



**AUDIT REPORT  
ON THE ACCOUNTS OF  
DISTRICT COUNCIL AND  
MUNICIPAL COMMITTEES  
DISTRICT CHITRAL  
AUDIT YEAR 2015-16**

**AUDITOR GENERAL OF PAKISTAN**

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## **ABBREVIATIONS AND ACRONYMS**

AP	Advance Para
CCO	Chief Municipal Officer
CMD	Chief Minister Directives
CMO	Chief Municipal Officer
CPWA Code	Central Public Works Account Code
CSR	Composite Schedule of Rates
DAC	Departmental Accounts Committee
DG	Director General
DADP	District Annual Developmental Plan
LC	Local Council
LCB	Local Council Board
LG&RDD	Local Government and Rural Development Department
LGO	Local Government Ordinance
MC	Municipal Committee
MFDAC	Memorandum for Departmental Accounts Committee
POL	Petrol Oil Lubricant
RDA	Regional Directorate of Audit
TKP	Tameer-e-Khyber Pakhtunkhwa
TMA	Tehsil Municipal Administration
B&R	Building & Roads

## **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 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 Councils and Municipal committees.

The report is based on audit of the accounts of District Council Chitral and Municipal Committees Chitral for the financial year 2014-15. The Directorate General of Audit, District Governments, Khyber Pakhtunkhwa, Peshawar conducted audit on test check basis during 2015-16 with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit 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 observation listed in the Annexure-1 shall be pursued with the Principal Accounting Officer at the DAC level and in all 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.

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

Dated:

## **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 Swat has audit jurisdiction of District Councils, Municipal Committees and UAs of five Districts i.e. Swat, Shangla, Dir Lower, Dir Upper and Chitral.

The Regional Directorate Swat has a human resource of 07 officers and staff, constituting 251 man days. A budget of Rs 11.002 million was allocated during 2015-16. 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 carried out by Local Governments in Malakand Division. Accordingly Regional Director Audit Swat carried out audit of the accounts of Municipal Committees & District Council of Chitral for the Financial Year 2014-15 and the findings included in the Audit Report.

The District Council Abbottabad and two Municipal Committees in the District 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 Statement for these local bodies in the form of budgetary grants.

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

Out of the total expenditure of the two Municipal Committees & one District Council, District Chitral for the Financial Year 2014-15, the auditable expenditure under the jurisdiction of RDA were Rs 68.190 million. Out of this, RDA Swat audited an expenditure of Rs 57.961 million which, in terms of percentage, was 85% of auditable expenditure.

The receipts of Municipal Committees & District Council, District Chitral for the Financial Year 2014-15, were Rs 71.949 million. Out of this, RDA Swat audited receipts of Rs 28.779 million which, in terms of percentage, was 40% of auditable receipts.

The total expenditure and receipt of District Council and Municipal Committees, District Chitral, for the financial year 2014-15 was Rs 140.139 million. Out of this, RDA Swat audited the expenditure and receipt of Rs 86.740 million.

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

Recovery of Rs 7.515 million were pointed out during the audit. However, no recovery was affected till the finalization of this report. Out of the total recoveries, Rs 6.412 million were not in the notice of the executives prior to audit.

**c. Audit Methodology**

Audit was conducted after understanding the business processes of District Council and Municipal Committees, 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 Abbottabad. 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. Irregularity & Non compliance were noted in four cases amounting to Rs 88.334 million.<sup>1</sup>
- ii. Internal Control Weaknesses were noted in six cases amounting to Rs 15.545 million.<sup>2</sup>

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<sup>1</sup> 1.2.1.1, 1.3.1.1, 1.3.1.2, 1.4.1.1,

<sup>2</sup> 1.2.2.1,1.2.2.2, 1.2.2.3, 1.2.2.4,1.3.2.1,1.4.2.2

**g. Recommendations**

- i. 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.
- ii. Concerted efforts need to be made to recover long outstanding dues.
- iii. Imposition of penalty on delayed supplies and contracts need to be ensured.
- iv. Inquiries need to be held to fix responsibility for losses, irregular payments and wasteful expenditure.

## SUMMARY TABLES & CHARTS

**Table 1 Audit Work Statistics**

(Rs in million)			
S.No	Description	No.	Budget
1	Total Entities in (PAO) Audit Jurisdiction	03	312.651
2	Total formations in audit jurisdiction	03	312.651
3	Total Entities in (PAOs) Audited	03	155.135
4	Total formations Audited	03	155.135
5	Audit & Inspection Reports	01	155.135
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	0
2.	Weak financial management	88.334
3.	Weak Internal controls	14.810
4.	Others	0
	<b>Total</b>	<b>103.144</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 2014-15</b>	<b>Total for the year 2013-14</b>
1.	Outlays Audited	-	79.002	71.950	76.133	227.085	100.194
2.	Amount Placed under Audit Observation /Irregularities of Audit	-	101.424	1.72	-	103.144	85.164
3.	Recoveries Pointed Out at the instance of Audit	-	3.721	1.72	-	5.441	33.272
4.	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	0.905
5.	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

**Table 4: 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	88.334
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from NAM <sup>3</sup> , 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.	14.810
5	Recoveries and overpayment, representing cases of established overpayment or misappropriations of public monies	-
6	Non-production of record	-
7	Others, including cases of accidents, negligence etc.	-
	<b>Total</b>	<b>103.144</b>

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

<b>S #</b>	<b>Description</b>	<b>Amount</b>
1	Outlays Audited (item 1 of Table 3)	227.085
2	Expenditure on audit	0.288
3	Recoveries realized at the instance of audit	0.121
4	Cost-Benefit	1:0.42

## CHAPTER-1

### 1.1 District Council Chitral and Municipal Committees in District Chitral

#### 1.1.1 Introduction

District Chitral has two tehsils i.e. Chitral & Mastuj. There is a District Council and two 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 Chitral has one Drawing and Disbursing Officer (DDO) i.e. Chief Coordination Officer & Chief Municipal Officer is the DDO of Municipal Committee. According to 1998 population census the population of District Chitral is 318000.

#### 1.1.2 Comments on Budget and Accounts (variance analysis)

A budget of Rs 234.058 million was allocated against which an expenditure of Rs 155.135 million was incurred by the District Council and Municipal Committees Chitral with a savings of Rs78.923 million during 2014-15. Receipts of Rs 7.194 million were budgeted; however, the actual receipts for the Financial Year 2014-15 were Rs 7.194 million.

(Rs in million)

2014-15	Budget	Expenditure	(+)Excess/(-)Saving	Percentage of excess/ saving
Salary	49.831	41.906	-7.924	10%
Non-salary	34.608	34.227	-0.381	1%
Developmental	149.619	79.002	-70.617	89%
<b>Total</b>	<b>234.058</b>	<b>155.135</b>	<b>-78.923</b>	<b>100%</b>

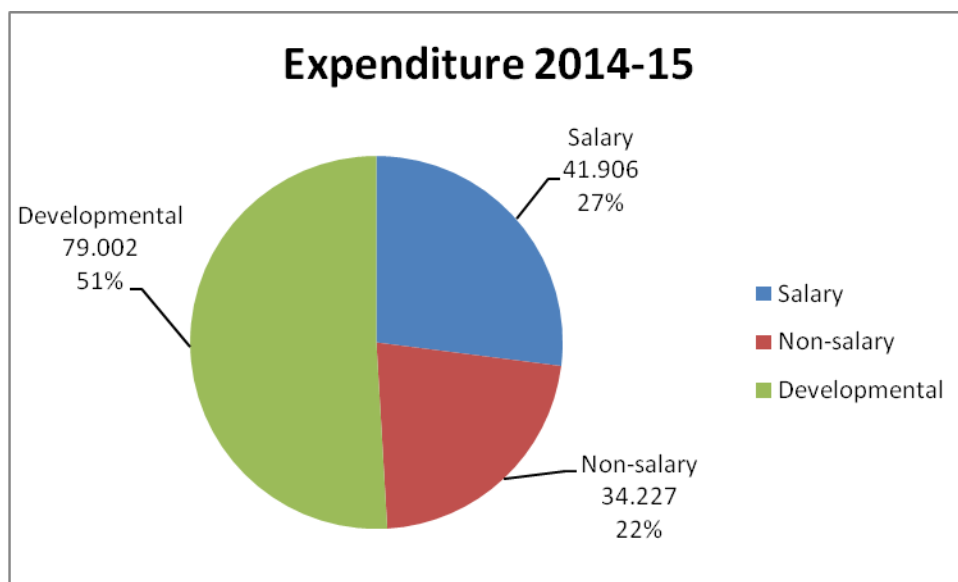
The huge savings of Rs 78.923 million in all heads of accounts indicate weakness in the capacity of these local institutions to utilize the amounts allocated.

(Rs in million)

2014-15	Budget	Realization	Excess/ (Saving)	%age
Receipts	78.593	71.950	6.643	

## Expenditure 2014-15

(Rs in million)



### 1.1.3 COMMENTS ON THE STATUS OF COMPLIANCE WITH PAC DIRECTIVES

The audit report pertaining to the Audit Year 2014-15 has been submitted to the Governor of Khyber Pakhtunkhwa. Detail is as under:

S. No.	Audit Year	PAC meeting convened /Not convened
1	2014-15	Not Convened

**MUNICIPAL COMMITTEE CHITRAL**

## **1.2 Audit Paras Municipal Committee Chitral**

### **1.2.1 Irregularity & Non compliance**

#### **1.2.1.1 Irregular expenditure without technical sanction –Rs 22.390 million**

According to Para 2.4 of B&R Department Code, no work shall be started without administrative approval, technical sanction and allotment of funds

Chief Municipal Officer, Municipal Committee Chitral during 2014-15 incurred an expenditure of Rs 22,390,000 on various developmental schemes without obtaining technical sanction from the competent authority as detailed below:

<b>S.No</b>	<b>Name of Scheme</b>	<b>Expenditure (Rs)</b>
01	Replacement of Rusted Water Supply Pipes in MC Chitral	6,000,000
02	Improvement of Municipal Roads in MC Chitral	13,590,000
03	Construction of Pipe line Water Tank Khorkashandeh Chitral	700,000
04	Purchase of equipments for existing Vocational Centers Bakarabad, Rehankot and Minorities Home	900,000
05	Purchase of equipments for existing Vocational Center Mughulandeh Payeen	1,200,000
<b>Total</b>		<b>22,390,000</b>

Irregular expenditure without TS was made due to non compliance of rules.

When pointed out in July 2015, management stated that detailed reply would be furnished after consulting the relevant record. However, no reply was received till finalization of this report.

DAC in its meeting held on 26-11-2015 decided that the Para stands still provision of TS.

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

**AP # 03 (2014-15)**

## **1.2.2 Internal Control Weaknesses**

### **1.2.2.1 Illegal retention of public money –Rs 7.206 million**

According to Para 7 of GFR Vol-I, unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Finance Department. According to Local Government Department letter No.PS(LG&RDD)Misc/2015 dated 15<sup>th</sup> June 2015, that all ADP Schemes should have been completed by end of 30<sup>th</sup> June, 2015. Non completion of ADP Schemes may also entail disciplinary proceedings against the concerned officer for incompetence and misconduct.

Chief Municipal Officer Municipal Committee Chitral during 2014-15 received Rs 7,206,000 on account of PFC 30% ADP Share for execution of developmental schemes. The amount was drawn from the public exchequer and deposited in National Bank Chitral Account No.3051567060 PLS Account instead of utilization on developmental schemes which was unauthorized and unlawful. Moreover an amount of Rs 738,515 on account of bank profit was not deposited into Government Treasury.

Audit observed that unauthorized retention of public money and non execution of developmental scheme occurred due to weak financial controls, which not only resulted in blockage of public money but also deprived the local community of the benefits of developmental schemes.

When pointed out in August 2015, management stated that detailed reply would be furnished after scrutiny of record. However, However, no reply was received till finalization of this report.

DAC in its meeting held on 26-11-2015 decided that Ex-post facto sanction for transfer of fund from PLA to designated account may be obtained and the profit be deposited into Government Treasury under proper head.

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

**AP # 01 (2014-15)**

### **1.2.2.2 Overpayment due to non exclusion of income tax – Rs 2.096 million**

According to Finance Department Khyber Pakhtunkhwa Notification NO.SO(Dev-II) FD/12-6/14-5 dated 05.01.2015, all Provincial Works Departments, while preparing Cost Estimates of developmental projects which fall in the tax exempted areas such as PATA, shall



frame the same on Market Rate System-2013 (MRS-2013) but with 6% less cost to defray the amount added in the rate analysis of all works/construction/supply items to meet withholding tax.

Chief Municipal Officer, Municipal Committee, Chitral during 2014-15 executed 53 developmental schemes with an estimated cost of Rs 34,940,000 and paid on Market Rate System (MRS-2013) which included 6% income tax. Adjustment of such tax was not made in the bills while estimates were prepared on MRS-2013 which resulted in loss of Rs 2,096,400 as detailed below:

S.No	Source of fund	No of Schemes	Allocation (Rs)	Income tax @ 6% (Rs)
01	DDI –Salim Khan (2013-14)	07	700,000	42,000
02	CMD PK-89	05	600,000	36,000
03	DDI-Miss Fozia (2013-14)	14	4,300,000	258,000
04	DDI-Miss Fozia (2014-15)	09	4,250,000	255,000
05	30% Tehsil ADP (2013-14)	16	5,500,000	330,000
06	Provincial ADP 2014-15 Improvement of Municipal Roads in MC Chitral	01	13,590,000	815,400
07	Provincial ADP 2014-15 Replacement of Rusted W.S. Pipes in MC Chitral	01	6,000,000	360,000
<b>Total</b>		<b>53</b>	<b>34,940,000</b>	<b>2,096,400</b>

Non adjustment of income tax was the violation of Government orders, which resulted in loss to the Government.

When pointed out in July 2015, management stated that the District falls under PATA which was a Tax Free Zone and Income tax was not be deducted from local contractors. Reply was not satisfactory as Income tax was included in rate analysis and had been overpaid to contractors.

DAC in its meeting held on 26-11-2015 decided that recovery should be made.

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

**AP # 02 (2014-15)**

### **1.2.2.3 Unauthorized and unauthentic payment on account of land acquisition for solid waste management -Rs 2.163 million**

According to Appendix-6 to Rule 411 Federal Treasury Rules. compensation for land taken up for the Public purposes shall be deposited in Revenue Deposit to be paid as per Rule 627 by the District Account Officer through refund voucher. (to be issued by the DOR).

Chief Municipal Officer, Municipal Committee Chitral during 2014-15 paid Rs 2,162,849 vide cheque No.988949 dated 25.3.2015 to Deputy Commissioner Chitral for purchase of land for Solid Waste Management instead of depositing into Revenue Deposit which was unauthorized. Furthermore, actual payee receipts of the land owners were not available to verify the payment.

Audit observed that unauthorized and unauthentic payment occurred due to weak internal controls, which resulted in violation of rules.

When pointed out in July 2015, management stated that as and when the formalities completed the District Council would pay to the land owners and record would be produced to audit. Reply was not valid as neither the amount was deposited in Revenue Deposits nor actual payee receipts of the owner of the land were provided to Audit.

DAC in its meeting held on 26-11-2015 decided that the Para will stand till production of payment record to the land owner.

Audit recommends payments to the actual owners and action against the person(s) at fault.

**AP # 05 (2014-15)**

**1.2.2.4 Non imposition of penalty on account of late deposit of installments of receipt - Rs 1.72 million**

According to Para (4) (b) of the Model Terms & Conditions for the contracts notified by the Government of Khyber Pakhtunkhwa Local Government Department vide No. AO-II/LCB/6-11/2013 dated 20/12/2013, 1% penalty per day for late deposit of monthly installment should be recovered.

Chief Municipal Officer, Municipal Committee, Chitral during 2014-15 failed to recover principal amount of Rs 612,000 as outstanding against the lease contractor of “Bus Adda Tax Chitral”. Furthermore 1% penalty of Rs 918,000 ( $612,000 \times 1\% = 6120 \times 150$  days i.e. from February 2015 to June 2015) was not recovered from the concerned contractor which needs immediate recovery.

Audit observed that non imposition of penalty was occurred due to weak internal control, which resulted in loss to public exchequer.

When pointed out in July 2015, management stated that Rs500,000 had been recovered and remaining would be recovered soon. Reply was not convincing as no recovery was made from the contractor for late deposit of monthly installments.

DAC in its meeting held on 26-11-2015 decided that documentary proofs regarding recovery of principal amount along with penalty be shown to audit within one month.

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

**AP # 12 (2014-15)**

**MUNICIPAL COMMITTEE MASTUJ**

### **1.3 Audit Paras Municipal Committee Mastuj**

#### **1.3.1 Irregularity & Non-compliance**

##### **1.3.1.1 Irregular expenditure without technical sanction –Rs 19.700 million**

According to Para 56 of GFR Volume-1, no work should be commenced without obtaining technical sanction.

Chief Municipal Officer, Municipal Committee Mustuj during 2014-15 incurred an expenditure of Rs 19,700,000 on various developmental schemes without obtaining technical sanction from the competent authority. Detail is given as under:

<b>S.No</b>	<b>Name of Scheme</b>	<b>Expenditure (Rs)</b>
01	Replacement of Rusted Water Supply Pipes in MC Mustujl	2,950,000
02	Improvement of Municipal Roads in MC Mustuj	11,750,000
03	Improvement of Civil Chinnel Charun owir	2,000,000
04	Widening/improvement of jeepable road	3,000,000
<b>Total</b>		<b>19,700,000</b>

Audit observed that irregular expenditure with technical sanction occurred due to weak internal control which resulted in violation of rules.

When pointed out in October 2015, management stated that TS had been obtained from the competent authority, which would be shown to next audit. Reply was not convincing as technical sanction was not produced upto November, 2015.

Request for convening DAC meeting was made in October 2015, but DAC meeting could not be convened till finalization of this report.

Audit recommends regularization by the competent forum and action against the person (s) at fault.

**AP # 21 (2014-15)**

##### **1.3.1.2 Irregular award of works without vast publicity- Rs.20.00 million**

As per Public Procurement Rules 2014 the Civil works should be tendered at least in Three(03) daily national wide News paper and as well as on official Web site in order to gain economy in the rates.

Chief Municipal Officer, Municipal Committee Mustuj during 2014-15 awarded developmental works with estimated cost Rs 20,000,000 such works were not tendered in three national wide news papers, but the works were advertised in local news paper(ISLAM) which was clear violation of the above mentioned rules. Detail is given at **Annexure 2**.

Audit observed that irregular award of contract occurred due to non observance of Government rules which resulted in depriving the council from minimum competitive rates.

When reported in September 2015, management stated that it has the responsibility of the Director Information to choose news paper in which he wants to give advertisement. Reply was not convincing, because the local office could asked for the same.

Request for convening DAC meeting was made in October 2015, but DAC meeting could not be convened till finalization of this report.

Audit recommends condonation by the competent forum and action against the person (s) as fault.

**AP # 23 (2014-15)**

### **1.3.2 Internal Control Weaknesses**

#### **1.3.2.1 Non imposition of penalty due to late completion –Rs 960,000**

According to Clause-2 of the conditions of the Contract Agreement clearly provides that the contractor has to pay compensation @ 1 per day or maximum 10% of the estimated cost per day for the delay in completion of work.

Chief Municipal Officer, Municipal Committee Mustuj during 2014-15 awards a large number of civil works with estimated cost of Rs 9,600,000 but such works were not completed within stipulated period of time as per work order however penalty amounting to Rs 960,000 was not imposed due to late completion.

Detail is given at **Annexure 3**.

Audit observed that non imposition of penalty was occurred due to weak internal control, which resulted in loss to public exchequer.

When reported in September 2015, management stated that due to bad weather condition the schemes were not completed in stipulated period of time. Reply is not convincing as the weather factor is not become hurdle in this period.

Request for convening DAC meeting was made in November 2015, but DAC meeting could not be convened till finalization of this report.

Audit recommends immediate recovery besides fixing responsibility against the person(s) at fault.

**AP # 24 (2014-15)**

**DISTRICT COUNCIL CHITRAL**



## **1.4 Audit Paras District Council Chitral**

### **1.4.1 Irregularity & non compliance**

#### **1.4.1.1 Irregular expenditure without technical sanction –Rs 26.244 million**

According to Para 32 of CPWA Code, no work shall be executed without Administrative Approval/Technical Sanction and Budget allotment.

Chief Coordination Officer, District Council Chitral during 2014-15 awarded 28 Schemes to various Contractors and incurred expenditure of Rs26,244,000 till June 2015 without obtaining technical sanctions from the competent authority. Detail is given at **Annexure-4**.

Audit observed that irregular expenditure occurred due to non observance of Government rules.

When pointed out in October 2015, management stated that the Technical Sanction could be obtained from the competent forum. Reply was not satisfactory as no documentary proof was produced to audit.

Request for convening DAC meeting was made on 29-10-2015, but DAC meeting could not be convened till finalization of this report.

Audit recommends coadunation by the competent forum and action against the person(s) at fault.

**AP # 32 (2014-15)**

## **1.4.2 Weak Internal control**

### **1.4.2.1 Non imposition of penalty due to late completion –Rs 665,000**

According to Clause-2 of the conditions of the Contract Agreement clearly provides that the contractor has to pay compensation @ 1 per day or maximum 10% of the estimated cost per day for the delay in completion of work.

Chief Coordination Officer, District Council Chitral during 2014-15 failed to impose 10% penalty of Rs655,000 on various contractors for late completion of developmental schemes during 2014-15. Detail is given at **Annexure 5**.

Audit observed that non imposition of penalty occurred due to weak internal control, which resulted in loss to public exchequer.

When pointed out in October 2015, management stated that the extension would be obtained from the competent forum. Reply was not tenable as no documentary proof was produced to audit.

Request for convening DAC meeting was made in October 2015, but DAC meeting could not be convened till finalization of this report in October 2015.

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

**AP # 33 (2014-15)**

## ANNEXURES

### Annexure-1

#### Detail of MFDAC Paras

(Rs in million)

S.No	AP No.	Name of MC/DC	Caption	Amount
1	06	MC Chitral	Overpayment due to allowing high rates	0.839
2	07	-do-	Loss due to non deposit of Tender Form Fee, Map Fee ,Stamp duty and 0.5% contingency	0.634
3	08	do-	Non imposition of penalty on late completion of developmental schemes	0.235
4	09	do-	Non deduction of professional tax	0.223
5	15	do-	Non accountal of bank profit in the revised budget book and Income Statement	0.862
6	17	do-	Illegal appointment and regularization of Class-IV Employees	
7	19	do-	Expenditure without tender	0.800
8	20	do-	Non conducting of physical verification of store/stocks and non auction of old vehicles	
9		MC Mastuj	Non deposit of bank profit into Government Treasury	0.194
10	27	do-	Loss to Government due to non collection of enlistment Fee	0.780
11	28	do-	Loss to Government due to non Deposit of Stamp Duty in Government Treasury	0.111
12	29	do-	Unauthorized payment on account of audit fee	0.503
13	30	do-	Non deduction of Professional tax –	0.306
14	36	District Council	Non Deposited of Cost of Tender Form in Government Treasury –	0.752
15	37	do-	Non deduction of Professional tax	0.591
16	38	do-	Non deduction of income tax from Salary	0.226
17	39	do-	Loss to Government due to non utilization of available material of	0.130
18	40	do-	unauthorized payment of POL out of local fund	0.263
19	41	do-	Loss to Government due to Non- deduction of Voids	0.050
20	42	do-	Non Deposit of Stamp Duty in Government Treasury	0.211

21	43	do-	Non deposit of bank profit into Government Treasury	0.231
22	45	do-	Loss to government due to less deduction of income tax -	0.514

**Annexure-2**  
**(Para No.1.3.1.2)**

**Irregular Award of Works without Vast Publicity**

**(Rs in million)**

<b>S.No</b>	<b>Name of scheme</b>	<b>E/Cost</b>
1	Construction of bridge owilasht	1.50
2	Construction of Production wall lockup Mastuj	1.00
3	Cosntruciton of jeepable bridge at Racj	1.50
4	Construciton of Improvoment of Bridge at Rach	1.00
5	Repair tracable Bridge at Buni	0.50
6	Repair of Jeepable Bridge Yarkhoon	1.50
7	Improvement of civil chenel	1.00
8	Improvement of water supply schemes at varuose UCs at Mastuj	1.50
9	Improvement of link Road at Booni	0.50
10	Improvement of Roads	5.00
11	Improvement of civil chenel at churn	2.00
12	Improvement of jeepable at rach	3.00
	<b>Total</b>	<b>20.00</b>

**Annexure-3**  
**Para No.1.3.2.1**

**Non imposition of penalty due to late completion**

S.No	Name of Schemes	Name of Contractors	Date of Work order	Period of completion	progress	E.Cost	Amount of penalty
1	PCC Path Bazar to Mukhtar village	Iqbal ud din	7-4-2015	30-8-15	Not complete	300,000	30,000
2	Repair of Gasht Bridge	Ahmad Khan	7-4-2015	30-8-15	Not complete	200,000	20,000
3	Const: of Booni Lasht Road	Iqbal ud din	7-4-2015	30-8-15	Not complete	250,000	25,000
4	Imp: of Road Panandeh Reshun	Abulais Khan	7-4-2015	30-6-15	Not complete	300,000	30,000
5	Const: of Krai Bridge	Bahad	7-4-2015	30-8-15	Not complete	400,000	40,000
6	Imp: Badim Bridge	Ghulam Mohammad	7-4-2015	30-8-15	Not complete	450,000	45,000
7	Protection wall	Fida Hussain	7-4-2015	30-8-15	Not complete	500,000	50,000
8	Imp: of Gasht Road	Ahman Khan	7-4-2015	30-8-15	Not complete	500,000	50,000
9	Const: of Road shaheen khan	Mohammad ayub	7-4-2015	30-8-15	Not complete	500,000	50,000
10	Widing /imp: of Road	Ahmad khan	7-4-2015	30-8-15	Not complete	700,000	70,000
11	Imp; of road khot	Mohammad Wali Shah	7-4-2015	30-8-15	Not complete	800,000	80,000
12	Const: of DOK Shar Road	Aftab Mohammad	7-4-2015	30-8-15	Not complete	400,000	40,000
13	Imp: of Water Tank	Fida Hussain	13-5-15	30-8-15	Not completed	100,000	10,000
14	Cost : of jeepable Bridge	Ahmad Khan	3-3-15	30-8-15	Not completed	500,000	50,000
15	Imp: of Channel	Syed Akbar Hussain	12-5-15	30-8-15	Not completed	500,000	50,000
16	Imp:of road bridge laspur	Shuja Hussain	7-4-2015	30-8-15	Not completed	400,000	40,000
17	Imp: of main road melp Ph-1	Sher Bahader	26-6-15	20-8-15	Not completed	400,000	40,000

18	Imp: of main Road	Faizat Ali Shah	31-3-2015	30-8-15	Not completed	600,000	60,000
19	Imp: of waterChannel	Nasirullah	6-4-15	30-6-15	Not completed	300,000	30,000
20	Cost: of Bath room	dilsha	15-6-15	20-8-15	Not completed	100,000	10,000
21	Repair of kiskik road	sirajuddin	13-5-15	30-8-15	Not completed	100,000	10,000
22	Pedstrain bridge parwak	Nawab khan	21-4-2015	22-8-15	Not completed	400,000	40,000
23	Cost: of link road	Mohammad wali shah	7-4-15	30-8-15	Not completed	200,000	20,000
24	Const:of lash road	Abulias Khan	7-4-15	30-8-15	Not completed	200,000	20,000
25	Comp:ofjeepable bridge	Mohammad wali	7-4-15	3-8-15	Not completed	300,000	30,000
26	Link Road Warjun	Msamiullah	7-4-15	30-6-15	Not completed	200,000	20,000
<b>Total</b>						<b>9,600,000</b>	<b>960,000</b>

**Annexure-4**  
**Para No.1.4.1.1**

**Irregular execution of works beyond the technical capacity**

(Amount in Rs)

Source of Fund	Name of Schemes	E/Cost
District Development fund	Protection bund Chomorkhon	1,000,000
-do-	Repair roadAsper Bala	4,000
-do-	Protection of wall at terich village lolamee	4,000
-do-	Protection of wall at terich village deh	4,000
-do-	Protection of wall and restroration of Channal at village such terich	4,000
-do-	Construction of one class room at girls college Beshgram	40,000
-do-	Sanitation scheme at ayun	50,000
-do-	Re construction of flood damage bridge at mogh	40,000
-do-	Const: of Road at tengshen to moghulandeh	1,698,000
-do-	PCC Road at moghulandeh Payeen	2,000,000
-do-	Const: of Pedestrain Bridge Awi	1,500,000
-do-	Bacha khan Modal schoolShoghore	400,000
-do-	Restoration of Bridge at Golan	400,000
-do-	Repair of various masjeed	500,000
-do-	Re alignment of Zhindoli to khushum bridge raod	600,000
-do-	Manzoor shah dug well chuinj	1,000,000
-do-	Grove road Brep	800,000
-do-	Construction of waiting room at drosh	1,500,000
-do-	Construction of Aspar Bala Damal road	1,000,000
-do-	Improvement of Ashrat gole road	500,000
-do-	Improvement of Drosh internal road	1,000,000
-do-	Improvement of karimabad road	950,000
District Development	Construction of pipe line/water tank khorkashandeh	700,000



initiative		
-do-	Dwss Goldur	500,000
-do-	Con: of protection wall jughur	500,000
-do-	Dwssistangole	600,000
-do-	Repair of bridge at arandu	600,000
DDI Saleem khan	Purchase of Transformer	1,550,000
CM Directive	Purchase of Equipments for vocational institution	1,500,000
-do-	Purchase of Equipments for vocational institution	1,200,000
-do-	Purchase of Equipments for vocational institution	900,000
-do-	Purchase of Equipments for vocational institution	1,200,000
PWP11	Clearance of flood material from Road Drosh Gol	2,000,000
<b>Total</b>		<b>26,244,000</b>

**Annexure-5**  
**Para No. 1.4.2.1**

**Loss to government due to Non-recovery of penalty**

**(Amount in Rs)**

<b>Name of work</b>	<b>E/Cost</b>	<b>date of comm</b>	<b>Period of completion</b>	<b>Progress</b>	<b>Penalty</b>
Repair of steel bridge at drosh	100,000	29-7-2014	3	Completion Certificate not available	10,000
Repair of link road rahim abad	100,000	23-7-14	2	-do-	10,000
Pukhtagi nala bakaabad bala	100,000	14-2-15	3	22-6-15	10,000
Construction of bath room chitral bazaar	200,000	29-1-15	3	Completion Certificatet available	20,000
Repair of channel at arandu	300,000	14-1-2015	Nil	-do-	30,000
Purchase of equipments for vactional institution	1,200,000	1-1-15	3	3-5-15	120,000
Purchase of transfermer	1,550,000	28-8-14	2	Completion Certificate not available	155,000
Manzoor shah Dug Well	1,000,000	1-1-15	3	-do-	100,000
Prtection Wall at churan	300,000	29-1-2015	3	9-7-15	30,000
Repair of Rest House	400,000	29-1-2015	3	23-6-15	40,000
Link Road Nisko	500,000	19-1-15	3	Completion Certificate not available	50,000
Repair of irrigation Channal ochoo	500,000	1-1-15	6	-do-	50,000
Protection wall at river terich	400,000	19-1-15	3	18-6-15	40,000
	<b>6,250,000</b>				<b>665,000</b>