



**AUDIT REPORT  
ON THE ACCOUNTS OF  
DISTRICT COUNCIL AND MUNICIPAL  
COMMITTEES  
CHARSADDA**

**AUDIT YEAR 2014-2015**

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**AUDITOR GENERAL OF PAKISTAN**

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## ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Programme
AP	Advance Para
CMD	Chief Minister Directives
CPWA Code	Central Public Works Account Code
CSR	Composite Schedule of Rates
DAC	Departmental Accounts Committee
DC	Deputy Commissioner
DDO	Drawing and Disbursing Officer
DPR	Disable Persons Rehabilitation
ETO	Excise and Taxation Officer
GFR	General Financial Rules
LCB	Local Council Board
LGA	Local Government Act
M <sup>3</sup>	Cubic Meter
MC	Municipal Committee
MCs	Municipal Committees/Corporations
NAM	New Accounting Model
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PCC	Plain Cement Concrete
PC-I	Planning Commission Proforma I
PEC	Pakistan Engineering Council
PFC	Provincial Finance Commission

PPRA	Public Procurement Regulatory Authority
PWP	People Works Programme
RDA	Regional Directorate of Audit
TKPP	Tameer-e-Khyber Pakhtunkhwa Programme
UCs	Union Councils

## PREFACE

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections-8 and 12 of the Auditor-General (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 and Section 168 of Local Government Act 2012, require the Auditor-General of Pakistan to conduct audit of the receipts and expenditure of Local Fund of District Council and Municipal Committees.

The report is based on audit of the accounts of District Council and Municipal Committees, District Charsadda for the Financial Year 2013-14. The Directorate General of Audit, District Governments, Khyber Pakhtunkhwa, Peshawar conducted audit on test check basis during 2014-15 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 finding carrying value of Rs 1 million or more. Relatively less significant issues are listed in the Annexure-1 of the Audit Report. The Audit Observations listed in the Annexure-1 shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observations will be brought to the notice of Public Accounts Committee through the next year's Audit Report.

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

The observations included in this Report have been finalized in the light of written replies of the Departments. 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 168 of Khyber Pakhtunkhwa Local Government Act 2012 to be laid before appropriate legislative forum.

| Islamabad  
Dated:

**(Rana Assad Amin)**  
**Auditor General of Pakistan**

## EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Khyber Pakhtunkhwa, Peshawar, is responsible to conduct the audit of all District Councils, Municipal Committees (MCs) and Union Councils (UCs). Its Regional Directorate of Audit Peshawar has audit jurisdiction of District Councils, Municipal Committees and UCs of three Districts i.e. Peshawar, Charsadda and Nowshera.

The Regional Directorate has a human resource of 14 officers and staff, constituting 4242 man days and a budget of about Rs 14.041 million was allocated during Financial Year 2014-15. It has the mandate to conduct financial attest audit, audit of sanctions, audit of compliance with authority and audit of receipts as well as the performance audit of entities, projects and programs. Accordingly Regional Director Audit Peshawar carried out audit of the accounts of District Council and Municipal Committees Charsadda for the Financial Year 2013-14 and the findings included in the Audit Report.

District Council and Municipal Committees District Charsadda perform their functions under Khyber Pakhtunkhwa Local Government Act 2012. Administrative Secretary i.e Secretary Local Government and Rural Development Department, Khyber Pakhtunkhwa is the Principal Accounting Officer for these local bodies. According to financial provisions of the Act, the Secretary Local Government and Rural Development Department, Khyber Pakhtunkhwa authorizes the Annual Budget for these local bodies in the form of budgetary grants.

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

Out of the total expenditure of the District Council and Municipal Committees, District Charsadda, for the Financial Year 2013-14, auditable expenditure under the jurisdiction of RDA was Rs 311.933 million. Out of this, RDA Peshawar audited an expenditure of Rs 187.160 million which, in terms of percentage, was 60% of auditable expenditure.



The receipts of District Council and Municipal Committees, District Charsadda for the Financial Year 2013-14, were Rs 247.813 million. Out of this, RDA Peshawar audited receipts of Rs 148.688 million which, in terms of percentage, was 62% of auditable receipts.

The total expenditure and receipts of District Council and Municipal Committees, District Charsadda, for the Financial Year 2013-14 were Rs 559.746 million. Out of this, RDA Peshawar audited the expenditure and receipts of Rs 335.848 million.

**b. Recoveries at the instance of audit**

Recovery of Rs 58.661 million was pointed out during the audit. However, no recovery was affected till the finalization of this report. Out of the total recoveries, Rs 35.532 million were not in the notice of the executives before audit.

**c. Audit Methodology**

Audit was conducted after understanding the business processes of District Council and Municipal Committees, District Charsadda, with respect to its functions, control structure, prioritization of risk areas by determining their significance and identification of key controls. This helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field activity. Audit used desk audit techniques for analysis of compiled data and review of permanent files/record. Desk Audit greatly facilitated identification of high-risk areas for substantive testing in the field.

**d. Audit Impact**

Audit pointed out various irregularities of serious nature to the management. 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.

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

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

One of the basic components of Internal Control System, as envisaged under Para 13 of GFR Volume-I, is internal audit which was not found prevalent in District Council and Municipal Committees, District Charsadda. Neither rules for internal audit have been framed nor internal audit report as required was provided to audit.

**f. Key audit findings of the report;**

- i. Misappropriation of Rs 0.285 million was noted in one case<sup>1</sup>.
- ii. Non-production of record of Rs 13.844 million was noted in two cases<sup>2</sup>.
- iii. Irregularity & Non-compliance of Rs 100.887 million was noted in eight cases<sup>3</sup>
- iv. Loss due to Internal Control Weaknesses of Rs 37.775 million was noted in ten cases<sup>4</sup>.

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<sup>1</sup> Para 1.2.1.1

<sup>2</sup> Paras 1.2.2.1, 1.3.1.1

<sup>3</sup> Para 1.2.3.1, 1.3.2.1, 1.3.2.2, 1.4.1.1, 1.5.1.1 to 1.5.1.4

<sup>4</sup> Paras 1.2.4.1, 1.2.4.2, 1.3.3.1 to 1.3.3.6, 1.4.2.1, 1.5.2.1

**g. Recommendations**

- i. Inquiries need to be held to fix responsibility for losses, misappropriation and irregular payments.
- ii. Disciplinary action needs to be taken for non production of record as well as violation of the rules and regulations in spending the public money.
- iii. Concerted efforts need to be made to recover long outstanding dues.
- iv. Recovery of taxes on supplies and contracts need to be ensured.
- v. All sectors of District Council/MCs need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc to ensure that reported lapses are preempted and fair value for money is obtained from public spending.

## SUMMARY TABLES and CHARTS

**Table 1: Audit Work Statistics**

(Rs in million)

S.No	Description	No.	Budget
1	Total Entities in (PAO) Audit Jurisdiction	01	559.746
2	Total formations in audit jurisdiction	04	559.746
3	Total Entities in (PAO) Audited	01	335.848
4	Total formations Audited	04	335.848
5	Audit and Inspection Reports	04	335.848
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

**Table 2: Audit observations classified by categories**

(Rs in million)

S.No.	Description	Amount Placed under Audit Observation
1.	Unsound asset management	-
2.	Weak financial management	8.141
3.	Weak Internal controls relating to financial management	37.775
4.	Others	106.875
<b>Total</b>		<b>152.791</b>

**Table 3: Outcome Statistics****(Rs in million)**

<b>S. No</b>	<b>Description</b>	<b>Expenditure on Acquiring Physical Assets Procurement</b>	<b>Civil Works</b>	<b>Receipts</b>	<b>Others</b>	<b>Total for the year 2013-14</b>	<b>Total for the year 2012-13</b>
1.	Outlays Audited	3.500	66.653	148.688	117.007	335.848	104.520
2.	Amount Placed under Audit Observation /Irregularities of Audit	1.004	113.322	33.434	5.031	152.791	45.917
3.	Recoveries Pointed Out at the instance of Audit	1.004	20.977	31.649	5.031	58.661	38.585
4.	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-
5.	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

**Table 4: Table of Irregularities pointed out****(Rs in million)**

<b>S.No.</b>	<b>Description</b>	<b>Amount Placed under Audit Observation</b>
1.	Violation of Rules and regulations, principle of propriety and probity in public operation	42.225
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	0.285
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.	37.775
5.	Recoveries and overpayment, representing cases of established overpayment or misappropriations of public monies	58.661
6.	Non-production of record	13.845
7.	Others, including cases of accidents, negligence etc.	-
<b>Total</b>		<b>152.791</b>

**Table 5: Cost-Benefit****(Rs in million)**

<b>S.No.</b>	<b>Description</b>	<b>Amount</b>
1.	Outlays Audited	335.848
2.	Expenditure on Audit	0.826
3.	Recoveries realized at the instance of Audit	-
4.	Cost-Benefit Ratio	1:0



## CHAPTER-1

### 1.1 District Council and Municipal Committees Charsadda

#### 1.1.1 Introduction

District Charsadda has three Tehsil i.e. Charsadda, Tangi and Shabqadar. There is a District Council and three Municipal Committees. District Council has a Chief Coordination Officer, District Officer (Finance), District Officer (Infrastructure) and District Officer (Regulation). Municipal Committees have Chief Municipal Officers, Municipal Officers (Finance), Municipal Officers (Infrastructure) and Municipal Officers (Regulation). District Council Charsadda has one Drawing and Disbursing Officer (DDO) i.e. Chief Coordination Officer & Chief Municipal Officers are the DDOs of Municipal Committees. According to 1998 population census, the population of District Charsadda is 1,022,364.

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

An amount of Rs 161.412 million was allocated as grant in aid by the Provincial Government to District Council and Municipal Committees of District Charsadda. An amount of Rs 247.813 was realized during the financial year 2013-14. Thus making a total of Rs 409.225 at the disposal of local councils, against which an expenditure of Rs 311.933 million was incurred by the District Council and Municipal Committees Charsadda with a saving of Rs 97.292 million during financial Year 2013-14. Detail is given below:

(Rs in million)

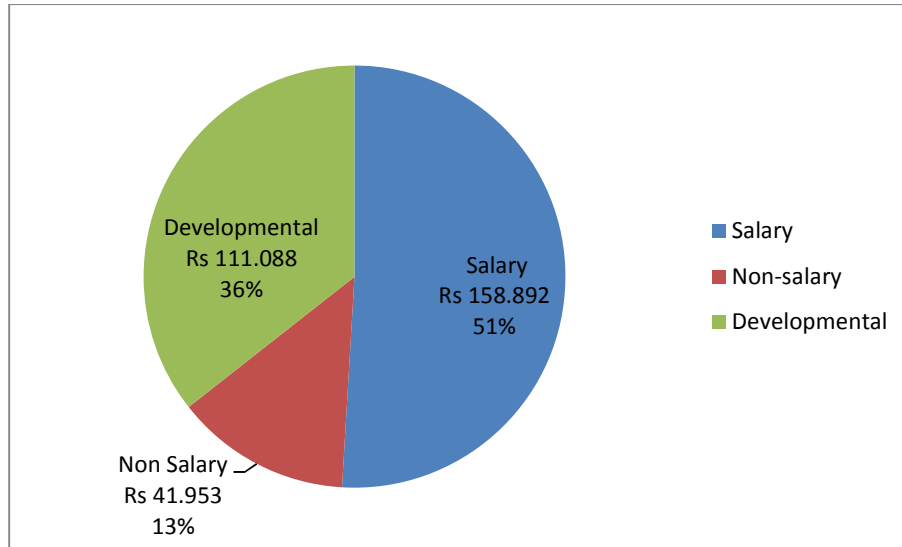
2013-14	Budget	Expenditure	Excess/ (Saving)	%age
Salary	182.332	158.892	(23.440)	12.856
Non-salary	52.822	41.953	(10.869)	20.577
Developmental	174.071	111.088	(62.983)	36.182
<b>Total</b>	<b>409.225</b>	<b>311.933</b>	<b>(97.292)</b>	<b>23.774</b>
<b>Receipts</b>	<b>248.646</b>	<b>247.813</b>	-	-
<b>Grand Total</b>	<b>657.871</b>	<b>559.746</b>	-	-

The huge savings of Rs 97.292 million in all heads of accounts indicate weaknesses in the capacity of these local institutions to utilize the amounts allocated.



## Expenditure 2013-14

(Rs in million)



### 1.1.3 Brief comments on the status of compliance with PAC Directives

The audit reports on the accounts of newly formed District Council and Municipal Committees Charsadda under the LGA 2012, have not yet been discussed in PAC.

**DISTRICT COUNCIL CHARSAKDA**

**1.2 Audit Paras District Council Charsadda**

**1.2.1 Fraud/Misappropriation**

**1.2.1.1 Misappropriation on account of repair of parking shed–  
Rs 0.285 million**

Para 23 of GFR Vol.-I states that every Government officer is personally responsible for any loss sustained by Government through fraud or negligence either on his part or on the part of his subordinate staff.

Chief Coordination Officer, District Council Charsadda paid Rs 285,054 for repair of parking shed at District Council Office during 2013-14 vide work order No. 15 dated 25-3-2014. Audit observed that the said parking shed was newly constructed during 2013-14 and expenditure of Rs 480,000 was already incurred on the same work vide work order No. 4 dated 27-12-2013. Hence repair of newly constructed parking shed during same financial year was not justified. Chance of misappropriation could not be ruled out. Moreover a certificate was affixed on the history sheet of the PC-1 of the repair work that no such expenditure has been incurred in the last five years.

The misappropriation occurred due to negligence of Management.

When pointed in August 2014, management did not reply.

Request for convening DAC meeting was made on 19-08-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

Audit recommends recovery besides inquiry to fix responsibility on the person(s) at fault under intimation to audit.

**AP 24/2013-14**

## 1.2.2 Non Production of Record

### 1.2.2.1 Non Production of Record–Rs 10.990 million

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

Chief Coordination Officer, District Council Charsadda executed various works valuing Rs 10,990,148 through contractors during 2013-14. However, the auditable record was not produced to audit despite repeated requests. Details are as under: -

(Amount in Rs)

S.No	Name of Schemes	Estimated Cost	Expenditure
1	Sanitation scheme at Dherai Korona at U/C Shekho	2,590,000	1,836,088
2	Sanitation scheme at yakh koi	2,670,000	1,563,616
3	Sanitation scheme at Manzoor Korona	2,070,000	2,070,000
4	Sanitation scheme at Saleem Korona	2,260,000	1,859,076
5	Sanitation scheme at Minory Matta	2,400,000	1,426,000
6	Shingling of road Shabara Prang	320,000	320,000
7	M &R	2,250,000	1,915,368
<b>Total</b>		<b>14,560,000</b>	<b>10,990,148</b>

The veracity of the expenditure could not be authenticated due to non production of record.

When reported in August 2014, management did not reply.

Request for convening DAC meeting was made on 19-08-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

Audit recommends fixing of responsibility for non production of record and disciplinary action against the person(s) at fault besides production of record for audit.

AP 27/2013-14

### **1.2.3 Irregularity & Non-compliance**

#### **1.2.3.1 Less recovery of income tax-Rs 0.432 million**

According to Section-236(A) of Income Tax Ordinance, 2001 income tax @ of 10% shall be collected from the contractors at the time of award of contracts.

The Chief Coordination Officer, District Council Charsadda auctioned and awarded various contracts amounting to Rs 8,521,000 to contractors during 2013-14 but income tax for Rs 432,220 was not recovered from contractors. Details are given at annexure-3.

Non recovery of income tax occurred due to non compliance of rules, which resulted loss to Government.

When pointed in August 2014, management replied that the Federal Board of Revenue letter No. 443 dated 14-05-2014 regarding 10% advance income tax was received on 14-05-2014 while contracts were started i.e. 01-07-2013. In response of 10% income tax mentioned in the letter, amount would be credited into Government treasury. The reply was evasive as advance income tax for the financial year was 10%.

Request for convening DAC meeting was made on 19-08-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

Audit recommends crediting of income tax under intimation to audit and action against the person (s) at fault.

**AP 10/2013-14**

## **1.2.4 Internal Control Weaknesses**

### **1.2.4.1 Non-crediting of taxes and Disabled Person Rehabilitation fund-Rs 1.065 million**

According to Treasury Rule 7 (i), all the money received by or tendered to Government officers on account of the revenue shall without undue delay be paid in full into a treasury.

The Chief Coordination Officer, District Council Charsadda deducted an amount of Rs 961,455 as income tax from various contractors but the amount was not credited into Government treasury during 2013-14. Moreover, professional tax for Rs 73,200 and DPR fund for Rs 30,000 was not deducted from contractors' bills. Detail at annexure-4.

Non crediting of income tax and non deduction of professional tax and DPR occurred due to weak internal controls.

When reported in August 2014, management replied that income tax for Rs 498,872 vide cheque no. 1053732 dated 23-07-2014 had already been sent to Income tax Department Charsadda and remaining amount of income tax, professional tax and DPR would be credited to quarter concerned. The reply was not convincing as no documentary evidence was produced.

Request for convening DAC meeting was made on 19-08-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

Audit recommends crediting of amount of income tax, professional tax into Government treasury and DPR to quarter concerned besides action against the person (s) at fault.

**AP 01/2013-14**

**1.2.4.2 Non-realization of water user charges and rent of shops-  
Rs 1.121 million**

Para-1 & 2 of Section-179 of Local Government Act, 2012 states that “failure to pay any tax and other money claimable under this Act shall be an offence”. “All arrears of taxes, rents and other moneys claimable by a Local Council under this Act shall be recoverable as arrears of land revenue”.

The Chief Coordination Officer, District Council Charsadda failed to recover an amount of Rs 1,037,531 as outstanding water charges against the users and rent of shops amounting to Rs 83,700 during and up to June, 2014. Details are at annexure-5.

Non recovery of water user charges and rent of shops occurred due to weak internal controls.

When pointed in August 2014, management replied that efforts were underway for recovery of arrears and would be intimated to audit. However no progress was intimated.

Request for convening DAC meeting was made on 19-08-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

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

**AP 16/2013-14**

**MUNICIPAL COMMITTEE CHARSAKDA**



### **1.3 Audit Paras Municipal Committee Charsadda**

#### **1.3.1 Non Production of Record**

##### **1.3.1.1 Non Production of Record–Rs 2.854 million**

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

Chief Municipal Officer, Municipal Committee, Charsadda received Rs 20,000,000 under Tameer-e-Khyber Pakhtunkhwa Programme (TKPP) and executed various developmental schemes of Rs 2,854,251 in Charsadda (as per progress report), during 2013-14. However, the record was not produced to audit for verification despite repeated requests.

The veracity of the expenditure could not be authenticated due to non production of record.

When reported in August 2014, management did not reply.

Request for convening DAC meeting was made on 17-09-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

Audit recommends fixing of responsibility for non production of record and disciplinary action against the person(s) at fault besides production of record for audit.

**AP 61/2013-14**

## **1.3.2 Irregularity & non compliance**

### **1.3.2.1 Irregular award of contract-Rs 80.00 million**

Para 32 of CPWA Code Vol-I states that no work shall be executed without administrative approval and technical sanction. Government of Pakistan Planning Commission Letter No.21(19)DA/ PC/ 89, dated 16<sup>th</sup> April 1989 states that “in Feasibility study there will be an in-depth three in one study of a project which gives its technical, financial and economic viability and arrives at definitive conclusion on all the basic issues of the project after consideration of various alternatives. In case of the project costing Rs 50 million or more, the Provincial Governments/Federal Ministries/Divisions may prepare PC-I after conducting proper feasibility study”

The Chief Municipal Officer, MC, Charsadda tendered and awarded a project “Construction of sewerage/drainage system in Charsadda” to a contractor. The cost estimate of the project was Rs 80,000,000 and expenditure of Rs 46,406,764 was incurred till date of audit i.e. 11-09-2014. Audit observed the following irregularities:

- i. The project was undertaken without carrying out feasibility study and consultancy services as a result the scope of work was changed. Hence technical failure of the project could not be ruled out.
- ii. The project was not technically sanctioned.
- iii. The invitation for bids for prequalification and execution of project was tendered in only Urdu daily which was violation of PPRA rules.
- iv. The Pakistan Engineering Council (PEC) approved bidding documents were not used in the bidding process. Moreover, integrity pact was not signed with contractor.

The irregularities occurred due to non observance of rules.

When pointed out in September, 2014 management replied that detailed reply would be given after consulting of record. However no progress was intimated.

Request for convening DAC meeting was made on 17-09-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

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

**AP 54/2013-14**

### **1.3.2.2 Non imposition of penalty-Rs 8.00 million**

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

The Chief Municipal Officer, MC, Charsadda awarded the contract 'Construction of sewerage/drainage system in Charsadda' with cost estimate of Rs 80,000,000. As per work order the completion date of the scheme was 30-06-2014. However, only 58% physical progress was achieved till date of audit i.e. 11-09-2014. The penalty @ 10% amounting to Rs 8,000,000 was not imposed by local office.

Non imposition of penalty occurred due to non compliance of rules.

When pointed out in September, 2014 management replied that penalty would be imposed and recovered from the concerned contractor and progress would be shown to audit. However no progress was intimated.

Request for convening DAC meeting was made on 17-09-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

Audit recommends recovery of penalty and crediting into Government treasury besides action against the person (s) at fault.

**AP 57/2013-14**

### 1.3.3 Internal Control Weaknesses

#### 1.3.3.1 Procurement of machinery at higher rate -Rs.1.004 million

Para 23 of GFR Vol.-I states that every Government officer is personally responsible for any loss sustained by Government through fraud or negligence either on his part or on the part of his subordinate staff.

Chief Municipal Officer, Municipal Committee Charsadda Purchased machinery for Rs 3,450,000 through a middleman, M/S Shah Fahad Builders instead of directly purchase from the manufacturer during 2013-14. The manufacturer (Millat Tractors Limited) quoted rate was Rs 1,856,000. Moreover stamp duty for Rs 34,500 was also not deducted from the supplier, which resulted into loss of Rs 1,003,500 (969,000+34,500) to the public exchequer. Details are as under:

(Amount in Rs)

S.#	Description	Company rate per unit	Paid to M/S Shah Fahad	Loss
1.	Tractor MF 385	18,56,000	28,25,000	9,69,000
2	Loss due to non deduction of Stamp Duty @ one percent.			28,250
2.	Loader	Locally Purchased but Stamp duty not deducted	3,25,000	3,250
3	Trolley	-do-	3,00,000	3,000
<b>Total</b>			<b>34,50,000</b>	<b>1,003,500</b>

The procurement of machinery at higher rate occurred due to weak internal controls.

When pointed out in September, 2014 management replied that the MC was not authorized to purchase machinery directly nor any notification was received from Provincial Government in this regard. The procurement was made through Director Information and sealed envelopes received were opened in the presence of contractors by purchase committee. So the tender was awarded to lowest bidder according to rules. The reply was not convincing as the

management was required to negotiate the huge difference between price quoted by manufacturer and supplier before procurement.

Request for convening DAC meeting was made on 17-09-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

Audit recommends recovery of loss and crediting into Government treasury besides action against the person (s) at fault.

**AP 33/2013-14**

**1.3.3.2 Non-realization of water user charges and rent of shops- Rs 19.093 million**

Para-1 & 2 of Section-179 of Local Government Act, 2012 states that “failure to pay any tax and other money claimable under this Act shall be an offence”. “All arrears of taxes, rents and other moneys claimable by a Local Council under this Act shall be recoverable as arrears of land revenue”.

Chief Municipal Officer, MC, Charsadda failed to recover the outstanding water charges of Rs 18,129,384 against the users and rent of shops of Rs 963,133 during and up to June, 2014. Details are as under:

**(Amount in Rs)**

<b>S.No</b>	<b>Particular</b>	<b>Receipts Demand</b>	<b>Recovery</b>	<b>Outstanding Amount</b>
1	Water Rates	18,963,737	834,353	18,129,384
2	Rent of Shops	5,631,315	4,668,182	963,133
<b>Total</b>		<b>24,595,052</b>	<b>5,502,535</b>	<b>19,092,517</b>

Non realization of water user charges and rent of shops occurred due to weak internal controls.

When pointed out in September, 2014 management replied that the main reason of outstanding amount was political influence, rusted pipes and flood in

2010. The amount was outstanding since long. However, efforts were made for recovery to some extent. However the outstanding amount would be recovered during 2014-15 and detail reply would be given. The reply was not convincing as the collection of long outstanding water charges and rent of shops was the responsibility of MC Charsadda.

Request for convening DAC meeting was made on 17-09-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

Audit recommends recovery of outstanding amount besides action against the persons at fault.

**AP 34/2013-14**

### **1.3.3.3 Non crediting of tender forms fee-Rs 2.244 million**

Para 8 and 26 of the General Financial Rules Volume I require that each administrative department to see that the dues of the government are correctly and promptly assessed, collected and credited to government.

Chief Municipal Officer, MC, Charsadda collected tender forms fee on developmental works Rs 2,244,000 from contractors during 2013-14. However, the amount was not credited into Government treasury till date of audit i.e. 11-09-2014. Details are at annexure-6.

Non-crediting of tender form fee occurred due to weak internal controls.

When pointed out in September, 2014 management replied that detail reply would be given after consulting of record. However no progress was intimated.

Request for convening DAC meeting was made on 17-09-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

Audit recommends crediting of tender form fee into Government treasury besides action against the person (s) at fault.

**AP 35/2013-14**

**1.3.3.4 Overpayment due to allowing higher rate in PCC 1:4:8-  
Rs 2.268 million**

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

The Chief Municipal Officer MC, Charsadda overpaid Rs 2,268,384 to contractors in various schemes funded under TKPP due to allowing higher rate of PCC 1:4:8 than approved in PC-I during 2013-14. Hence, undue favor was extended to contractors and Government was put to loss. Details are at annexure-7.

Overpayment by allowing higher rate occurred due to weak internal control.

When pointed out in September, 2014 management replied that detail reply would be given after consulting of record. However no progress was intimated.

Request for convening DAC meeting was made on 17-09-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

Audit recommends recovery of overpayment and crediting into Government treasury besides action against the person (s) at fault.

**AP 37/2013-14**

**1.3.3.5 Overpayment due to non utilization of available material- Rs1.640  
million**

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

Chief Municipal Officer, Municipal Committee Charsadda overpaid Rs 1,639,819 to a contractor for “Construction of Sewerage/Drainage System at Charsadda” vides ADP No 765/100258/2012-13. The local office did not utilize the available surplus earth received from excavation for filling besides allowing higher rate of “Formation of embankment” which resulted in loss of Rs 1,639,819. Details are at annexure-8.

Overpayment by non-utilization of available material occurred due to weak internal control.

When pointed out in September, 2014 management replied that detailed reply would be given after consulting record. However no progress was intimated.

Request for convening of DAC meeting was made on 17-09-2014. DAC meeting was not convened till finalization of this Report in March, 2015.

Audit recommends recovery of overpayment and crediting into Government treasury besides action against the person (s) at fault.

**AP 41/2013-14**

#### **1.3.3.6 Overpayment due to allowing higher rate-Rs 5.761 million**

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

The Chief Municipal Officer MC, Charsadda overpaid Rs 5,332,699 to contractor in a work “Construction of sewerage/drainage system in Charsadda” up to 8<sup>th</sup> running bill due to allowing higher rate.

Moreover an amount of Rs 427,840 was overpaid to contractors in various schemes funded under TKPP due to allowing excessive rate of earth filling during 2013-14. Audit observed that rate of Rs 618/M<sup>3</sup> was paid instead of Rs 438.35/M<sup>3</sup> as approved rate in PC-I. Hence undue favor was extended to contractors and Government was put to loss. Details are at annexure-9.



Overpayment occurred due to extended undue favor to contractor and weak internal controls.

When pointed out in September, 2014 management replied that detail reply would be given after consulting of record. However no progress was intimated.

Request for convening DAC meeting was made on 17-09-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

Audit recommends recovery of overpayment and crediting into Government treasury besides action against the person (s) at fault.

**AP 49& 55/2013-14**

**MUNICIPAL COMMITTEE TANGI**

**1.4 Audit Paras Municipal Committee Tangi**  
**1.4.1 Irregularity & non compliance**  
**1.4.1.1 Loss to Government due to mismanagement of contract-  
Rs 1.266 million**

According to Para-II of Local Council Board (LCB) letter No. AO-II/LCB/6-11/2012, dated 06-04-2012 “The local council shall fix different dates in one advertisement for auctioning the contract of local taxes. If no reasonable bid is offered then another advertisement be got published in the renowned and widely circulated newspapers through information department at least seven clear working days before the date fixed for auction of the contract. The same practice shall continue till 15% or more reasonable bid is achieved”.

The Chief Municipal Officer, MC Tangi auctioned the contract “Bus stand Tangi” on 16-06-2012 for the year 2012-13. The highest bid for Rs 6,050,000 (which was 16% above than previous year 2011-12 bid) was sent to Local Council Board (LCB), Khyber Pakhtunkhwa. Audit observed that the LCB approved the contract for Rs 6,300,000 after irregular increase of bid amount of Rs 250,000. Resultantly, the contractor refused to run the contract and it was run departmentally and Rs 5,086,595 was collected during the year.

In addition, income tax amounting to Rs 302,500 would have been collected if the contract was awarded to contractor on agreed bid. Audit held that due to mismanagement of contract, Government was put to loss for Rs 1,265,905 (6,050,000+302,500-5,086,595). Moreover, the record was also silent on release or forfeiture of call deposit of Rs 1,000,000.

The loss occurred due to non compliance of modle terms and conditions.

When pointed out in September, 2014 management replied that detailed reply would be given after consulting of record. However, no progress was intimated.

Request for convening DAC meeting was made on 15-10-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

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

**AP 70/2013-14**

## **1.4.2 Internal Control Weaknesses**

### **1.4.2.1 Non recovery of income tax and non crediting of professional tax-Rs 1.012 million**

According to Section 236-A of Income Tax Ordinance 2001 income tax @ 5% shall be collected from the contractors at the time of award of contracts.

According to Excise and Taxation Officer-IV Peshawar letter No 910/ETOIV dated 05.08.11, professional tax is recoverable at prescribed rates.

The Chief Municipal Officer, MC Tangi did not recover income tax of Rs 551,650 (including Rs 84,150 default surcharge) from the contractor of “2% immovable property tax” during 2012-13 and till date of audit i.e. 13-10-2014. The amount was outstanding for the long time. The amount was required to be recovered during 2012-13 besides blacklisting of contractor. Moreover, professional tax amounting to Rs 460,000 was collected from contractors but not credited to Government treasury till date of audit i.e. 13-10-2014. Details are given at annexure-10.

Non recovery of income tax and non crediting of professional tax occurred due to weak internal controls.

When pointed out in September, 2014 management replied that amount would be recovered and deposited into Government treasury. However no progress was intimated.

Request for convening DAC meeting was made on 15-10-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

Audit recommends recovery and blacklisting the contractor for future contracts besides action against the person (s) at fault.

**AP 68 & 78/2013-14**

**MUNICIPAL COMMITTEE SHABQADAR**

**1.5 Audit Paras Municipal Committee Shabqadar**

**1.5.1 Irregularity & non compliance**

**1.5.1.1 Loss to Government due to mismanagement of contract-Rs 4.034 million**

Para-II of LCB letter No. AO-II/LCB/6-11/2012, dated 06-04-2012 states that “The local council shall fix different dates in one advertisement for auctioning the contract of local taxes. If no reasonable bid is offered then another advertisement be got published in the renowned and widely circulated newspapers through information department at least seven clear working days before the date fixed for auction of the contract. The same practice shall continue till 15% or more reasonable bid is achieved”.

The Chief Municipal Officer, MC Shabqadar auctioned the contract “Bus stand Shabqadar” on 10-05-2012 for the year 2012-13. The highest bid for Rs 12,500,000 (which was 15.74% above than previous year 2011-12 bid) was sent to Local Council Board (LCB), Khyber Pakhtunkhwa. Audit observed that the LCB approved the contract for Rs 12,960,000 after unjustified increase of bid amount of Rs 460,000. Resultantly the contractor refused to run the contract. The contract was run departmentally and Rs 9,091,058 was collected during the year.

Moreover, income tax amounting to Rs 625,000 would have been collected if the contract was awarded to contractor on agreed bid. Due to mismanagement of contract, Government was put to loss of Rs 4,033,942 (12,500,000+625,000-9,091,058).

Mismanagement of contract occurred due to non-compliance of model terms and conditions.

When pointed out in November, 2014 management replied that the contract was sent for approval of LCB but the latter increased the contract amount from 12,500,000 to Rs.12,960,000. Reply was not convincing as due to negligence and mismanagement of contract, MC was put to loss.

Request for convening DAC meeting was made on 28-11-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

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

**AP 85/2013-14**

**1.5.1.2 Loss to Government due to negligence -Rs 2.038 million**

Para-II of LCB letter No. AO-II/LCB/6-11/2012, dated 06-04-2012 states that “The local council shall fix different dates in one advertisement for auctioning the contract of local taxes. If no reasonable bid is offered then another advertisement be got published in the renowned and widely circulated newspapers through information department at least seven clear working days before the date fixed for auction of the contract. The same practice shall continue till 15% or more reasonable bid is achieved”.

The Chief Municipal Officer, MC Shabqadar auctioned the contract “Cattle Fair Shabqadar” for the year 2012-13. The highest bid offered was for Rs 4,400,000 (which was 36.60% above than previous year 2011-12 i.e. Rs 2,436,015) sent to Local Council Board, Khyber Pakhtunkhwa for approval. However, the contract was not approved and was run departmentally. Resultantly a sum of Rs 2,581,945 was collected during the year.

Moreover income tax of Rs 220,000 would have been collected if the contract was awarded to contractor. Due to negligence and mismanagement, Government was put to loss of Rs 2,038,055 (4,400,000+220,000-2,581,945).

Mismanagement of contract occurred due to non compliance model terms and conditions.

When pointed out in November, 2014 management replied that the contract was sent to LCB for approval but they cancelled the offered bid and directed this office to re-auction the contract. Reply was not convincing as loss could not be justified.

Request for convening DAC meeting was made on 28-11-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

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

**1.5.1.3 Loss to Government due to irregular departmental collection- Rs 0.803 million**

Para-II of LCB letter No. AO-II/LCB/6-11/2012, dated 06-04-2012 states that “The local council shall fix different dates in one advertisement for auctioning the contract of local taxes. If no reasonable bid is offered then another advertisement be got published in the renowned and widely circulated newspapers through information department at least seven clear working days before the date fixed for auction of the contract. The same practice shall continue till 15% or more reasonable bid is achieved”.

The Chief Municipal Officer, MC Shabqadar auctioned the contract “Truck stand Shabqadar” for the year 2012-13. The highest bid offered for Rs 2,300,000 which was 33.41% above than previous year departmental collection i.e. Rs 1,724,022. The record revealed that the local office did not send the highest offer to LCB for approval. Resultantly the contract was run departmentally and a sum of Rs 1,612,130 was collected during the year.

Moreover, income tax of Rs 115,000 could have been collected if the contract was awarded to contractor. This resulted in loss of Rs 802,870 (2,300,000+115,000-1,612,130).

Loss occurred due to negligence of management and non compliance model terms and conditions.

When pointed out in November, 2014 management replied that two contracts (Cattle Fair and 2% Property Tax) were sent to LCB for approval on higher ratio than previous year, but they cancelled the contracts. In the light of above two contracts the ratio for the said contract was less due to which the contract was not sent to L.C.B for approval. Reply was evasive. The contract was required to be sent to LCB for approval as per terms and conditions and in best public interest.

Request for convening DAC meeting was made on 28-11-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.



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

**AP 88/2013-14**

**1.5.1.4 Loss due to unauthorized payment of rent—Rs 5.031 million**

Para-4 of Finance Department's letter No.S.O(A/Cs)/FD/2-5/93 dated 14-5-1996 states that "after getting Finance Department's approval necessary agreement with the landlord for a period of 3 years as per government approved terms and conditions with no commitment for advance payment, may be entered into" and Para-5 states that "in case of further extension in the agreement period for another period of 3 years, same procedure will be observed subject to the condition that the increase in rent would be not more than 15%".

Chief Municipal Officer MC Shabqadar hired a piece of land for General Bus Stand on monthly rent of Rs 23,000 with annual increase of 5% for 10 years in 1999. The lease was further extended for another period of 10 years w.e.f. July 2009 to June 2019 on monthly rent of Rs 80,000 with 20% annual increase. The rent was required to be increased after 3 years @ 15% on principal amount, but it was enhanced on annual basis with unauthorized 5% and 20% which resulted into loss of Rs 5,030,676 to the local office since July 1999 to June 2014.

The period of agreement exceeded to 10 years from the prescribed standard period of 03 years. The increase was required after 03 years @ 15% on principal amount but it was granted on annual compound basis. Hence undue favor was extended at the cost of the department. Details are at annexure-11.

Loss occurred due to non compliance of rules.

When pointed out in November, 2014 management replied that approval of the said had been accorded by the Provincial Govt. However the detailed reply would be given after checking the record. Reply was not convincing as rules for increase of rent were not followed.

Request for convening DAC meeting was made on 28-11-2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this Report in March, 2015.

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

**1.5.2 Internal Control Weaknesses**

**1.5.2.1 Non recovery of outstanding amount against contractor-  
Rs 1.851 million**

According to Clause-5 of contract agreements “monthly installment will be paid by contractor on last day of the month it relates. If contractor fails to deposit the installment up to 3<sup>rd</sup> of the next month, penalty @ 1% will be recovered from contractor.

The Chief Municipal Officer, MC Shabqadar did not recover a sum of Rs 1,851,442 outstanding against various contractors during 2013-14. The amount was required to be recovered besides blacklisting the defaulters for future contracts. Details are at annexure-12.

Non recovery of dues occurred due to weak internal control.

When pointed out in October, 2014 management replied that a number of notices were issued to the contractors for the outstanding amount and legal action would be taken against the defaulters. However no progress was intimated.

Request for convening of DAC meeting was made on 28-11-2014. DAC meeting was not convened till finalization of this Report in March, 2015.

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

## ANNEXURES

### Annexure-1

#### Detail of MFDAC Paras

(Rs in million)

S. No	AP No	Department	Caption	Amount
1	03	District Council Charsadda	Non crediting of tender form fee	3.611
2	05		Non recovery of loan	9.000
3	07		Loss due to irregular award of contract	1.610
4	14		Suspected misappropriation and abnormal decrease in revenue/receipts	3.230
5	26		Irregular expenditure without Technical Sanction	16.024
6	36	Municipal Committee Charsadda	Non Crediting of Contractors enlistment/registration Fee	1.273
7	44		Irregular expenditure due to violation of PPRA rules	60.000
8	46		Loss due to illegal occupation of land	65.000
9	48		Suspected misappropriation of Tender forms fee	2.480
10	56		Unauthorized expenditure out of Developmental fund	7.608
11	62		Unauthorized execution of work	2.540
12	63	Municipal Committee Tangi	Loss due to non possession of RDD Land	3.200
13	72		Un authorized expenditure	2.479
14	73		Non recovery of water user charges-	8.981
15	93	Municipal Committee Shabqadar	Blockage of Government money	12.511
16	97		Non utilization of Slaughter House Fund	17.174
			<b>Total</b>	<b>216.721</b>

## Audit Impact Summary

S.No	Rules/System/Procedure	Audit Impact
1	The Auditor General has the authority to require any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to transactions to which his duties in respect of audit extent.	DAC meetings could not be convened due to which audit impact is not visible.
2	According to para-1 & 2 of Section-179 of Local Government Act, 2012 states that "failure to pay any tax and other money claimable under this Act shall be an offence". "All arrears of taxes, rents and other moneys claimable by a Local Council under this Act shall be recoverable as arrears of land revenue".	-do-
3	According to GFR, all dues of the Government should be correctly and promptly assessed, collected and paid into Government Treasury.	-do-
4	According to terms and condition of the contracts; the contract for the present year must have an increase over the bid of last year to the tune of 15%.	-do-
5	Withholding tax collection under section 236A on sale of property was required at enhanced rate of 10%.	-do-
6	Para 220 and 221 of CPWA Code states that the Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the rates are correctly entered and that all the calculations have been checked arithmetically.	-do-
7	The procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods over the value of Rs 100,000	-do-

**Annexure-3 (1.2.3.1)**

**Less collection of Income tax**

(Amount in Rs)

S.No	Name of Contracts	Bid Amount	Required 10 % Income Tax	Actual Recovery of 10% Advance Income Tax	Less Recovery
1	Load Unload	1,725,000	172,500	98,534	73,966
2	Suzuki Stand Sardaryab	150,000	15,000	7,691	7,309
3	Cattle Fair Nisatta	920,000	92,000	52,346	39,654
4	Cattle Fair Ziam	1,115,000	111,500	77,457	34,043
5	Cattle Fair Harichand	225,000	22,500	21,346	1,154
6	Cattle Fair Shakh No.6	150,000	15,000	13,846	1,154
7	Suzuki Stand Shakh No.6	180,000	18,000	10,414	7,586
8	Cattle Fair Umerzai	115,000	11,500	6,478	5,022
9	Cattle Fair Sardheri	20,000	2,000	1,200	800
10	Chinchi Stand Sardheri	21,000	2,100	1,260	840
11	Bus Stand Sardheri	370,000	37,000	22,208	14,792
12	Chinchi Stand Umerzai	230,000	23,000	15,085	7,915
9	Bus Stand Harichand	3,300,000	330,000	235,149	94,851
<b>Sub Total</b>		<b>8,521,000</b>	<b>852,100</b>	<b>563,014</b>	<b>289,086</b>
Default Surcharge under section 161/205 imposed by Inland Revenue Officer Charsadda					<b>143,134</b>
<b>G. Total</b>					<b>432,220</b>

**Annexure-4 (1.2.4.1)****Non deduction of Professional tax, DPR and non-crediting of Income tax****(Amount in Rs)**

<b>S.No</b>	<b>Name of Schemes</b>	<b>Expenditure</b>	<b>Professional Tax</b>	<b>DPR</b>	<b>Income Tax</b>
1	Construction of Janaza Gah	2,000,000	6,000	2,000	120,000
2	Sanitation scheme at Dherai Korona at U/C Shekho	1,836,088	6,000	2,000	110,165
3	Sanitation scheme at yakh koi	1,563,616	6,000	2,000	93,817
4	Sanitation scheme at Manzoor Korona	2,070,000	6,000	2,000	124,200
5	Sanitation scheme at Saleem Korona	1,859,076	6,000	2,000	111,545
6	Sanitation scheme at Minory Matta	1,426,000	6,000	2,000	85,560
7	Reconditioning of road at Zareen abad	1,527,000	6,000	2,000	91,620
8	Repair of office building District council Charsadda	285,553	3,600	2,000	17,133
9	Shingling of road Shabara Prang	320,000	3,600	2,000	19,200
10	M &R	1,915,368	6,000	2,000	114,922
11	Petty work	250,000	3,600	2,000	15,000
12	Construction of Walk way at DC office	97,172	3,600	2,000	5,830
13	Construction of parking slab at District council office	260,763	3,600	2,000	15,646
14	Construction of parking slab at District council office	216,837	3,600	2,000	13,010
15	Repair of office building sub office Utmanzai	396,770	3,600	2,000	23,806
<b>Total</b>		<b>16,024,243</b>	<b>73,200</b>	<b>30,000</b>	<b>961,455</b>

**Annexure-5 (1.2.4.2)****Details of Water user Charges and rent of shops****(Amount in Rs)**

<b>No of Users</b>	<b>Rate</b>	<b>Amount due 2013-14</b>	<b>Arrears on 30-06-2013</b>	<b>Total on 30.06.2014 (3+4)</b>
1	2	3	4	5
478	140	803,040	697,749	1,500,789
Recovery during 2013-14				463,258
<b>Amount outstanding (A)</b>				<b>1,037,531</b>
<b>Outstanding rent of shops (B)</b>				<b>83,700</b>
<b>Total (A+B)</b>				<b>1,121,231</b>

**Annexure-6 (1.3.3.3)****Details of Tender Forms Fee****(Amount in Rs)**

<b>S.No</b>	<b>Name of Schem.</b>	<b>E/Cost</b>	<b>No. of Contractors participated</b>	<b>Tender form fee</b>
1	Construction of Sewerage, Drainage System at Charsadda. (ADP)	80,000,000	13	520,000
2	Pavement of Street, drain, culverts, sidewall etc; at u/c Bahlola (TKPP)	1,000,000	71	35,500
3	Pavement of Street, drain, culverts, sidewall etc; at u/c Turangzai. (TKPP)	1,000,000	71	35,500
4	Pavement of Street, drain, culverts, sidewall etc; at u/c Mohmand Nari. (TKPP)	1,000,000	71	35,500
5	Pavement of Street, drain, culverts, sidewall etc; at u/c Dargai. (TKPP)	1,000,000	72	36,000
6	Pavement of Street, drain, culverts, sidewall etc; at u/c Khan Mai. (TKPP)	1,000,000	73	36,500
7	Pavement of Street, drain, culverts, sidewall etc; at u/c Rajjar-II. (TKPP)	3,000,000	75	112,500
8	Pavement of Street, drain, culverts, sidewall etc; at u/c Hisara Yaseen Zai. (TKPP)	3,000,000	74	111,000
9	Pavement of Street, drain, culverts, sidewall etc; at u/c Rajjar-I. (TKPP)	3,000,000	69	103,500
10	Pavement of Street, drain, culverts, sidewall etc; at u/c Utmanzai. (TKPP)	3,000,000	67	100,500
11	Pavement of Street, drain, culverts, sidewall etc; at u/c Dosehra. (TKPP)	3,000,000	62	93,000
12	Pavement of Street, drains, culverts, sidewall etc; at u/c Umerzai. (TKPP)	5,000,000	71	177,500
13	Pavement of Street, drain, culverts, sidewall etc; at u/c Maira Umerzai. (TKPP)	5,000,000	66	165,000
14	Pavement of Street, drain, culverts, sidewall	5,000,000	55	137,500



	etc; at u/c Turangzai. (TKPP)			
15	Pavement of Street, drain, culverts, sidewalk etc; at u/c Sarki Titara. (TKPP)	5,000,000	34	85,000
16	Pavement of Street, drain, culverts, sidewalk etc; at u/c Chindro Dag. (TKPP)	5,000,000	32	80,000
17	Pavement of Street, drain, culverts, sidewalk etc; at u/c Daulat Pura. (TKPP)	3,000,000	44	66,000
18	Pavement of Street, drain, culverts, sidewalk etc; at u/c Kangra. (TKPP)	3,000,000	44	66,000
19	Pavement of Street, drain, culverts, sidewalk etc; at u/c Tarnab. (TKPP)	3,000,000	44	66,000
20	Pavement of Street, drain, culverts, sidewalk etc; at u/c Hisara Yaseen Zai. (TKPP)	3,000,000	60	90,000
21	Pavement of Street, drain, culverts, sidewalk etc; at u/c Agra. (TKPP)	3,000,000	61	91,500
			<b>Total</b>	<b>2,244,000</b>

**Annexure-7 (1.3.3.4)**

**Overpayment due to allowing higher rate in PCC 1:4:8**

**(Amount in Rs)**

S.#	Scheme Name	Contractors	E/Cost (in million)	Rate Paid	Rate Approved in PC-I	Difference in Rate	Quantity (M3)	Overpayment
1	Pavement of street, drains u/c umerzai.	Muhammad Karim	5.00	4,860.62	3,685.90	1,174.72	190.11	223,326
2	Pavement of street, drains u/c Mera Umerzai	Mr. Raj Mohammad	5.00	4,860.62	3,685.90	1,174.72	120.97	142,106
3	Pavement of street drains u/c Turang Zai.	Mr. Sareer Jan	5.00	4,860.62	3,685.90	1,174.72	120.97	142,106
4	Pavement of street drains u/c Sarki Titara.	Muhammad Karim	5.00	4,860.62	3,685.90	1,174.72	102.28	120,150
5	Pavement of street drains u/c Chindro Dag.	Mr. Sareer Jan	5.00	4,860.62	3,685.90	1,174.72	181.94	213,729
6	Pavement of street drains u/c Daulat Pura.	Mr. Raj Mohammad	3.00	4,860.62	3,685.90	1,174.72	160.58	188,637
7	Pavement of street drains u/c Kangra.	Mr. Naik Muhammad	3.00	4,860.62	3,685.90	1,174.72	980.74	1,152,095
8	Pavement of street, drains u/c Tarnab	Mr. Naik Muhammad	3.00	4,860.62	3,685.90	1,174.72	8.5	9,985
9	Pavement of street drains u/c Agra.	Mian Abdul Rauf	3.00	4,860.62	3,685.90	1,174.72	64.91	76,251
<b>Total.</b>								<b>2,268,384</b>

**Annexure-8 (1.3.3.5)**

**Overpayment in common material**

**(Amount in Rs)**

S #	R/Bi ll	Item Name	Qty of Earth Excavated (M3)	Qty of Dismantled Material (M3)	Total Qty of available material (M3)	Rate Required To be Paid	Rate actual ly paid	Excess Rate paid	Total Overpayment (Rs)
1	2	3	4	5	6	7	8	9	10
1	8 <sup>th</sup>	Common material filling	1,560.86	100.34	1,668.29	65.69	440	374.31	624,671
2	8 <sup>th</sup>	Difference in rate of Common material filling from available earth and earth brought from outside			(5,029.04-1,668.29)=3,360.75	137.94	440	302.06	1,015,148
<b>Total</b>									<b>1,639,819</b>

**Annexure-9 (1.3.3.6)**

**Overpayment due to allowing higher rate**

(Amount in Rs)

S.No	Item Code	Name of item	Rate Admissible in CSR-2012/ M <sup>3</sup>	Rate Paid/ M <sup>3</sup>	Diff	Qty Paid up to 8th Running bill (M <sup>3</sup> )	Overpayment
1	06-03-a	PCC 1:3:6	4049.61	5,117	1,067.39	3303.72	3,526,358
2	06-03-b	PCC 1:4:8	3327.97	4,443	1,115.03	1588.1	1,770,779
3	16-22	S/S of shingle on road including compaction	561.9	944	382.21	93.07	35,562
<b>Total (A)</b>							<b>5,332,699</b>

**Over payment due to allowing excessive rate of earth filling**

S.#	Scheme Name.	Contractor.	E/Cost (in million)	Rate Paid	Rate Approved in PC-I	Difference in Rate	Quantity (M3)	Overpayment
1	Pavement of street, drains u/c umerzai.	Muhammad Karim	5.00	618.00	438.35	179.65	397.36	71,386
2	Pavement of street, drains u/c Mera Umerzai	Mr. Raj Mohammad	5.00	618.00	438.35	179.65	1135.7	204,029
3	Pavement of street drains u/c Turang Zai.	Mr. Sareer Jan	5.00	618.00	438.35	179.65	84.73	15,222

4	Pavement of street, drains u/c Sarki Titara.	Muhammad Karim	5.00	618.00	438.35	179.65	169.45	30,442
5	Pavement of street, drains u/c Chindro Dag.	Mr. Sareer Jan	5.00	618.00	438.35	179.65	252.19	45,306
6	Pavement of street drains u/c Daulat Pura.	Mr. Raj Mohammad	3.00	618.00	438.35	179.65	70.9	12,737
7	Pavement of street, drains u/c Kangra.	Mr. Naik Muhammad	3.00	618.00	438.35	179.65	33.89	6,088
8	Pavement of street, drains u/c Tarnab	Mr. Naik Muhammad	3.00	618.00	438.35	179.65	203.41	36,543
9	Pavement of street drains u/c Agra.	Mian Abdul Rauf.	3.00	618.00	438.35	179.65	33.89	6,088
<b>Total (B)</b>								<b>427,840</b>
<b>G.Total (A+B)</b>								<b>5,760,539</b>

**Annexure-10 (1.4.2.1)****Non crediting of Professional Tax****(Amount in Rs)**

S.#	Funded by	Year	Name of Scheme	Estimated cost	Expenditure	Professional Tax
1	<b>TKPP</b>	<b>2012-13</b>	Sanitation Scheme at Sherpao Munshi Qilla UC Sherpao	500,000	500,000	4,000
2	Do	do	Sanitation scheme at Litaf Korrana UC Abazai Tangi	500,000	500,000	4,000
3	<b>PWP</b>	<b>2012-13</b>	Sanitation Scheme at Abdul Azaz Killi Aziz Ullah Koroona UC Ziam	388,000	388,000	3,600
4	Do	do	Sanitation scheme at Rahmat Killi, Fazli Qayum Koroona UC Ziam	500,000	500,000	4,000
5	<b>CM Directives</b>	<b>202-13</b>	sanitation work at u/c area ziam	1,000,000	1,000,000	6,000
6	Do	DO	sanitation work at u/c area sherpao phase-i	1,000,000	1,000,000	6,000
7	Do	DO	sanitation work at u/c area sherpao phase-ii	1,000,000	1,000,000	6,000
8	Do	DO	sanitation work at u/c areamirzadher phase-i	1,000,000	1,000,000	6,000
9	Do	DO	sanitation work at u/c area mirzadher phase –ii	1,000,000	1,000,000	6,000
10	Do	DO	sanitation work at u/c areaabazai phase -i	810,000	810,000	6,000
11	Do	DO	sanitation work at u/c areaabazai phase -ii	810,000	810,000	6,000
12	Do	DO	sanitation works at dang qilla uc mirzadher	817,000	817,000	6,000
13	Do	DO	sanitation work at u/c area ziam	810,000	810,000	6,000

14	<b>TKPP</b>	<b>2011-12</b>	Sanit., Street Pavement and Shingling at Ziarat Kali UC Abazai Tehsil Tangi District Charsadda.	800,000	800,000	6,000
15	Do	do	Sanit: and Street Pavement at Janokai Road College Korona UC Abazai Tehsil Tangi District Charsadda.	400,000	400,000	3,600
16	Do	do	Sanit: and Street Pavement at Station Kali UC Abazai Tehsil Tangi District Charsadda.	500,000	500,000	4,000
17	Do	do	Sanit: and Street Pavement at Malakanu Kali UC Ziam Tehsil Tangi District Charsadda.	500,000	500,000	4,000
18	Do	do	Const: of Black Top Road at MunshiQilla UC Sherpao, Tehsil Tangi District Charsadda.	1,000,000	800,000	6,000
19	Do	do	Sanit: Street Pavement and Culvert at BiyarGhari Tehsil Tangi District Charsadda.	500,000	500,000	4,000
20	Do	do	Sanit: Street Pavement and Culvert at MunshiQilla Tehsil Tangi District Charsadda.	1,500,000	800,000	6,000
21	<b>TKPP</b>	<b>2010-11</b>	Sanitation work at BachaQila UC Abazai	400,000	400,000	3,600
22	Do	do	Const: side wall at UC Sherpao	1,000,000	1,000,000	6,000
23	Do	do	B.T Road SherpaoJindi by pass road sherpao	1,100,000	1,100,000	6,000
24	Do	do	Sanitation Scheme at Sherpao	2,500,000	2,500,000	18,000
25	Do	do	BT Road at Sherpao	1,000,000	997,588	6,000
26	Do	do	Street Pavt: & Sanit: Scheme at GarhiBiyar, U/C Mirzadher	1,000,000	1,000,000	6,000

27	Do	do	Street Pavt: &Sanit: Scheme at , U/C Abazai, Tangi Distt: Charsadda	500,000	500,000	4,000
28	Do	do	Street Pavt: &Sanit: Scheme GhazoDheri.	500,000	500,000	4,000
29	<b>TKPP</b>	<b>2009-10</b>	Sanitation work at BachaQila UC Abazai	400,000	400,000	3,600
30	Do	do	Const: side wall at UC Sherpao	1,000,000	1,000,000	6,000
31	Do	do	B.T Road SherpaoJindi by pass road sherpao	1,100,000	1,100,000	6,000
32	<b>Tobeco Cess</b>	<b>2011-12</b>	Const: of Stree Pav: Drain, Culvert, Shingling of Road and retaining wall in PK UC Tangi Barazai Phase-I	1,000,000	1,000,000	6,000
33	Do	do	Const: of Stree Pav: Drain, Culvert, Shingling of Road and retaining wall in PK UC Tangi Barazai Phase-II	1,000,000	1,000,000	6,000
34	Do	do	Const: of Stree Pav: Drain, Culvert, Shingling of Road and retaining wall in PK UC Tangi Barazai Phase- III	1,000,000	1,000,000	6,000
35	Do	do	Const: of Stree Pav: Drain, Culvert, Shingling of Road and retaining wall in PK UC Tangi Barazai Phase- IV	1,000,000	1,000,000	6,000
36	Do	do	Const: of Stree Pav: Drain, Culvert, Shingling of Road and retaining wall in PK UC Tangi Nusrat Zai Phase-I	1,000,000	1,000,000	6,000
37	Do	do	Const: of Stree Pav: Drain, Culvert, Shingling of Road and retaining wall in PK UC Tangi Nusrat Zai Phase-II	1,000,000	1,000,000	6,000



38	Do	do	Const: of Stree Pav: Drain, Culvert, Shingling of Road and retaining wall in PK UC Tangi Nusrat Zai Phase-III	1,000,000	1,000,000	6,000
39	Do	do	Const: of Stree Pav: Drain, Culvert, Shingling of Road and retaining wall in PK UC Harichand Phase-I	1,000,000	1,000,000	6,000
40	Do	do	Const: of Stree Pav: Drain, Culvert, Shingling of Road and retaining wall in PK UC Harichand Phase-II	1,000,000	6,000	
41	Do	do	Const: of Stree Pav: Drain, Culvert, Shingling of Road and retaining wall in PK UC Hisara Nehri Phase-I	1,000,000	1,000,000	6,000
42	Do	do	Const: of Stree Pav: Drain, Culvert, Shingling of Road and retaining wall in PK UC Hisara Nehri Phase-II	556,000	556,000	6,000
43	Do	do	Const: of Stree Pav: Drain, Culvert, Shingling of Road and retaining wall in PK-20 U/C Dhakki.	1,000,000	1,000,000	6,000
44	<b>CMD</b>	<b>2012-13</b>	Const:- of Dag well at Lora Shah UC Abazai	500,000	500,000	4,000
45	Do	do	Sanit: Scheme at station koroona UC Abazai Phase -I	1,000,000	1,000,000	6,000
46	Do	do	Sanit: Scheme at station koroona UC Abazai Phase -II	1,000,000	989,000	6,000
47	Do	do	Sanit: Scheme at Sheroap Phase -I	1,000,000	1,000,000	6,000
48	Do	do	Sanit: Scheme at Sheroap Phase -II	1,000,000	1,000,000	6,000
49	Do	do	Sanit: Scheme at Ziam Phase -I	1,000,000	498,922	3,600
50	Do	do	Sanit: Scheme at Ziam	1,000,000	1,000,000	6,000

			Phase –II			
51	Do	do	Sanit: Scheme at Ziam Phase –III	1,000,000	1,000,000	6,000
52	<b>CMD</b>	<b>2011-12</b>	Improvement & Recond: of road from cheena to Ghazo Dheri (1020KM) P-I	1,000,000	1,000,000	6,000
53	Do	do	Improvement & Recond: of road from cheena to Ghazo Dheri (1020KM) P	1,000,000	1,000,000	6,000
54	Do	do	Improvement & Recond: of road from cheena to Ghazo Dheri (1020KM) P	1,000,000	1,000,000	6,000
55	Do	do	Improvement & Recond: of road from cheena to Ghazo Dheri (1020KM) P	1,000,000	1,000,000	6,000
56	Do	do	Improvement & Recond: of road from cheena to Ghazo Dheri (1020KM) P	1,000,000	1,000,000	6,000
57	Do	do	Sanitation Work U/C Hassan Zai, Phase-I	1,000,000	1,000,000	6,000
58	Do	do	Sanitation Work U/C Hassan Zai, Phase-II	1,000,000	1,000,000	6,000
59	Do	do	Sanitation Work U/C Hassan Zai, Phase-III	1,000,000	1,000,000	6,000
60	Do	do	Sanitation Work U/C Batagram, Phase-I	1,000,000	1,000,000	6,000
61	Do	do	Sanitation Work U/C Batagram, Phase-II	1,000,000	1,000,000	6,000
62	Do	do	Sanitation Work U/C Batagram, Phase-III	1,000,000	1,000,000	6,000
63	Do	do	Sanitation Work U/C Batagram, Phase-IV	1,000,000	1,000,000	6,000
64	Do	do	Sanitation Work U/C Batagram, Phase-V	1,000,000	1,000,000	6,000
65	Do	do	Sanitation Work U/C Mirzadher, Phase-I	1,000,000	1,000,000	6,000
66	Do	do	Sanitation Work U/C	1,000,000	1,000,000	6,000

			Mirzadher, Phase-II			
67	Do	do	Sanitation Work Haryana Bakayana, U/C Kangra Phase-I	1,000,000	1,000,000	6,000
68	Do	do	Sanitation Work Haryana Bakayana, U/C Kangra Phase-II	1,000,000	1,000,000	6,000
69	Do	do	Sanitation Work Haryana Bakayana, U/C Kangra Phase-III	1,000,000	1,000,000	6,000
70	Do	do	Sanitation Work Haryana Bakayana, U/C Kangra Phase-IV	1,000,000	1,000,000	6,000
71	Do	do	Sanitation Work, U/C Abazai C/o Ajmeer Shah, Malik Tufail & Mukhtiar Phase-I	1,000,000	1,000,000	6,000
72	Do	do	Sanitation Work, U/C Abazai C/o Ajmeer Shah, Malik Tufail & Mukhtiar Phase-II	1,000,000	1,000,000	6,000
73	Do	do	Sanitation Work, U/C Abazai C/o Ajmeer Shah, Malik Tufail & Mukhtiar Phase-III	1,000,000	1,000,000	6,000
74	Do	do	Sanitation Work, U/C Abazai C/o Hayat Khamosh Phase-I	1,000,000	1,000,000	6,000
75	Do	do	Sanitation Work, U/C Abazai C/o Hayat Khamosh Phase-II	1,000,000	1,000,000	6,000
76	Do	do	Sanitation Work, U/C Abazai C/o Hayat Khamosh Phase-III	1,000,000	1,000,000	6,000
77	Do	do	Sanitation Scheme at Sherpao Adda U/C Ziam Tehsil Tangi District Charsadda	1,000,000	1,000,000	6,000
78	Do	do	Sanitation Scheme at Aslam Kali U/C Ziam	1,000,000	1,000,000	6,000

			Tehsil Tangi District Charsadda.			
79	<b>30% PFC</b>	<b>2013-14</b>	Construction of shed for fire Bridge and tractor trolley & repair in old MC Office at old MC Tangi office	2,500,000	1,560,000	6,000
80	Do	do	Construction of Two rooms with veranda at old MC office Tangi	2,500,000	520,000	4,000
<b>Total</b>				<b>76,891,000</b>	<b>72,556,510</b>	<b>460,000</b>

**Annexure-11 (1.5.1.4)**

**Loss due to unauthorized payment of Rent**

(Amount in Rs)

<b>Year</b>	<b>Principal Amount</b>	<b>Amount Paid with 5% annual increase</b>	<b>Amount required to be paid</b>	<b>Overpayment for one month</b>	<b>Overpayment for 12 months</b>
1999-2000	23,000	23,000	23,000	-	-
2000-2001	23,000	24,150	23,000	1,150	13,800
2001-2002	23,000	25,358	23,000	2,358	28,296
2002-2003 after 15% increase	26,450	26,626	26,450	176	2,112
2003-04	26,450	27,957	26,450	1,331	15,972
2004-05	26,450	29,355	26,450	2,905	34,860
2005-06 after 15% increase	30,418	30,823	30,418	405	4,860
2006-07	30,418	32,364	30,418	1,946	23,352
2007-08	30,418	33,982	30,418	3,564	42,768
2008-09 15% increase	34,980	35,681	34,980	701	8,412
2009-10 new agreement with 20% annual increase	34,980	80,000	34,980	45,020	540,240
2010-11	34,980	96,000	34,980	61,020	732,240
2011-12	40,227	115,200	40,227	74,973	899,676
2012-13	40,227	138,240	40,227	98,013	1,176,156
2013-14	40,227	165,888	40,227	125,661	1,507,932
<b>Total</b>					<b>5,030,676</b>

**Annexure-12 (1.5.2.1)****Outstanding amount against contractors****(Amount in Rs)**

<b>S #</b>	<b>Name of contracts</b>	<b>Bid Amount</b>	<b>Dept: Collect</b>	<b>Recovery from contracts</b>	<b>Total recovery (4+5)</b>	<b>O/standing contract Amount</b>	<b>Outstanding Income tax</b>	<b>Total amount Outstanding</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
1	Tehbaza ri Fee	2,050,00 0	0	1,972,21 0	2,005,42 0	44,580	33,210	77,790
2	General Bus Stand	13,450,0 00	891,80 8	12,167,6 74	13,059,4 82	390,518	890,767	1,281,285
3	Cattle Fair	4,180,00 0	189,40 0	3,665,52 0	3,854,92 0	325,080	167,279	492,359
<b>Total</b>						<b>760,178</b>	<b>1,091,256</b>	<b>1,851,442</b>