarding of destitute women, orphans, beggars, drug addicts and special persons.

There is one Welfare Home for orphans/ beggars in district Bannu with the objective to rehabilitate them by imparting vocational training. Rehabilitation center for drug addicts has 6 beds and it had treated 18 patients during the year. Furthermore, various vocational and industrial trainings were provided by the Social Welfare Department. However, keeping in view the spread of drug use and incidence of poverty, the efforts made by Social Welfare office are not likely to bring about any visible improvement in the short or long run unless more resources are diverted to this sector.

### **Municipal Services**

Town Municipal Administrations, District Bannu did not fulfill some primary requirements envisioned as integral component of Local Government in the Khyber Pakhtunkhwa Local Government Act, 2013. The Local Government could not establish & maintain Tehsil Public Fund Account as required under the section 30 of LGA. Similarly, Town Account Officers were not appointed in TMAs. The accounts of receipt and expenditure were also not maintained in such form as prescribed by Auditor General of Pakistan and required under section 36 of LGA. Financial Statements, Finance Account and Appropriation Accounts of the TMAs were not prepared accordingly. Most importantly, Finance Department, Khyber Pakhtunkhwa could not provide District Account Office, Bannu with prescribed format and necessary trainings to compile the accounts of TMAs and then reflect the same in the consolidated financial statement of the district, which resulted in disclaimer of its accounts by the Auditor General of Pakistan. Moreover, Internal Audit function was not established as provided in sub section 4 of section 37 of LGA 2013, as internal auditors were not posted in the TMAs to support the Council. In addition, Asset management by tehsil councils was yet another area it could not address as required under section 38 of the LGA 2013.

### **Water and Sanitation**

Water and Sanitation Services Company Bannu was created as separate entity in 2016 to take over water supply, sanitation and solid waste management services in 03 urban union councils from respective Town Municipal Administrations. Under the code of corporate governance, the company is being run by the Board of Directors. Water and Sanitation Services Water and Sanitation Services Company Bannu outsourced some of their services to contractors. So far, Water and Sanitation Services Company could recover only a marginal share of water and sanitation charges from the end users and heavily depend on government grants for its functionality.

## **1.2 AUDIT PARAS**

### **1.2.1 Non compilation/consolidation of accounts of Local Governments- Rs 514.385 million**

According to section 36(3) of Local Government Act 2013, the District Accounts Officer shall, quarterly and annually consolidate the accounts of Local Governments in the district separately for receipts from the Government and local resources and send a copy to the Government, Accountant General and Nazim District Council.

During certification audit of the accounts of the DAO Bannu for the financial year 2019-20, audit observed incompleteness and incorrect presentation of the financial statements as the DAO failed to consolidate into the quarterly and annual accounts of the district, the Government and local resources, as required under section-36(3) of the Local Government Act, 2013. Receipts and expenditure of Rs 514.385 million and Rs 463.23 million respectively, of the TMAs are not reflected in accounts.

Same is the case with the receipts and expenditure of the VCs/NCs, the figures of which were not available at the time of audit.

Provisions of the Local Government Act 2013 by Local Governments in District Bannu were not complied.

Due to non-consolidation of accounts of TMAs and VCs/NCs the financial statements of local Government remained incomplete which led to disclaimer of audit opinion.

Necessary action needs to be taken for the consolidation of Local Government Accounts into District Accounts.



### **1.2.2 Unauthorized payments to DDOs instead of crossed cheques to vendors - Rs 312.280 million**

According to 2.3.2.8 of APPM, the accounting system shall improve controls to minimize the risk of fraud and corruption. This objective shall be addressed by issue of payment through direct bank transfer and cheques (to employees/ vender concerned) instead of payment through DDOs.

According to Finance Department Letter No: BO (W&M) /6-5/2019-20 dated 19/02/2020 states that in order to streamline the management in public account and observe fiscal discipline, it has been decided to stop forthwith all payments through open cheques or cash payments.

District Accounts Officer Bannu, paid Rs 312,280,000 to various DDOs instead of issuance crossed cheques to Vender/Payees Accounts.

Unauthorized issuance of cheques to DDOs occurred due to weak internal control which leads to disclaimer of audit opinion.

The matter should be investigated and regularized by ensuring payments to the supplier/vendor instead of DDOs as per APPM.

### **1.2.3 Unverified payments on account of arrears of pay and allowances- Rs 348.350million**

According to Para 296 of CTR read with Para 75(2) of KP City & District Govt. Budget Rules 2016, the controlling officer shall be responsible for seeing that the expenditure included in the bills, are of obvious necessity and are at fair and reasonable rates. Sanction and the requisite vouchers are all received and in order. The calculation is correct and the grants have not been exceeded over allotment.

During certification Audit of Bannu for the year 2019-20 while analyzing HR data it was noticed that arrears of pay and allowances of Rs 348,350,000 was shown made which could not be verified.

Payments of arrears of pay and allowances without supporting documents led to unfair and un-true financial statements which lead to disclaimer of audit opinion.

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

## **CHAPTER-2**

### **District Government**

#### **2.1 Introduction**

Under the Khyber Pakhtunkhwa Local Government Act 2013, activities of District Government are managed through offices of Deputy Commissioner and District Officers. Each department of the Districts is headed by a District Officer (DO). According to the Rules of Business of District Government 2015, work of the district departments is distributed among the officers, branches, and/or sections in the district departments. Deputy Commissioner is the Principal Accounting Officer for all the devolved departments of the district which includes District Officers Agriculture, Education, Health, Fisheries, Population Welfare, LGE & RDD, Sports, Animal Husbandry, Soil Conservation, and Cooperative Society & Social Welfare.

According to section 13 of the Khyber Pakhtunkhwa Local Government Act 2013 the authority and responsibilities of the District Government have been given as under:

- (1) The authority of district government shall comprise the operation, management and control of offices of the departments which are devolved to it; provided that district government shall exercise such authority in accordance with general policy of Government.
- (2) Every order in district government shall be expressed to be made in the name of the district government and shall be executed by a duly authorized officer.
- (3) The district government shall be responsible to the people and the Government for improvement of governance and delivery of services within the ambit of authority devolved to it.

**Detail of audit planned formations expenditure and receipts**

| <b>Sr No</b> | <b>Description</b> | <b>Total Nos</b> | <b>Audited</b> | <b>Expenditure audited<br/>FY 2019-20<br/>(Rs in million)</b> | <b>Revenue<br/>/Receipts audited<br/>FY 2019-20<br/>(Rs in million)</b> |
|--------------|--------------------|------------------|----------------|---|---|
| 1            | Formations         | 6                | 3              | 7887.558  | 3.393   |

**2.2 Comments on Budget and Accounts (Variance Analysis)**

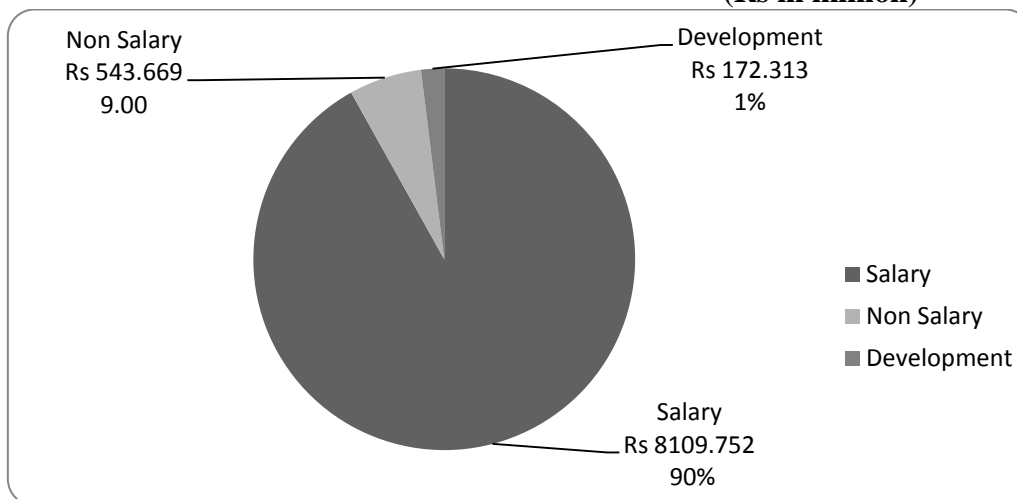
**(Rs in million)**

| <b>District Government Bannu</b> |                 |   |                        |                |
|----------------------------------|-----------------|---|------------------------|----------------|
| <b>2019-20</b>                   | <b>Budget</b>   | <b>Actual Expenditure/<br/>Receipts</b> | <b>(Saving)/Excess</b> | <b>%age</b>    |
| Salary                           | 8113.721        | 8109.752                                | -3.968                 | (0.48)         |
| Non-Salary                       | 519.824         | 543.669                                 | 23.845                 | 4.319          |
| Developmental<br>(A/C-IV)        | 474.076         | 172.313                                 | -301.763               | 174.114        |
| <b>Total</b>                     | <b>9107.621</b> | <b>8825.734</b>                         | <b>-281.886</b>        | <b>178.433</b> |
| <b>Receipts</b>                  | <b>23.706</b>   | <b>3.393</b>                            | <b>20.313</b>          | <b>83</b>      |

The savings of Rs 281.886 million indicates inefficiency in the capacity of Local Government Departments to utilize the amount allocated and less recovery of receipts amounting Rs 20.313 million.

## EXPENDITURE 2019-20

(Rs in million)



### 2.3 Classified Summary of Audit observations

Audit observations amounting to Rs61.404million were raised as a result of this audit. This amount also included recoverable of Rs 13.81 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

| (Rs in million) |  |               |
|-----------------|--|---------------|
| Sr. No.         | Classification                           | Amount (Rs)   |
| 1               | Fraud, Embezzlement and misappropriation | 13.81         |
| 2               | Irregularities                           | -             |
| A               | Procurement related irregularities       | 47.594        |
| <b>Total</b>    |  | <b>61.404</b> |

## 2.4 Comments on the status of compliance with District Accounts Committee Directives

The audit reports pertaining g to following years have been submitted to the Governor of Khyber Pakhtunkhwa. Detail of DAC meetings are given below:

| <b>Sr. No.</b> | <b>Audit Year</b> | <b>DAC meeting</b> |
|----------------|-------------------|--------------------|
| 1.             | 2002-03           | Not Convened       |
| 2.             | 2003-04           | Not Convened       |
| 3.             | 2005-06           | Not Convened       |
| 4.             | 2006-07           | Not Convened       |
| 5.             | 2007-08           | Not Convened       |
| 6.             | 2008-09           | Not Convened       |
| 7.             | 2009-10           | Not Convened       |
| 8.             | 2010-11           | Not Convened       |
| 9              | 2011-12           | Not Convened       |
| 10             | 2012-13           | Not convened       |
| 11             | 2013-14           | Not Convened       |
| 12             | 2016-17           | Not Convened       |
| 13             | 2017-18           | Not Convened       |
| 14             | 2018-19           | Not Convened       |
| 15             | 2019-20           | Not Convened       |

## **2.5 AUDIT PARAS**

### **2.5.1 Fraud, Embezzlement and misappropriation**

#### **2.5.1.1 Misappropriation of Rs. 13.81 Million due to non-payment to affectees**

As per S.No 4(viii) of Finance Deptt Notification No FD(SOSR-II)4-199/2013 the compensation will be treated as legacy of the deceased and distributed amongst the legal heirs as per succession certificate.

Deputy Commissioner, Bannu paid Rs. 13,810,000 to Tehsildar Bannu for further payment to flood, fire and bomb affectees on account of compensation during the year 2019-20 (detail in Annexure-2). Audit observed that further payment to the persons themselves or their legal heirs was not made and the amount was misappropriated by the dealing hands.

Lapse occurred due to weak internal control which resulted in misappropriation of Govt money of Rs 1,3810,000.

When pointed out in July 2020, management stated that Tehsildar concerned will be approached to provide requisite data.

Request for convening the DAC meeting was made in November 2020 which was not convened till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility against the persons at fault besides recovery of the amount.

**(Para No.01 AIR 2019-20)**

**2.5.2 Irregularities**  
**Procurement related irregularities**

**2.5.2.1 Doubtful expenditure on execution of schemes out of District ADP-Rs.39.5million**

According to Administrative Approval accorded by Deputy Commissioner, for execution of development schemes for Education Sector on 19-2-2020 (i) the released amount is to be expended subject to fulfillment of all codel formalities and observance of all applicable financial rules, regulations and P&D Guidelines; (ii) Progress Report with expenditure incurred dully reconciled with the DAO, Bannu shall be submitted to ADC (F&P), Bannu; (iii) The Executing Agency shall complete the schemes before 30<sup>Th</sup>. June of financial year 2019-20.

According to Planning &Development Department Guidelines, Departments are required to initiate preparation, submission and approval of PC-I before execution of development scheme.

The District Education Officer Female and Male, Bannu received Rs.21,810,000 and Rs.1,7690,000 respectively from Deputy Commissioner, Bannu out of District ADP and transferred the amount to PTC Accounts of different Schools for execution of development schemes during 2019-20 which was held irregular on the following shortcomings.

- i. Funds of Rs. 39,500,000 were released for development schemes to PTCs of different Schools but neither PC-Is nor were Cost Estimates prepared as required under Administrative Approval accorded by Deputy Commissioner, Bannu and P&D Guidelines.
- ii. Lump Sum amount was released to Schools for executing different works without identification of separate works.
- iii. Neither any quotations were called nor open tender system was adopted by the PTCs as required under KPPRA Rules-2014
- iv. Progress Reports regarding execution and completion of schemes were not available on record to ascertain that the schemes were actually completed before 30<sup>Th</sup>. June of financial year 2019-20 as required under Administrative Approval.



- v. Bank Statements of PTC accounts of concerned Schools were not available to ascertain the utilization of funds.

When pointed out in October 2020, the department replied that brief report will be furnished within one week which is awaited.

Request for convening the DAC meeting was made in November 2020 which was not convened till finalization of this report.

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

**(Para no.04 and 05 AIR 2019-20)**

#### **2.5.2.2 Irregular Payments-Rs 4.892 Million**

As per Accountant General, Khyber Pakhtunkhwa letter No. DAG/PR/2019-20/08 dated 25.03.2019 endorsed by the Government of Khyber Pakhtunkhwa, Finance Department No SO/(Admn)/FD/3-19/2018 dated 01.04.2019, payment to should be made through vender cross cheques and payment through DDO is not permissible.

The Deputy Commissioner Bannu paid Rs 4,892,061 on account of purchase of stationary and hot & cold during the year 2019-20 as detail below.

| <b>Particular</b> | <b>Expenditure-Rs</b> |
|-------------------|-----------------------|
| Stationary        | 2,492,064             |
| Hot and Cold      | 2,399,997             |
| Total             | 4,892,061             |

Audit observed that cheques were issued by the DAO in the name of Drawing Disbursing Officer instead of cross cheque in the name of payees.

Lapse occurred due to violation of rules which resulted in irregular payment.

When pointed out in July 2020, management stated that actual payee receipts will be shown to next audit.

Request for convening the DAC meeting was made in November.2020 which was not convened till finalization of this report.

Audit recommends to investigate the matter for appropriate action.

**(Para no.02 AIR 2019-20)**

**2.5.2.3 Unnecessary drawl of funds without actual Supply of medicines-Rs.3.202 Million**

According to Para-290 of CTR Vol-I, no money should be drawn in advance from Government Treasury unless required for immediate disbursement or to prevent the lapse of budget grant.

District Health Officer, Bannu drew amount of Rs3,202,485 from the treasury and kept in the bank account instead of payment toMCC approved firms for supply of medicines during 2019-20.

Audit observed that irregular drawl of funds occurred due to financial mis-management.

When reported in July 2020, the management stated that the drafts were made to secure the mode of payment and in case of non-supply /substandard medicine payment will be withheld.

Request for convening the DAC meeting was made in November 2020 which was not convened till finalization of this report.

Audit recommends to investigate the matter besides recovery of the amount.

**(Para no.01 AIR 2019-20)**

## **CHAPTER-3**

### **Tehsil Municipal Administration**

#### **3.1 Introduction**

District Bannu has five Tehsils i.e. Bannu, Domel, Kakki and Bakakhel and Wazir. The office of a Tehsil Municipal Administration is managed by the Tehsil Municipal Officer. He is assisted by a Tehsil Officer (Finance), a Tehsil Officer (Regulation) and a Tehsil Officer (Infrastructure).

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

- (a) Monitoring and supervising the performance of functionaries of Government offices located in the Tehsil,
- (b) Land management in the Tehsil, provision of municipal services, execution and management of development plans for improvement of municipal services and infrastructure.
- (c) Enforcing municipal laws, rules and bye-laws, Preventing and removing encroachments, regulate affixing of sign-boards and advertisements;
- (d) Financial management of the Tehsil such as, Preparation of budget and annual municipal development programmes, collection of revenue such as taxes, penalties, fines etc. manage municipal properties, assets and funds, and liaise with the district government in all these matters.
- (e) Maintaining a comprehensive data base and information system on services in the Tehsil municipal record and archives and provide public access to it on nominal charges;
- (f) Organizing sports, cultural, recreational events, fairs, cattle fairs and cattle markets;
- (g) Co-ordinate and support municipal functions amongst village and neighborhood councils;
- (h) Regulate markets and services, issue licenses, permits, grant permissions and impose penalties for violation thereof;

### Detail of audit planned formations expenditure and receipts

| Sr No | Description                                     | Total Nos | Audited | Expenditure audited FY 2019-20<br>(Rs in million) | Revenue /Receipts audited<br>FY 2019-20<br>(Rs in million) |
|-------|---|-----------|---------|---|--|
| 1     | Formations                                      | 5         | 4       | 866.997   | 810.256  |
| 2     | Authorities/Autonomous Bodies etc under the PAO | 01        | 0       | -   | -  |

### 3.2 Comments on Budget and Accounts (Variance Analysis)

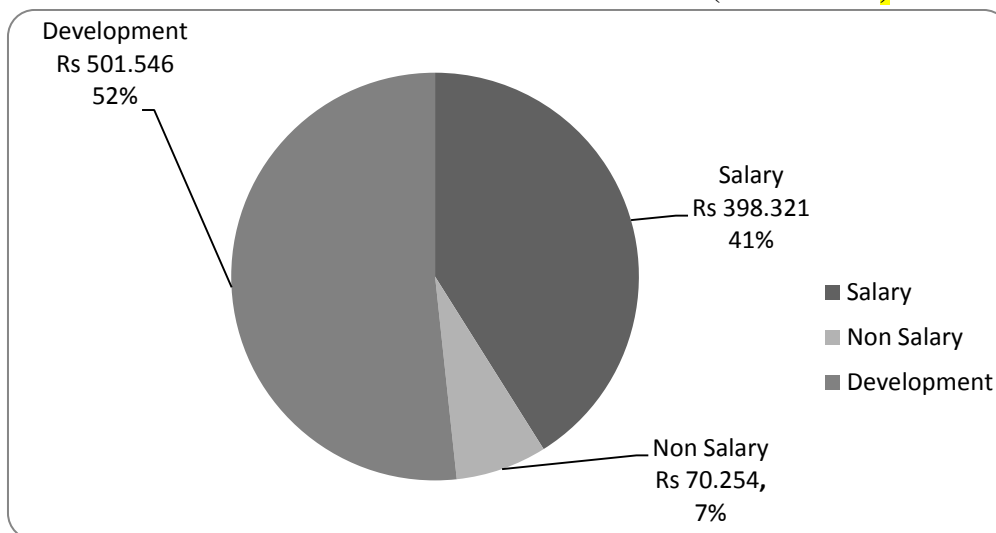
(Rs in million)

| TMAs            |                |                                 |                 |      |
|-----------------|----------------|---------------------------------|-----------------|------|
| 2019-20         | Budget         | Actual Expenditure/<br>Receipts | (Saving)/Excess | %age |
| Salary          | 404.163        | 398.321                         | 5.842           |      |
| Non-salary      | 72.385         | 70.254                          | 2.131           |      |
| Developmental   | 504.778        | 501.546                         | 3.232           |      |
| <b>Total</b>    | <b>981.327</b> | <b>970.121</b>                  | <b>11.205</b>   |      |
| <b>Receipts</b> | <b>818.721</b> | <b>810.256</b>                  | <b>8.465</b>    |      |

The savings of Rs11.205 million indicates inefficiency in the capacity of Local Government Departments to utilize the allocated budget.

## EXPENDITURE 2019-20

(Rs in million)



### 3.3 Classified Summary of Audit Observations

Audit observations amounting to Rs.27.634 million were raised in this audit report. This amount also includes recoverable of Rs. 22.094 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

| Sr. No. | Classification   | Amount (Rs in million) |
|---------|--|------------------------|
| 1       | Reported cases of fraud, embezzlement and misappropriation | 2.10                   |
| 2       | <b>Irregularities</b>                                      |                        |
| A       | HR/Employees related irregularities                        | 1.575                  |
| B       | Procurement related irregularities                         | 1.865                  |
| 3       | Others, including cases of accidents, negligence etc.      | 22.094                 |
|         | <b>Total</b>   | <b>27.634</b>          |

### 3.4 Comments on the status of compliance with Tehsil Accounts Committee Directives

The audit reports pertaining to following years have been submitted to the Governor of Khyber Pakhtunkhwa. Detail of TAC meetings are given below:

| <b>Sr. No.</b> | <b>Audit Year</b> | <b>TAC meeting</b> |
|----------------|-------------------|--------------------|
| 1.             | 2002-03           | Not convened       |
| 2.             | 2003-04           | Not convened       |
| 3.             | 2005-06           | Not convened       |
| 4.             | 2006-07           | Not convened       |
| 5.             | 2007-08           | Not convened       |
| 6.             | 2008-09           | Not convened       |
| 7.             | 2009-10           | Not convened       |
| 8.             | 2010-11           | Not convened       |
| 9              | 2011-12           | Not convened       |
| 10             | 2012-13           | Not convened       |
| 11             | 2013-14           | Not Convened       |
| 12             | 2016-17           | Not Convened       |
| 13             | 2017-18           | Not Convened       |
| 14             | 2018-19           | Not Convened       |
| 15             | 2019-20           | Not Convened       |

### **3.5 AUDIT PARAS**

#### **3.5.1 Fraud, embezzlement and misappropriation**

##### **3.5.1.1 Misappropriation of Rs 2.10 million**

Para 01 Chapter-II of KPPRA Rules 2014 requires that, “the Procuring entity shall use open competitive bidding as the principal method of procurement of goods over the value of Rs 100,000. And Para 10(A) that the petty purchase between 50000 to 10000 shall be procured through quotation.

TMO, Bannu drew Rs 2,100,000 from his designated bank account for payment to supplier of Hot and Cold whether charges during 2019-20.

For the supply of Hot and cold items Deputy Commissioner Bannu has already nominated a contractor who was ignored and purchase was shown made from another contractor without open tender system as required under rules. The payment was shown made in cash instead of issuing cheque in the name of supplier.

Furthermore the office record did not have any planning or need assessment for the said procurement and utilization. It is apprehended that the amount was actually not spent on the items and seems to have been misappropriated.

Embezzlement occurred due to weak internal control which resulted in loss to government.

When pointed out in August 2020, management stated that Charcoal was provided at prescribed quantity.

Request for convening the DAC meeting was made in November 2020 which was not convened till finalization of this report.

Matter is reported for detail inquiry and action accordingly.

**(Para no.05 AIR 2019-20)**

## **3.5.2 Irregularities**

### **HR/Employees related irregularities**

#### **3.5.2.1 Irregular payment through DDO of Rs. 1.575 million**

According to Para-4.6.3.1 of APPM “the normal method of payment of monthly salaries of all Government employees shall be credit transfer direct to a bank account nominated by the employee. This is the most secure and economical method of payment, and it automatically ensures that recipients have access to their salary on the due date. Moreover, direct credit has tangible advantages, overpayment by cheque or cash, against risks of theft or fraud”.

During financial year 2019-20, TMO Wazir paid Rs. 1,574,574 on account of pay and allowances to different officials (detail in Annexure-3) in cash instead of transferring it to their bank account as required in the above quoted rules.

Irregularity occurred due to weak financial control, which resulted in violation of Govt. rules and the chances of theft or fraud cannot be ruled out.

When pointed out in October 2020, the department agreed with the Audit and replied that corrective action in this regard will be made and shown to Audit.

Request for convening the DAC meeting was made in November 2020 which was not convened till finalization of this report.

Audit recommends that payment should be made through transfer to the bank account of the employees.

**AIR-09 (2019-20)**

#### **3.5.2.2 Irregular appointment of TMA employees**

As per Government of Khyber Pakhtunkhwa Finance Department letter No. BO.I/FD/5-8/2019-20/Austerity Measures dated Peshawar the 01/07/2019 and No. BO.I/FD/5-8/2019-20/Austerity Measures dated Peshawar the



17/02/2020 “there shall be complete ban on further recruitment except posts required for completed development projects”.

In the office of Tehsil Municipal Officer, TMA Wazir, the officials ( detail in Annexure-4) were appointed on regular basis during 2019-20 in which following irregularities were found:-

- i. No advertisement for the posts was published to appoint the qualified staff of local area.
- ii. The appointments were made while Finance Department KP has imposed complete ban on new recruitments vide letter above.
- iii. No merit list and call letter was found.
- iv. No appointment letter of any appointed employee was found at local office record.
- v. Employment exchange card of the appointed staff was not found at Local office record.
- vi. Service books were not verified by the officer concerned

Audit observed that irregular appointments were made due to weak administrative and internal control. Therefore, Government rules were not followed due to which suitable candidates were not selected.

When pointed out in October 2020, the department replied that the short comings will be fulfilled/ produced.

Request for convening the DAC meeting was made in November 2020 which was not convened till finalization of this report.

Audit recommends that the matter should be investigated and responsibility fixed.

**AIR-10 (2019-20)**

## **Procurement related irregularities**

### **3.5.2.3 Un-authorized purchase of vehicles during ban period and without approval-Rs 1.865 million.**

According to Para-1 (b) of Government of Khyber Pakhtunkhwa Finance Department letter No. BO.I/FD/5-8/2019-20/Austerity Measure dated 01/07/2019 that there will be a complete ban on purchase of new vehicles until recommendation of the committee consisting of Secretary Finance, Secretary Administration, Secretary Transport, Secretary P&D and Secretary of the Department Concerned and approval of the Chief Minister KPK should be sought.

Tehsil Municipal Officer of TMA Wazir spent Rs. 1,865,000 on account of purchase of Suzuki Cultus Car 1000-CC without obtaining prior approval from the competent authority as required in the above quoted rules.

Un-authorized purchase was occurred due to weak financial and managerial control, which resulted in violation of Government instructions.

When pointed out in October 2020, the department agreed with the point raised by Audit.

Request for convening the DAC meeting was made in November 2020 which was not convened till finalization of this report.

Audit recommends that irregular expenditure should be regularized.

**AIR-07 (2019-20)**

### **3.5.3 Others, including cases of accidents, negligence etc.**

#### **3.5.3.1 Non recovery of departmental dues Rs22.094 million**

Para 03 of the notification No. AO-II/LCB/6-11/2013 dated 02.02.2018 policy guide line for LG and RDD “all the amount of the contract shall be deposited in 11 monthly installments.

TMA Domel, Bannu and Kakki did not recover outstanding arrears of Rs22,094,588 against various resources during the year 2019-20 (Detail in Annexure-5).

Non-recovery of revenue occurred due to inadequate administrative and financial control which resulted in loss of revenue

When pointed out in August 2020, management stated that concerned department will be requested to deposit the amount.

Request for convening the DAC meeting was made in November 2020 which was not convened till finalization of this report.

Matter is reported for recovery of outstanding amount-Rs 22,094,588 and action against the persons at fault under intimation to audit.

**(Para no.01,02 and 07 AIR 2019-20)**

## CHAPTER-4

### Water Supply and Sanitation Company Bannu

#### 4.1 Introduction

Water and Sanitation Services Company Bannu was created as separate entity in 2016 to take over water supply, sanitation and solid waste management services in 03 urban union councils from respective Town Municipal Administrations. Under the code of corporate governance, the company is being run by the Board of Directors. Water and Sanitation Services Water and Sanitation Services Company Bannu outsourced some of their services to contractors. So far, Water and Sanitation Services Company could recover only a marginal share of water and sanitation charges from the end users and heavily depend on government grants for its functionality.

#### Detail of audit planned formations expenditure and receipts

| Sr No | Description                                     | Total Nos | Audited | Expenditure audited FY 2017-20 (Rs in million) | Revenue /Receipts audited FY 2017-20 (Rs in million) |
|-------|---|-----------|---------|--|--|
| 1     | Formations                                      | 1         | 1       | 347.143  | 14.490   |
| 2     | Authorities/Autonomous Bodies etc under the PAO | 01        | 1       | -  | -  |

#### 4.2 Comments on Budget and Accounts (Variance Analysis)

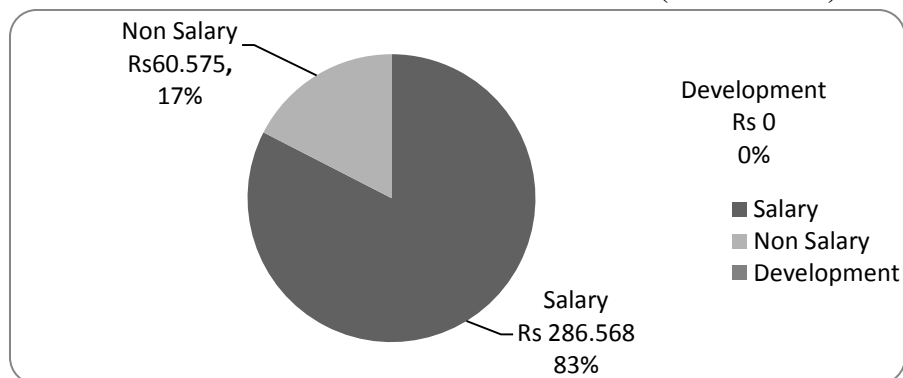
(Rs in million)

| WSSC Bannu      |                |                              |                 |      |
|-----------------|----------------|------------------------------|-----------------|------|
| 2017-20         | Budget         | Actual Expenditure/ Receipts | (Saving)/Excess | %age |
| Salary          | 326.540        | 286.568                      | -39.971         |      |
| Non-salary      | 215.992        | 60.575                       | -155.416        |      |
| Developmental   | 0              | 0                            | 0               |      |
| <b>Total</b>    | <b>542.532</b> | 347.143                      | -195.387        |      |
| <b>Receipts</b> | <b>0</b>       | 14.490                       |                 |      |

The savings of Rs-195.387 million indicates inefficiency in the capacity of Local Government Departments to utilize the allocated budget.

## EXPENDITURE 2017-20

(Rs in million)



### 4.3 Classified Summary of Audit Observations

Audit observations amounting to Rs. 51.059 million were raised in this audit report. This amount also includes recoverable of Rs. 51.059 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

| Sr. No.      | Classification   | Amount (Rs in million) |
|--------------|--|------------------------|
| 1            | Reported cases of fraud, embezzlement and misappropriation | 0                      |
| 2            | <b>Irregularities</b>                                      |                        |
| A            | HR/Employees related irregularities                        | 8.368                  |
| 3            | Others, including cases of accidents, negligence etc.      | 42.691                 |
| <b>Total</b> |  | <b>51.059</b>          |

### 4.4 Comments on the status of compliance with PAC Accounts Committee Directives

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

| Sr.No. | Audit Year | PACs meeting |
|--------|------------|--------------|
| 1      | 2019.20    | Not Convened |

## 4.5 AUDIT PARAS

### 4.5.1 Irregularities HR/Employees related irregularities

#### 4.5.1.1 Overpayment on account of increase in Salary - Rs 5.862 million

According to Para 4 of the Water and Sanitation Services Peshawar HRM Manual annual increase in the gross salary of Chief Executive Officer will be from 5 to 10%.

During Scrutiny of the record of Water & Sanitation Services Company Bannu it was observed that Chief Executive Officer (Mr. Tauqeer Hussain Shah) increased his annual salaries over and above the permissible limit of 10%, which resulted in overpayment to the CEIO. Detail is given below:

| Financial Year | Monthly Initial Pay paid (Rs) | Monthly initial Pay Admissible (Rs) | Monthly Overpayment (Rs) | Yearly Overpayment (Rs) |
|----------------|-------------------------------|-------------------------------------|--------------------------|-------------------------|
| 2016-17        | 300,000                       | 280,000                             | 20,000                   | 240,000                 |
| 2017-18        | 480,000                       | 308,000                             | 172,000                  | 2,064,000               |
| 2018-19        | 480,000                       | 338,800                             | 141,200                  | 1,694,400               |
| 2019-20        | 528,000                       | 372,680                             | 155,320                  | 1,863,840               |
| <b>Total</b>   |                               |                                     |                          | <b>5,862,240</b>        |

Lapse occurred due to weak internal and financial control which resulted in loss to the Company.

When pointed out in December 2020, the Management did not respond to the audit observation.

Request for convening the DAC meeting was made in December 2020 which was not convened till finalization of this report.

Audit recommends action against the persons at fault, re-fixation of salary and recovery of overpayment.

**(Para no.02 AIR 2019-20)**

#### **4.5.1.2 Unauthorized payment of 10% HRA – Rs 2.506million**

HRM Manual of Water and Sanitation Services Peshawar does not allow any payment of 10 % House rent Allowance to the managerial staff.

Chief Executive Officer of Water and Sanitation Services Company Bannu allowed Rs 2,505,600 on account of 10% House Rent Allowance for the years from 2016-17 to 2019-20 to the managerial staff which is contrary to the HRM Manual of WSSP as the said manual does not allow any such allowance (detail in annexure-6).

Illegal and unauthorized payment of HRA was occurred due to lack of financial control, which resulted is loss to the Company.

When pointed out in December 2020, the Management stated that the HRA was allowed by the Board of Directors for out of district Bannu employees. Reply was not convincing as according to HRM Manual no such allowance is permissible.

Request for convening the DAC meeting was made in December 2020 which was not convened till finalization of this report.

Audit recommends recovery of 10% HRA, re-fixation of pay and action against the person(s) at fault.

**(Para No.09 AIR 2019-20)**

## 4.5.2 Others, including cases of accidents, negligence etc.

### 4.5.2.1 Non recovery of outstanding water charges -Rs 42.691 million

According to clause 3(ix) of the SAMA agreement executed between TMA and WSSC Bannu, the WSSC Bannu is required to collect fees, taxes and user charges in respect of the services, receiving and appropriating all receipts and recoveries thereof.

According to clause-V(13) of the Memorandum of Association, the company should take such actions as are considered necessary to raise the funds or to promote the efficiency of the company.

Chief Executive Officer of Water and Sanitation Services Company Bannu did not recover water charges and surcharge amounting to Rs 42,691,340 from the different areas of Bannu till the date of audit (December, 2020). The Company did not initiate concrete efforts to recover the same. Detail is given below:

| Register No. | Water Rates Arrears (Rs) | Surcharge (Rs)   | Total Arrears (Rs) |
|--------------|--------------------------|------------------|--------------------|
| 1            | 4,375,405                | 196,323          | 4,571,729          |
| 2            | 3,505,146                | 161,225          | 3,666,371          |
| 3            | 4,292,778                | 213,322          | 4,506,100          |
| 4            | 5,693,097                | 267,719          | 6,860,816          |
| 5            | 6,425,032                | 298,028          | 6,723,060          |
| 6            | 4,814,010                | 384,625          | 5,198,635          |
| 7            | 7,035,937                | 326,840          | 7,362,777          |
| 8            | 4,497,398                | 204,455          | 4,701,853          |
| <b>Total</b> | <b>40,638,803</b>        | <b>2,052,537</b> | <b>42,691,340</b>  |

Audit observed that the water charges were not realized due to weak financial and managerial control, which resulted in loss to the Company.

When pointed out in December 2020, the Management stated that out of total water rates charges 22 million is a part of TMA Bannu and the remaining 20



pertains to WSS Bannu. After survey of line study the amount would be recovered through Deputy Commissioner Bannu. Reply was not convincing as after signing agreement with TMA Bannu WSS Bannu was bound to recover the outstanding recovery of water rates.

Request for convening the DAC meeting was made in December 2020 which was not convened till finalization of this report.

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

**(Para no.03 AIR 2019-20)**

## ANNEXURES

### Annexure -1

(Detail of MFDAC Paras)

| S.No                       | List of Paras  | Amount   |
|----------------------------|--|----------|
| <b>DEPUTY COMMISSIONER</b> |  |          |
| 1.                         | Irregular expenditure on on POL Rs.8.9                                 | 10749000 |
| 2.                         | loss due to non recovery of rent                                       | 4439016  |
| 3.                         | irregular cash payment   | 515061   |
| 4.                         | unauthorized payment on account of furniture                           | 2584800  |
| 5.                         | unjustified payment  | 13810000 |
| 6.                         | Blockage of fund   | 6225941  |
| 7.                         | loss due to non collection of room rent of circuit house               | 0        |
| 8.                         | unauthorized expenditures on purchase of vehicles                      | 11918000 |
| 9.                         | Irregular expenditure  | 31855    |
| 10.                        | Irregular appointment of 24 patwaries                                  |          |
| 11.                        | Irregular expenditure  | 119100   |
| 12.                        | Irregular expenditure  | 375000   |
| 13.                        | Irregular cash payment   | 4892061  |
| <b>DHO BANNU</b>           |  |          |
| 14.                        | Irregular Drawl of Funds without actual Supply of Medicines            | 3202485  |
| 15.                        | Loss to Government due to non-achieving of receipt targets             | 2336333  |
| 16.                        | Loss to Government due to non-achieving of receipt targets             | 23706677 |
| 17.                        | Non deposit of health receipts   | 450000   |
| 18.                        | Non supply of medicines  | 8847     |
| 19.                        | Non reporting of clinical efficacy of medicines valuing                | 4249850  |
| 20.                        | Loss of Rs 4.734 million due to non-operational of health functions    | 4380000  |
| 21.                        | Loss to government-Rs 0.228 Million on recovery of License Renewal Fee | 228000   |
| 22.                        | Unjustified payment of pay and allowance to employees                  | 28800000 |
| 23.                        | Overpayment on account of drawl of HRA, Conveyance Allowance           | 1042559  |
| 24.                        | Non recovery on account of House Rent Allowance                        | 80737    |

|                  |   |                   |
|------------------|---|-------------------|
| 25.              | Irregular Drawl of Funds without actual Supply of Medicine  | 629283<br>1125000 |
| 26.              | Overpayment on account of Health Professional Allowance   | 2160000           |
| 27.              | Unauthorized award of contract  | 2034090           |
| 28.              | Loss due to non-deduction of sales tax  | 103360            |
| 29.              | Un-authorized execution of scheme Rs.16.026 million without Technical Sanction from competent authority | 16026500          |
| 30.              | Loss due to non-deduction of sales tax  | 527716            |
| 31.              | Unauthorized payment-Rs 200,000 on account of tour  | 200000            |
| 32.              | Loss due to non-forfeiture of CDR   | 121640            |
| 33.              | Irregular Payment-Rs 643,025 on account of Covic-19   | 643025            |
| 34.              | Irregular Payments  | 1451231           |
| <b>TMA KAKKI</b> |   |                   |
| 35.              | Loss of revenue -R 1.705 million on account of cattle fare market                                       | 1705000           |
| 36.              | Non recovery of Income Tax  | 450000            |
| 37.              | Loss of revenue receipts-Rs 534,770 due to departmental collection                                      | 534770            |
| 38.              | Loss of revenue due to non-auction of contracts.  | 0                 |
| 39.              | Irregular Payments  | 1237884           |
| 40.              | Loss due to non-recovery outstanding revenue  | 1881500           |
| 41.              | Irregular Payment-Rs 369,249 on account of Covic-19   | 369249            |
| 42.              | Non-imposition of penalty-Rs 652,000 on late completion of schemes.                                     | 652000            |
| 43.              | Non preparation of Appropriation, Finance and Financial Statements                                      | 0                 |
| 44.              | Un-justified payment-Rs 891,740 against NSR with out market rate analysis                               | 891740            |
| 45.              | Loss due to overpayment-Rs 63,000 on account of higher rates  | 63000             |
| 46.              | Loss due to overpayment-Rs 1.996 Million due to excess quantity of items                                | 1996117           |
| 47.              | Loss due to non-deduction of sales tax  | 293694            |
| 48.              | Un-authorized payment   | 1414628           |
| <b>TMA BANNU</b> |   |                   |
| 49.              | Non recovery of the departmental dues   | 8583384           |
| 50.              | Loss to Federal Government due to non-recovery of Income Tax  | 2261212           |

|     |   |           |
|-----|---|-----------|
| 51. | Loss due to non-recovery of penalty   | 1044482   |
| 52. | Loss due to non-deposit of saving into Government Treasury  | 1284346   |
| 53. | Irregular/ miss appropriation and Doubtful Expenditure.   | 2184319   |
| 54. | Short dedication of taxes   | 1274981   |
| 55. | Non recovery of loan and Advance  | 2.261     |
| 56. | Irregular expenditure on account Repair of Vehicles   | 1560785   |
| 57. | Irregular / Doubtful expenditure  | 4867853   |
| 58. | Doubtful/un-justified Payment under head of POL   | 3414429   |
| 59. | Irregular / Doubtful expenditure  | 278075    |
| 60. | Irregular / Doubtful expenditure  | 586085    |
| 61. | Irregular / Doubtful expenditure  | 317000    |
| 62. | Un-authorized expenditure on purchase of vehicle  | 2406500   |
| 63. | Irregular / Doubtful expenditure  | 903077    |
| 64. | Irregular/Doubtful postponement of Liability  | 1261446   |
| 65. | Irregular / Doubtful three/03 time payment  | 188498    |
| 66. | Expenditures of excess of the approved Budget   | 7846278   |
| 67. | Irregular/ Doubtful Payment under head of Repair of vehicles No 1560 and fire brigade 0.382 million | 382000    |
| 68. | Irregular/ Doubtful Payment under head of pay and allowance   | 108000    |
| 69. | Irregular Payment under head of pay and allowance   | 150000    |
| 70. | Non deduction of Income tax from the salaries of the employees                                      | 198987    |
| 71. | Non conduct of Post audit and reconciliation of PLA Fund  | 196172486 |
| 72. | Non preparation of Appropriation, Finance and Financial Statements of funds                         | 754512311 |
| 73. | Un-authorized payment on account of TS Charges  | 616999    |
| 74. | Unauthorized payment-Rs 588,800 on account of 0.75 HP submersible pumps.                            | 588800    |
| 75. | Loss due to non deduction of sales tax  | 852745    |
| 76. | Loss due to overpayment   | 2842766   |

|     |  |         |
|-----|--|---------|
| 77. | Non-imposition of penalty-Rs 1.0 million on late non completion of schemes | 1000000 |
| 78. | Doubtful payment   | 3771706 |
| 79. | Doubtful payment-Rs 831,153 on account of arrear pay                       | 831153  |

**Annexure-2**  
**Para No. 2.5.1.1**

**Detail of payment under disaster (PDMA)**

| <b>S.No</b>  | <b>Cheque No</b> | <b>Date</b> | <b>Purpose of Payment</b>                 | <b>Payee</b>       | <b>Amount</b>     |
|--------------|------------------|-------------|---|--------------------|-------------------|
| <b>1</b>     | 96621299         | 24.01.2020  | Death in Bomb blast (02 persons)          | Tehsildar Bannu    | 1,000,000         |
| <b>2</b>     | 96621302         | 26.01.2020  | Death Electric Shock(02 persons)          | TehsildarDomail    | 600,000           |
| <b>3</b>     | 96621300         | 24.01.2020  | Thunder storm death (1 person)            | TehsildarBakakhel  | 300,000           |
| <b>4</b>     | 96621301         | 24.01.2020  | Death/injured Electric Shock (02 persons) | Tehsildar Bannu    | 400,000           |
| <b>5</b>     | 96621287         | 12.09.2019  | Death Electric Shok(07 persons)           | Tehsildar Bannu    | 1,900,000         |
| <b>6</b>     | 96621284         | 12.09.2019  | Wall collapse injuries(03 persons)        | TehsildarDomail    | 500,000           |
| <b>7</b>     | 96621289         | 12.09.2020  | Injured Electric Shock (02 persons)       | TehsildarMiran     | 200,000           |
| <b>8</b>     | 96621290         | 12.09.2019  | Death Gas leakage(01 persons)             | Tehsildar Kaki     | 300,000           |
| <b>9</b>     | 96621290         | 12.09.2019  | Death Electric Shock(01 persons)          | Tehsildarbakakahel | 300,000           |
| <b>10</b>    | 96621297         | 07.01.2020  | Death/injured(17 persons)                 | Tehsildar Bannu    | 4,900,000         |
| <b>11</b>    | 96621291         | 07.01.2020  | Death (04 persons)                        | TehsildarDomail    | 1,200,000         |
| <b>12</b>    | 96621286         | 30.07.2019  | House damage compensation (36)            | TehsildarDomail    | 2,210,000         |
| <b>Total</b> |                  |             |   |                    | <b>13,810,000</b> |

**Annexure-3**  
**3.5.2.1**

**Detail showing Un-authorized payment through DDO**

| <b>Sr. No.</b> | <b>Particulars</b>                                  | <b>Amount</b>    |
|----------------|---|------------------|
| 1              | Pay of PUGF staff for June/2020                     | 197247           |
| 2              | Pay of Daily wages staff for June 2020              | 164800           |
| 3              | Pay of PUGF staff for May/2020                      | 96399            |
| 4              | Pay of Daily wages staff for 05/2020                | 141600           |
| 5              | Additional pay of NaveedAsghar for 03, 04 & 05/2020 | 25993            |
| 6              | Pay of PUGF staff for 04/2020                       | 96399            |
| 7              | Pay of Daily wages staff for 04/2020                | 147200           |
| 8              | Paid to Corona Virus duty staff                     | 128000           |
| 9              | Pay of PUGF staff for 03/2020                       | 84399            |
| 10             | Pay of Daily wages staff for 03/2020                | 95200            |
| 11             | Pay of PUGF staff for 02/2020                       | 102264           |
| 12             | Addition pay of Abdul Farid for 01&02/2020          | 21348            |
| 13             | Pay of Daily wages staff for 02/2020                | 101600           |
| 14             | Pay of Daily wages staff for 01/2020                | 98400            |
| 15             | Pay of PUGF staff for 01/2020                       | 73725            |
|                | <b>Total</b>  | <b>1,574,574</b> |

**Annexure-4**  
**Para 3.5.2.2**

**Detail showing Irregular appointment of TMA employees**

| <b>Sr. No</b> | <b>Name of Employee</b> | <b>Father's Name</b> | <b>Designation</b>            | <b>BPS</b> | <b>Date of Birth</b> | <b>Date of Appointment</b> |
|---------------|-------------------------|----------------------|-------------------------------|------------|----------------------|----------------------------|
| 1             | Muhammad Nawaz          | GhulamFareed         | Driver                        | 4          | 1983                 | 1/6/2020                   |
| 2             | Farman Ali Khan         | Ashraf Ali Khan      | Driver                        | 4          | 12/4/1984            | 1/6/2020                   |
| 3             | Muhammad Habib Khan     | Noor Ali Khan        | Chawkidar                     | 3          | 10/2/1986            | 1/6/2020                   |
| 4             | Iftikhar Ali Khan       | Abdul Fareed         | Chawkidar                     | 3          | 1/10/1999            | 1/6/2020                   |
| 5             | Zaferullah Khan         | Abdullah Khan        | Naib Qasid                    | 4          | 8/5/1982             | 1/6/2020                   |
| 6             | Rifaqatullah Khan       | Nasrullah Khan       | Naib Qasid                    | 4          | 4/1/1990             | 1/6/2020                   |
| 7             | Nek Muhammad            | Umar Hayat           | Sanitary Worker               | 3          | -                    | -                          |
| 8             | Zaidan Khan             | Saifullah            | Sanitary Worker               | 3          | -                    | -                          |
| 9             | Asif Ali Khan           | BarzaKhullah Khan    | Assistant Building Inspection | 4          | -                    | -                          |



**Annexure-5**  
**Para 3.5.3.1**

**Detail showing Loss due to non-recovery of revenue**

| S.No             | Name of Contractor.          | Non Recovery |
|------------------|------------------------------|--------------|
| <b>TMA DOMEL</b> |                              |              |
| 1.               | Datson stand AzimKaly        | 30,000       |
| 2.               | Fine on Encroachment         | 50,000       |
| 3.               | Outstanding Shop Rent        | 10,877,704   |
| 4.               | Rent of Urban Rural Land     | 276,000      |
| 5.               | Sign Board fee               | 396,600      |
| <b>TMA BANNU</b> |                              |              |
| 1                | Cattle Fair Bannu City Urban | 6,801,670    |
| 2                | Goat and Sheep Market Bannu  | 1,394,000    |
| 3                | Group letreenBannu           | 38,270       |
| 4                | The BazariBannu              | 108,400      |
| 5                | Cattle Fair Market Ghoriwala | 130000       |
| 6                | Slaughter house              | 59045        |
| 7                | Mall GodamBannu              | 51999        |
| <b>TMA KAKKI</b> |                              |              |
| 1                | Motor lariaddaKakki          | 349,420      |
| 2                | Cattle fare market Kakki     | 1,532,080    |
|                  |                              | 22,094,588   |

**Annexure-6**

**Para no. 4.5.1.2**

**Detail Showing Illegal and unauthorized payment of 10% HRA**

| <b>Name of Employee</b> | <b>Designation</b> | <b>Total Basic Pay (Rs)</b> | <b>10% HRA on Basic pay (Rs)</b> |
|-------------------------|--------------------|-----------------------------|----------------------------------|
| Mr.Tauqeer H. Shah      | CEO                | 21,456,000                  | 2,145,600                        |
| Mr.AftabAlam            | Manager HR         | 480,000                     | 48,000                           |
| Mr.Safdar Ali           | CFO                | 480,000                     | 48,000                           |
| Mr.JawadUllah           | ME                 | 480,000                     | 48,000                           |
| Mr.ShahZeb Khan         | DM                 | 360,000                     | 36,000                           |
| Mr.Shabniaz Khan        | DM                 | 360,000                     | 36,000                           |
| Mr.Mian Adnan Gul       | AMA                | 360,000                     | 36,000                           |
| Mr.NaqibUllah           | AM HRA             | 360,000                     | 36,000                           |
| Mr.AtaUllah Khan        | AMF                | 360,000                     | 36,000                           |
| Mr.BakhtNiaz Khan       | AM                 | 360,000                     | 36,000                           |
| <b>Total</b>            |                    | <b>25,056,000</b>           | <b>2,505,600</b>                 |