



**AUDIT REPORT
ON THE ACCOUNTS OF
DISTRICT COUNCIL AND MUNICIPAL
COMMITTEES
DERA ISMAIL KHAN
AUDIT YEAR 2014-2015**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AA	Administrative Approval
AP	Advance Para
ADP	Annual Development Plan
AOM&R	Annual Ordinary Maintenance and Repair
BOQ	Bill of Quantity
CMO	Chief Municipal Officer
CPWA Code	Central Public Works Account Code
CSR	Composite Schedule of Rate
DAC	Departmental Accounts Committee
DG	Director General
DP	Draft Para
KP	Khyber Pakhtunkhwa
LG&CD	Local Government and Community Development
LGA	Local Government Act
LG	Local Government
GFR	General Financial Rules
MB	Measurement Book
MFDAC	Memorandum for Departmental Accounts Committee
PC-I	Planning Commission Proforma-1
RAHA	Refugees Affected and Hosting Areas
RDA	Regional Directorate of Audit
TS	Technical Sanction

PREFACE

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections-8 and 12 of the Auditor-General (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 D I Khan 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 findings carrying value of Rs 1.00 million or more. Relatively less significant issues are listed in the Annexure-I of the Audit Reports. The Audit observations listed in the Annexure-I shall be pursued with the Principal Accounting Officer at DAC level and in all cases where the PAO does not initiate appropriate action, the audit observation 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 without detailed 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 D I Khan has audit jurisdiction of District Councils, Municipal Committees and UCs of two Districts i.e. D I Khan and Tank.

The Regional Directorate has a human resource of 07 officers and staff, constituting 1515 man days and a budget of Rs 9.372 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 D I Khan carried out audit of the accounts of District Council and Municipal Committees D I Khan for the Financial Year 2013-14 and the findings have been included in the Audit Report.

District Council and Municipal Committees District D I Khan 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 Local Council comprising of District Council and Municipal Committees District D.I.Khan, for the Financial Year 2013-14, the auditable expenditure under the jurisdiction of RDA was Rs 738.971 million. Out of this, RDA D.I.Khan audited an expenditure of Rs 464.504 million which, in terms of percentage, was 63 % of the auditable expenditure.

The receipts of Local Councils District D I Khan for the Financial Year 2013-14, were Rs 503.201 million. Out of this, RDA D.I.Khan audited receipts of

Rs 402.56 million which, in terms of percentage, was 80% of the auditable receipts.

The total expenditure and receipt of District Council and Municipal Committees of District D.I.Khan for the Financial year 2013-14 was 739.431 million. Out of this, RDA D.I.Khan audited the expenditure and receipt of Rs 384.503 million.

b. Recoveries at the instance of audit

Recovery of Rs 34.048 million was pointed out during the audit. However, no recovery was affected till the finalization of this report. Out of the total recoveries, Rs 8.22 million was not in the notice of the executive before audit.

c. Audit Methodology

Audit was conducted after understanding the business processes of District Council and Municipal Committees, District D I Khan, 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 D.I.Khan. 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. Non production of record was noticed in one case amounting to Rs 42.193 million.¹
- ii. Irregularity & non-compliance were noticed in twenty nine cases amounting to Rs 302.498 million.²
- iii. Weaknesses of internal controls were noticed in sixteen cases amounting to Rs 105.059 million.³

1 Para 3.2.1.1
2 Para 1.2.1.1, 1.2.1.2, 1.2.1.3, 1.2.1.4, 1.2.1.5, 2.2.1.1, 2.2.1.2, 2.2.1.3, 2.2.1.4, 2.2.1.5, 2.2.1.6, 2.2.1.7, 3.2.1.1, 3.2.1.2, 3.2.1.3, 3.2.1.4, 3.2.1.5, 3.2.1.6, 3.2.1.7, 3.2.1.8, 3.2.1.9, 4.2.1.1, 4.2.1.2, 4.2.1.3
3 Para 1.2.2.1, 1.2.2.2, 1.2.2.3, 1.2.2.4, 2.2.2.1, 2.2.2.2, 2.2.2.3, 2.2.2.4, 2.2.2.5, 2.2.2.6, 3.2.3.1, 5.2.2.1, 5.2.2.2, 5.2.2.3, 5.2.2.4,

g. Recommendations

- i. Losses on account of overpayment need to be recovered.
- 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. All sectors of MCs/District Council 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.
- v. Deduction of taxes on supplies and contracts need to be ensured.

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rs in million)

S.No	Description	No.	Budget
1	Total Entities in (PAO) Audit Jurisdiction	01	738.971
2	Total formations in audit jurisdiction	05	738.971
3	Total Entities in (PAO) Audited	01	738.971
4	Total formations Audited	05	464.504
5	Audit & Inspection Reports	05	464.504
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	342.213
3	Weak Internal controls relating to Financial Management	59.630
4	Others	47.907
	Total	449.75

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

S.No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total for the year 2013-14	Total for the year 2012-13
1	Outlays Audited	-	41.731	402.56	20.213	464.504	344.359
2	Amount Placed under Audit Observations/ Irregularities of Audit	-	176.385	101.720	171.645	449.750	57.36
3	Recoveries Reported at the instance of Audit	-	4.910	29.138	-	34.048	12.143
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-
5.	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

Table 4: Table of Irregularities reported**(Rs in million)**

S. No	Description	Amount Placed under Audit Observations
1	Violation of Rules and regulations, principle of propriety and probity in public operation	251.695
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from NAM, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	62.184
4	Quantification of weaknesses of internal control systems.	59.630
5	Recoveries and overpayment, representing cases of established overpayment or misappropriations of public monies.	34.048
6	Non-production of record	42.193
7	Others, including cases of accidents, negligence etc.	-
	Total	449.75

Table5: Cost - Benefit**(Rs in million)**

Sr. No.	Description	Amount
1	Outlays Audited	464.504
2	Expenditure on Audit (TA/DA)	0.120
3	Recoveries realized at the instance of audit	0
4	Cost – Benefit Ratio	1:0

CHAPTER-1

1.1 District Council & Municipal Committees District D I Khan

1.1.1 Introduction

District D I Khan consists of four tehsils i.e. D I Khan, Paharpur, Prova, and Kulachi. There is a District Council and four 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 D I Khan 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 D I Khan is 1,123,521.

1.1.2 Comments on Budget and Accounts (Variance Analysis)

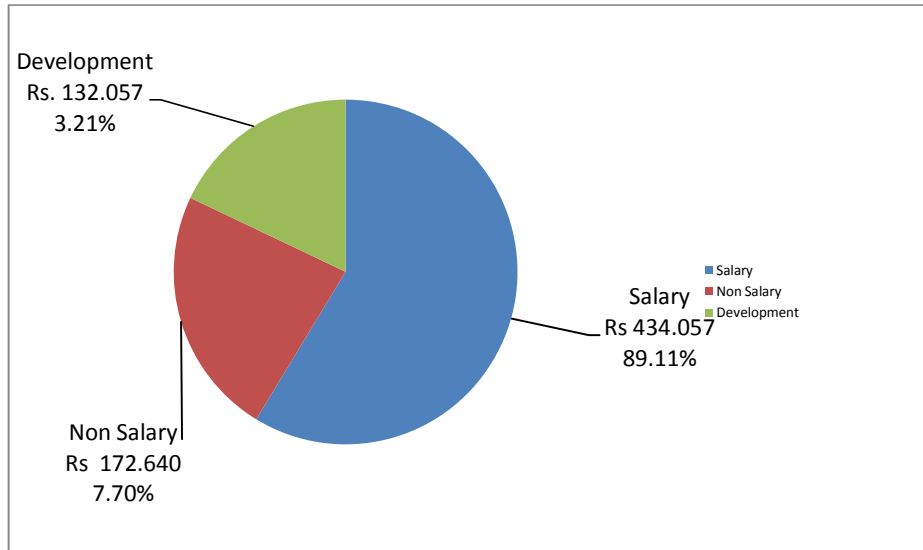
An amount of Rs 235.77 million was allocated as grant in aid by the Provincial Government to District Council and Municipal Committees of District D.I.Khan. An amount of Rs 503.201 million was realized during the financial year 2013-14. Thus making a total of Rs 738.971 million at the disposal of local councils, against which an expenditure of Rs 736.431 million was incurred by the District Council and Municipal Committees D.I.Khan with a saving of Rs 2.54 million during financial Year 2013-14. Detail is given below:

(Rs in million)

2013-14	Budget	Expenditure	Saving/Excess	%age Excess/Saving
Salary	433.220	434.057	(0.837)	0.193
Non-salary	173.001	172.640	0.361	(0.209)
Developmental	132.750	130.734	0.016	(0.012)
Total	738.971	736.431	(2.54)	0.343
Receipts	503.201	503.201	-	-
Grand Total	1242.172	1107.413	-	-

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 D.I.Khan under the LGA 2012, have not yet been discussed in PAC.

DISTRICT COUNCIL D.I.KHAN

1.2 Audit Paras District Council D.I.Khan

1.2.1 Irregularity & non compliance

**1.2.1.1 Unauthorized expenditure due to non-obtaining technical sanction–
Rs 29.283 million**

According to Para 178 of GFR Vol-I read with Para 56 of CPWD Code and Para 2.4 of Building and Roads Department Code, no work should be commenced or liability incurred in connection with it until technical sanction has been obtained from competent authority.

Chief Coordination Officer District Council, D.I.Khan incurred an expenditure of Rs 29,283,504 as detailed in Annexure-4 up to June, 2014 on execution of various development schemes but technical sanction was not yet obtained from the competent authority and thus the expenditure was held unauthorized under the rule *ibid*.

Unauthorized expenditure occurred due to non-compliance of rules.

When reported in August 2014, Management did not respond to the preliminary audit observation. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 30.09.2014 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 and action against the person(s) at fault.

AP # 03 (2013-14)

1.2.1.2 Unauthorized expenditure out of development funds-Rs 27.165 million

According to Para-12 of GFR Volume-I, a controlling officer must see that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided. Also according to Government

of Khyber Pakhtunkhwa Local Government & Rural Development Department letter No.AO/LCB/Directives/ T.P/2010-11 dated 1-7-2011, District Development Grant under PFC allocation cannot be utilized for payment of salaries/contingencies.

Chief Coordination Officer District Council, D.I.Khan received developmental funds of Rs 110,511,000 from Provincial Government during 2013-14 and placed in PLA. On perusal of Cash Book, it was noticed that Rs 41,933,706 as detailed in Annexure-05 were incurred on execution of different development schemes up to 30-6-2014 and thus closing balance of Rs 68,577,294 were required to be recorded on 30-6-2014. However, a balance of Rs 41,412,210 were available thus showing that development funds of Rs 27,165,084 were incurred on other purposes i.e on pay & allowances & other contingencies irregularly violating the above rules and regulations.

Developmental funds were spent for other purposes due to non-compliance of rules which resulted into unauthorized expenditure.

When reported in August 2014, Management did not respond to the preliminary audit observation. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 30.09.2014 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 and action against the person(s) at fault.

AP # 01 (2013-14)

1.2.1.3 Loss due to less recovery of income from cattle & fair market - Rs 23.255 million

According to Clause-2 of Model Terms & Conditions for Contracts issued by the Local Government Department vide Notification No.AO-II/LCB/6-11/2013 dated 20-3-2013, 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 shall be published by the concerned local

councils and the same practice shall continue till 15% increase or more reasonable bid is achieved over the last year approved bid.

In the office of Chief Coordination Officer District Council, D.I.Khan, it was noticed that Deputy Secretary LCB, Peshawar did not approve the auction bids of Rs 28,100,000 & Rs 20,010,000 for contract of Cattle & Fair Market, Qureshi Mor for the year 2013-14 with the directions to re-auction the same for better offer vide letter dated 29-11-2013. In disregard of the above direction, the local office, made departmental collection of Rs 16,460,067 only during the year resulting a loss of Rs 23,255,933 as the same contract was auctioned for Rs 39,716,000 during the previous year i.e. 2012-13.

Short fall in income was occurred due to non compliance of rules and regulations which resulted in loss to Government.

When reported in August 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 30.09.2014 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 and action against the person(s) at fault.

AP # 02 (2013-14)

1.2.1.4 Unauthorized payment out of developmental funds-Rs 20.00 million

According to Government of Khyber Pakhtunkhwa Local Government & Rural Development Department letter No.AO/LCB/Directives/T.P/2010-11 dated 1-7-2011, District Development Grant under PFC allocation cannot be utilized for payment of salaries/contingencies.

Chief Coordination Officer District Council, D.I.Khan paid Rs 15,000,000 to MC, D.I.Khan & Rs 5,000,000 to MC, Hangu as loan out of developmental funds during 2013-14 without any provision in rules and thus depriving the people of rural area of District D.I.Khan from developmental benefits.

Payment of loans out of developmental funds was made due to non-compliance of rules which resulted into unauthorized payment.

When reported in August 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 30.09.2014 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 and action against the person(s) at fault.

AP # 04 (2013-14)

1.2.1.5 Loss due to less recovery of income from cattle & fair market, Ramak-Rs 5.313 million

According to Clause-8 & 29 of Model Terms & Conditions of Contracts issued by the Local Government Department of Khyber Pakhtunkhwa vide Notification No.AO-II/LCB/6-11/2013 dated 20-3-2013, (a) the successful bidder within seven (7) days of the acceptance of his bid, shall execute an agreement with the local council. In case, the contractor does not deposit advances or does not enter into an agreement within specified period, the contract shall stand cancelled and loss if any shall be recouped at the risk & cost of the contractor and recoverable under land revenue act, along with blacklisting of the contractor.

The receipts record of Chief Coordination Officer District Council D.I.Khan, revealed that highest bid of Rs 5,500,000 was offered by M/S Haji Bashir Khan for contract of Cattle & Fair Market, Ramak for the year 2013-14 but later on he refused to take over the contract. The local office made departmental collection of Rs 186,455 only during the whole year thus resulting in a loss of Rs 5,313,545. The loss was required to be recovered from the highest bidder who refused to execute the contract as per Clause-8 & 29 of Model Terms & Conditions of Contracts.

Short fall in income was occurred due to non-compliance of rules which resulted in loss to Government.

When reported in August 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 30.09.2014 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 and action against the person(s) at fault.

AP # 08 (2013-14)

1.2.2 Internal Control Weaknesses

1.2.2.1 Non-recovery of auction money and non-imposition of penalty-Rs 8.797 million

According to Clause-29 & 4 note (a) & (b) of Model Terms & Conditions for Contracts issued by the Local Government Department vide Notification No.AO-II/LCB/6-11/2013 dated 20-3-2013, (a) the local council shall be entitled to recover all dues from the sureties and guarantors in case of default on the part of contractor due to any reason and all cost and consequential costs of legal proceedings shall also be recoverable from them; (b) monthly installments shall be paid on the last date of the month otherwise penalty @1% per day will be liable for late deposit of monthly installment.

Chief Coordination Officer District Council, D.I. Khan awarded various contracts for collection of taxes during the financial year 2013-14 but the contractors did not deposit the full auction amount up to 30th. June, 2014 and a sum of Rs 2,867,347 is still recoverable till date of Audit (31-8-2014). Moreover, Penalty @ 1% per day on late deposit of installments of Rs 5,862,550 were also recoverable under Model Terms & Conditions of Contracts which were dully agreed & signed by the contractors in the shape of agreement. The detail of non-recovery of auction amount and penalty as detailed in Annexure-6.

Non recovery of auction amount and penalty occurred due to weak internal control.

When reported in August 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 30.09.2014 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 auction amount along with penalty from the contractors under intimation to Audit.

AP # 05 (2013-14)

1.2.2.2 Non-recovery of income tax on auction of contracts-Rs 8.470 million

According to Para-15 of Local Government Department of Khyber Pakhtunkhwa Notification No.AO-II/LCB/6-11/2013 dated 20-12-2013, the successful bidder shall pay all the taxes in addition to the total amount of auction bid notified by the Government from time to time.

Chief Coordination Officer District Council, D.I.Khan auctioned different contracts for collection of taxes during 2013-14 but income tax @ 10% was not recovered from the Contractors and thus Government sustained a loss of Rs 8,470,086 as detailed in Annexure-7.

Non recovery of income tax occurred due to weak internal control which resulted into loss to Government.

When reported in August 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 30.09.2014 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 income tax from the contractors under intimation to Audit.

AP # 06 (2013-14)

1.2.2.3 Non-recovery of Penalty due to late payment of monthly installments -Rs 7.337 million

According to Para (4) (a) & (b) of Local Government Department of Khyber Pakhtunkhwa Notification No.AO-II/LCB/6-11/2013 dated 20-12-2013, monthly installment shall be paid on the last date of the month otherwise penalty @ 1% per day will be liable for late deposit of monthly installment.

Chief Coordination Officer District Council, D.I.Khan awarded contract for collection of 2% Property Tax to M/S Haji Motabar Khan for the year 2013-14. The contractor, however, did not pay the monthly installments on due dates

and thus penalty @ 1% per day of Rs 7,337,106 (as detailed in Annexure-08) on late deposit of monthly installments was recoverable under Model Terms & Conditions of Contracts which were dully agreed & signed by the contractor in the shape of agreement executed with the local office.

Non recovery of penalty occurred due to weak internal control which resulted into loss to Government.

When reported in August 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 30.09.2014 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 from the contractor under intimation to Audit.

AP # 07 (2013-14)

1.2.2.4 Less deposit/ recovery of rent of shops-Rs 3.916 million

According to Local Council Board Peshawar letter No.AOV/LCB/7-10/95 dated 30-4-1995 read with terms & conditions of rent issued by Administrator District Council, D.I.Khan dated 16-7-1995 and agreements signed by the occupants, rent of shops will be according to market rate and shall be increased @ 10% each year.

Accounts record of Chief Coordination Officer District Council, D.I.Khan revealed that a sum of Rs 4,282,212 was required to be realized as rent from 57 No. Shops situated at different locations of D.I.Khan for the years 2012-13 & 2013-14 but rent of Rs 366,170 only was recovered during the period resulting in less recovery or of Rs 3,916,042. Detail is given below:

Location of Shops	Period	Rent per Year	No. of Shops	Amount Due (Rs)	Rent Deposited (Rs)	Difference (Rs)
Usama Market near Tank Adda, D.I.Khan.	1-1-13 to 31-8-13	39,147	27	704,646	0	704,646
	1-9-13 to 31-8-14	43,062	27	1,162,674	357,170	805,504
Circular Road Market near Tank Adda, D.I.Khan.	1-1-13 to 31-7-13	55,825	23	748,985	0	748,985
	1-8-13 to 31-7-14)	61,407	23	1,412,361	0	1,412,361
Near MC Office	1-1-13 to 31-8-13	19,138	03	38,275	0	38,275
	1-9-13 to 31-8-14	21,052	03	63,156	0	63,156
Shops near Auditorium	1-1-13 to 30-6-13	23,768	04	47,535	0	47,535
	1-7-13 to 30-6-14	26,145	04	104,580	9,000	95,580
			Total	4,282,212	366,170	3,916,042
	Less deposit/recovery of rent					3,916,042

Moreover, the lease agreements of these shops have been expired since long but the rent is being shown collected on expired rates without any increase in rent per annum and due to this, the local office is being sustained millions of loss per annum.

Less deposit/recovery of rent occurred due to weak internal control which resulted into loss to Government.

When reported in August 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 30.09.2014 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 and action against the person(s) at fault.

AP # 09 (2013-14)

MUNICIPAL COMMITTEE D.I.KHAN

1.3 Audit Paras Municipal Committee D.I.Khan

1.3.1 Irregularity & non-compliance

1.3.1.1 Unauthorized expenditure and irregular expenditure-Rs 113.55 million

According to Para 178 of GFR Vol-I read with Para 56 of CPWD Code and Para 2.4 of B&R Department Code, no work should be commenced or liability incurred in connection with it until technical sanction has been obtained from competent authority.

CMO Municipal Committee, D.I.Khan incurred expenditure of Rs 11,355,125 on a scheme "Installation of 22 No. Submersible Pumps in District D.I.Khan" financed by UNHCR (RAHA) which was held unauthorized on the following grounds.

- i. Neither technical sanction was obtained nor administrative approval was obtained from the competent authority.
- ii. The contractors who participated in the tendering process were not registered with the Pakistan Engineering Council besides enlistment of contractors with Local Council Board was also not available on record and thus the whole tendering process was held defective.
- iii. The area where the Submersible Pumps were installed is the jurisdiction of Public Health Engineering Department, D.I.Khan and neither NOC was obtained nor was work verified by the PHED.
- iv. Neither proper handing/taking of Submersible Pumps was made to Public Health Engineering Department nor any Government Department take the Pressure/Hand Pumps on their stock register for operation & maintenance.

Expenditure was incurred without observing the code observing due to non-compliance of rules which resulted into unauthorized expenditure.

When reported in October 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 inquiry and action against the person(s) at fault.

AP #32 (2013-14)

**1.3.1.2 Loss due to less recovery of income from goat & sheep market
-Rs 14.878 million**

According to Clause-2 of Model Terms & Conditions for Contracts issued by the Local Government Department vide Notification No.AO-II/LCB/6-11/2013 dated 20-3-2013, 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 shall be published by the concerned local councils and the same practice shall continue till 15% increase or more reasonable bid is achieved over the last year approved bid.

Scrutiny the receipts record of CMO Municipal Committee D.I.Khan, it was noticed that Deputy Secretary LCB, Peshawar did not approve the auction bid of Rs 15,210,000 for contract of Goat & Sheep Market with the directions to re-auction the same for better offer vide letter dated 17-9-2013. The local office, however, did not produce any record of further proceedings of re-auction after the directions of Secretary LCB and continued departmental collection deliberately throughout the year and collected Rs 11,921,285 only during 2013-14 whereas the same contract was auctioned for Rs 26,000,000 during 2012-13 and thus resulting a loss of Rs 14,878,715 due to non-auction of contract.

Short fall in income was occurred due to non compliance of rules which resulted in loss to Government.

When reported in October 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 inquiry and action against the person(s) at fault.

AP # 33 (2013-14)

**1.3.1.3 Doubtful payment due to non-adjustment of advances-
Rs 1.689 million**

According to Para-290 of CTR read with Para-136 of GFR Vol-1, no money should be drawn from Government Treasury unless required for immediate disbursement and adjustment thereof required to submit within prescribed period or return to head quarter before or on 30th June.

CMO Municipal Committee, D.I.Khan paid advances of Rs 1,689,000 to following staff during 2013-14 for different purposes but the concerned officials did not submit any supporting vouchers or documents for adjustment or utilization of advances up to 30-6-2014 to ascertain that the works/ tasks for which advances were granted have been actually completed or executed as detailed in Annexure-9.

Audit observed that advances were paid without any adjustments due to non-compliance of rules which resulted into doubtful payment.

When reported in October 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 inquiry and action against the person(s) at fault.

AP # 37 (2013-14)

**1.3.1.4 Unauthorized expenditure without obtaining technical
sanction- Rs 1.20 million**

According to Para 178 of GFR Vol-I read with Para 56 of CPWD Code and Para 2.4 of B&R Department Code, no work should be commenced or liability incurred in connection with it until technical sanction has been obtained from competent authority.

CMO Municipal Committee, D.I.Khan incurred expenditure of Rs 1,200,000 on general repair of Muharram works during 2013-13 but neither approval was obtained from the competent authority nor technical sanction was obtained besides the scheme was also not approved in Budget & Development

Committee (BDC) and thus the whole expenditure was held unauthorized. The case was sent to Secretary LCB for approval on 10-9-2013 but no approval was accorded by the competent authority so far.

Expenditure was incurred without obtaining technical sanction due to non-compliance of rules which resulted into unauthorized expenditure.

When reported in October 2014, Management did not respond to the audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 inquiry and action against the person(s) at fault.

AP # 38 (2013-14)

1.3.1.5 Unauthorized payment on account of rent-Rs 1.200 million

According to Rule at S.No.5 (xvi) Note-2 of Delegation of Powers, 2001 read with Finance Department's letter dated 14-5-1996 (reflected at Page No.138) Delegation of Powers, 2001 (a) Rent Reasonability Certificate for land should be given by an officer of the Revenue Department exercising the powers of the Collector under West Pakistan Land Revenue Act, 1967.and (b) In case of further extension in the agreement period for another 3 years, the increase in rent would be not more than 15%.

CMO Municipal Committee, D.I.Khan paid Rs 1,207,877 as rent of open land hired for Goat & sheep Market during 2013-14 without observing the following codel formalities.

- i. Open land was hired without adopting open tender system and thus government was deprived of lowest competitive rates.
- ii. Rent was paid @ Rs 109,807 per month which was extremely high and unrealistic in the rural area.
- iii. Rent Reasonability Certificate was also not obtained from the Collector of Revenue Department as required under West Pakistan Land Revenue Act-1967.

- iv. Income Tax @ 10% of Rs 120,788 were also not recovered from the Land Owner.

Payment of rent was made without observing the codal formalities due to non-compliance of rules which resulted into unauthorized expenditure.

When reported in October 2014, Management did not respond to the audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 inquiry and action against the person(s) at fault.

AP # 40 (2013-14)

1.3.1.6 Loss due to non-awarding of contract –Rs 1.014 million

According to Clause-2 of Model Terms & Conditions for Contracts issued by the Local Government Department vide Notification No.AO-II/LCB/6-11/2013 dated 20-3-2013, 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 shall be published by the concerned local councils and the same practice shall continue till 15% increase or more reasonable bid is achieved over the last year approved bid.

Scrutiny the record of Municipal Committee, D.I.Khan, it was noticed that highest bid of Rs 2,200,000 was offered by the M/S Haji Motabar Khan for collection of Building Map Fee for the year 2013-14. The case of same was sent to Secretary LCB, Peshawar for approval vide letter No.2390 dated 26-6-2013. The local office neither sent any other reminder regarding seeking of approval of contract to Secretary LCB again nor the same was re-auctioned during the entire year and deliberately started departmental collection. A sum of Rs 1,185,888 were collected during the year which was lesser of Rs 1,014,112 than the bid of Rs 2,200,000 offered by the contractor and thus a considerable loss was put to Government due to departmental collection instead of awarding the same to highest bidder.

Loss was occurred due to non-compliance of rules which resulted in loss to Government.

When reported in October 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 inquiry and action against the person(s) at fault.

AP # 36 (2013-14)

1.3.1.7 Unauthorized expenditure on account of purchase of electric materials-Rs 1.00 million

According to Rule 289 of Treasury Rule, all charges incurred must be drawn at once and under no circumstances be allowed to be paid from grant of another year.

CMO Municipal Committee, D.I.Khan paid Rs 1,000,000 to contractors on purchase of electric materials during 2013-14 which was held unauthorized and doubtful on the following grounds.

- i. Rs 500,000 vide cheque No.8082413 dated 9-7-2013 was paid to M/S Din & Co. D.I.Khan but the bills placed on record were pertained to financial year 2011-12.
- ii. Similarly a sum of Rs 500,000 vide cheque No.764289 dated 17-4-2014 was paid to M/S MKJ Associates, D.I.Khan but the bills were date less and pertained to 2012-13.
- iii. No such pending liabilities were reported in the budgets of 2011-12 & 2012-13 and thus payment of two years old bills was held doubtful.
- iv. Income and sales tax amounting to Rs 195,000 were not deposited into Government Treasury.

Payment was made for two years old bills due to non-compliance of rules which resulted into unauthorized payment.

When reported in October 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 inquiry and action against the person(s) at fault.

AP # 42 (2013-14)

1.3.2 Internal Control Weaknesses

1.3.2.1 Non-recovery of income tax on auction of contracts-Rs 3.172 million

According to Para-15 of Local Government Department of Khyber Pakhtunkhwa Notification No.AO-II/LCB/6-11/2013 dated 20-12-2013, the successful bidder shall pay all the taxes in addition to the total amount of auction bid notified by the Government from time to time.

CMO Municipal Committee, D.I.Khan auctioned different contracts for collection of taxes during 2013-14. Income tax, however, @ 10% was not recovered from the Contractors and thus Government sustained a loss of Rs 3 172,000 as per detail given below.

S.No.	Name of Contract	Name of Contractor	Amount of auction (Rs)	Income Tax (Rs)
1.	2 % Property Tax	M/S Naveed Khan	25,000,000	2,500,000
2.	General Bus Stand	Muhammad Ismail Khan	5,000,000	500,000
3.	Sign Board	M/S Zabta Khan	1,375,000	137,500
4.	Water Tax	Bashir Khan	345,000	34,500
Total Income Tax recoverable				3,172,000

Non recovery income tax occurred due to weak internal control which resulted into loss to Government.

When reported in October 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 income tax from the contractors under intimation to Audit.

AP # 34 (2013-14)

1.3.2.2 Non-recovery of Penalty due to late payment of monthly installments- Rs 2.363 million

According to Para-(4) (a) & (b) of Local Government Department Notification No.AO-II/LCB/6-11/2013 dated 20-12-2013, monthly installment shall be paid on the last date of the month otherwise penalty @ 1% per day will be liable for late deposit of monthly installment.

CMO Municipal Committee, D.I.Khan awarded contract for collection of 2% Property Tax to M/S Naveed Ahmad Khan for the year 2013-14 but the contractor did not deposit the monthly installments on due dates and thus penalty @ 1% per day on late deposit of monthly installments of Rs 2,363,638 were required to be recovered under Model Terms & Conditions of Contracts which were dully agreed & signed by the contractors in the shape of agreement as detail in Annexure-10.

Non recovery penalty occurred due to weak internal control which resulted into loss to Government.

When reported in October 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 penalty from the contractor under intimation to Audit.

AP # 35 (2013-14)

1.3.2.3 Loss to Government due to non-deposit of income tax and sales tax- Rs 1.829 million

According to Para-26 of GFR Vol-I, it is the duty of Controlling Officer to see that all the sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

CMO Municipal Committee, D.I.Khan did not deposit income and sales tax amounting to Rs 1,829,325 into government treasury which was already deducted from contractors/ suppliers bills by the local office during 2013-14 and thus loss was put to a Government due to non-deposit of same. Detail is given below.

S.No.	Particulars	Expenditure (Rs)	Income Tax (Rs)	Sales Tax (Rs)	Total (Rs)
1.	Installation of 22 No. Submersible Pumps in District D.I.Khan financed by UNHCR (RAHA).	6,126,200	-	1,041,454	1,041,454
1.	Repair of vehicles	2,637,795	131,889	-	131,889
2.	Purchase of Electric Materials	2,525,000	88,375	429,250	517,625
3.	Rent of Land	1383569	138,357	-	138,357
Total income & sales tax payable					1,829,325

Grave irregularity resulted due to weak internal control.

When reported in October 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 income tax from the contractors under intimation to Audit.

AP # 41 & 45 (2013-14)

**1.3.2.4 Loss to Government due to non-deposit of income tax-
Rs 1.352 million**

According to Para-26 of GFR Vol-I, it is the duty of Controlling Officer to see that all the sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

CMO Municipal Committee, D.I.Khan did not deposit income tax amounting to Rs 1,352,988 into government treasury which was deducted from the contractors bills and retained by the local office during 2013-14 and thus Government was put to a loss due to non-deposit of income tax on due date as detail in Annexure-11.

Non recovery of income occurred due to weak internal control which resulted into loss to Government.

When reported in October 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 deposit of income tax and action against the person(s) at fault.

AP #39 (2013-14)

1.3.2.5 Overpayment on account of rent of open land-Rs 1.164 million

According to Rule at S.No.5 (xvi) Note-2 of Delegation of Powers, 2001 read with Finance Department's letter dated 14-5-1996 (reflected at Page No.138) Delegation of Powers, 2001 (a) Rent Reasonability Certificate for land should be given by an officer of the Revenue Department exercising the powers of the Collector under West Pakistan Land Revenue Act, 1967.and (b) In case of further extension in the agreement period for another 3 years, the increase in rent would be not more than 15%.

CMO Municipal Committee, D.I.Khan executed agreement for rent of open land for Goat & Sheep Market and Mandi Maveshan each year by allowing 10% increase per year instead of executing agreement for three (3) years with increase not more than 15% as per notification of Finance Department and thus resulted into overpayment of Rs 747,612 and Rs 417,216 for the period 2009-10 to 2013-14 as per detail given at Annexure-12 & 13.

Overpayment occurred due to weak internal control which resulted into loss to Government.

When reported in October 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 overpayment from the contractors and action against the person(s) at fault.

AP # 46 & 49 (2013-14)

MUNICIPAL COMMITTEE PROVA

1.4 Audit Paras Municipal Committee Prova

1.4.1 Non-production of record

1.4.1.1 Unverified collection of 2% property tax due to non-production of record of mutation and registered deeds-Rs 42.193 million

According to Para 17 of GFR Vol-I read with Section 14 (3) of the Auditor General's Ordinance, 2001, no such information nor any books or other document, to which the Auditor General has the statutory right of access, be withheld from Audit. Moreover under section 115 (7) of the Local Government Ordinance 2001, the Auditor General of Pakistan shall have excess to all the books and documents pertaining to the accounts and may also examine any public servant or premises of the Local Government concerned.

Administrator TMA, Prova made departmental collection of 2% Property Tax of Rs 16,773,332 & Rs 25,419,762 during the financial years 2011-12 and 2012-13 respectively. It was noticed that 2% tax is to be recovered on sale of property through mutation or registered deeds but record of same dully verified from Revenue Department was not produced to Audit to verify the recovery of 2% tax calculated from the record of mutation or registered deeds. The local office simply shown the receipts issued to purchaser of property without supporting by any document showing the actual value of property sold.

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

Non-production of record was due to weak financial control.

When reported in November 2014, Management did not respond to the preliminary audit observations. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 inquiry and action against the person(s) at fault.

AP # 62 (2013-14)

1.4.2 Irregularity & non-compliance

1.4.2.1 Non-recovery of penalty due to late payment of monthly installments- Rs 13.318 million

According to Clause-V(b) of Model Terms & Conditions of Contracts issued by the Local Government Department vide Notification No.AO-II/LCB/6-11/2012 dated 6-4-2012, monthly installment shall be paid on the last date of the month otherwise penalty @ 1% per day will be liable for late deposit of monthly installment. If the contractor failed to clear dues by 10th. Of the month, the contract shall be cancelled and his security and advances shall be forfeited.

Administrator TMA, Prova awarded contract of Cattle & Fair Market to M/S Muhammad Ali for Rs 25,000,000 for the year 2012-13 but contractor did not deposit the monthly installments on due dates and abnormally delayed for 47 to 86 days each month. Thus Penalty @ 1% per day of Rs 13,318,022 on late deposit of monthly installments were recoverable as required under Clause-V(b) of Model Terms & Conditions of Contract which were dully agreed & signed by the contractor as detail of penalty in Annexure-14.

Non recovery penalty occurred due to non-compliance of rules which resulted into loss to Government.

When reported in November 2014, Management did not respond to the preliminary audit observation. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 penalty from the contractor under intimation to Audit.

AP # 64 (2013-14)

1.4.2.2 Overpayment due to allowing inadmissible extra lead-Rs 9.744 million

According to Clause-46 (a) of Contract Agreement, no payment will be made to the contractor on account of lead or carriage of material required for the work or on account of the removal of debris of building operation from the work.

Administrator defunct TMA/ CMO Municipal Committee, Prova paid @ Rs 306/m³ to Rs 582/m³ by allowing extra lead 3 KM to 5 KM for an item of work “earth filling” during 2010-14 where as it was clearly mentioned under the Clause-46 (a) of Contract Agreement that no payment of lead or carriage of material required for the work was admissible and thus resulting into overpayment of Rs 9,744,907 as detailed in Annexure-15.

Overpayment was occurred due to non-compliance of rules which resulted into loss to Government.

When reported in November 2014, Management did not respond to the preliminary audit observation. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014. DAC meeting could not be convened till finalization of this report in March, 2015.

Audit recommends recovery of overpayment under intimation to Audit.

AP # 65 (2013-14)

1.4.2.3 Loss to Govt due to less recovery of income from cattle & fair market- Rs 6.871 million

According to Clause-8 & 29 of Model Terms & Conditions of Contracts issued by the Local Government Department vide Notification No.AO-II/LCB/6-11/2013 dated 20-3-2013, the successful bidder within seven (7) days of the acceptance of his bid, shall produce shall execute an agreement with the MC. In case, the contractor does not deposit advances or does not enter into an agreement within specified period, the contract shall stand cancelled and the local council may choose to re-auction the contract for the remaining period or may make departmental collection at the risk & cost of the contractor and in any case, if the income so received is found less than the contractual amount, the difference shall

be recovered from the contractor under Land Revenue Act, along with blacklisting of the contractor.

Scrutiny the record of Chief Municipal Officer Municipal Committee, Prova it was noticed that highest bid of Rs 23,300,000 was offered by M/S Faiz Ullah for the contract of Cattle & Fair Market for the year 2013-14 and the same was approved by the Secretary LCB accordingly. The contractor, later on, refused to take over the charge of contract and local office made departmental collection throughout the year of Rs 16,428,447 only and thus resulting a loss of Rs 6,871,553 which may be recovered from the contractor who refused to execute the contract as per Clause-8 & 29 of Model Terms & Conditions of Contracts.

Short fall in income was occurred due to non compliance of rules which resulted in loss to Government.

When reported in November 2014, Management did not respond to the preliminary audit observation. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 penalty from the contractor under intimation to Audit.

AP # 66 (2013-14)

1.4.2.4 Loss/shortfall due to non-auction of contract of 2% property tax- Rs 6.228 million

According to Para-23 of GFR Vol-I, every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his or on the part of any other government official.

Administrator TMA, Prova put to a loss of Rs 6,228,321 to Government due to non-auction of contract of 2% property tax during the year 2012-13 on the following grounds.

- i. Four consecutive dates of auction of contract i.e 17-5-2012, 21-5-2012, 23-5-2013, 28-5-2013 and 30-5-2013 were fixed but neither any record of proceedings of auction on said dates were produced to Audit nor any cogent reasons for non-auction of contract on said dates were recorded in concerned file.
- ii. The contract was put to a auction on 20-11-2012 after elapsed of 6 months of financial year 2012-13 but the Secretary LCB Local Government Department vide letter dated 25-2-2013 did not approve the highest bid of Rs 23,000,000 for the period 1-12-2012 to 30-6-2013 and directed the local office to re-auction the same for better offer.
- iii. The local office, once again, did not produce any record of further proceedings of auction after the said letter of LCB and continued departmental collection deliberately throughout the year without any approval from the competent authority.
- iv. Rs 24,973,332 were collected during 2011-12 and with 15% increase of previous year, Rs 28,719,331 were required to be realized during 2012-13 but Rs 22,491,010 were collected during 2012-13 and thus showing a loss of Rs 6,228,321.

Short fall in income was occurred due to non compliance of rules which resulted in loss to Government.

When reported in November 2014, Management did not respond to the preliminary audit observation. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 inquiry and action against the person(s) at fault.

AP # 67 (2013-14)

1.4.2.5 Non-recovery of income tax on auction of contracts-Rs 4.77 million

According to Para-15 of Local Government Department of Khyber Pakhtunkhwa Notification No.AO-II/LCB/6-11/2013 dated 20-12-2013, the successful bidder shall pay all the taxes in addition to the total amount of auction bid notified by the Government from time to time.

Administrator TMA, Prova auctioned different contracts for collection of taxes during 2011-11 to 2013-14 but income tax was not recovered from the Contractors and thus Government sustained a loss of Rs 4,773,188 as detailed in Annexure-16.

Irregularity resulted due to non-compliance of rules.

When reported in November 2014, Management did not respond to the preliminary audit observation. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 income tax from the contractor under intimation to Audit.

AP # 69 (2013-14)

1.4.2.6 Non-recovery of Penalty due to late payment of monthly installments- Rs 4.91 million

According to Clause-(iv) (a) & (b) Part-II of Model Terms & Conditions of Contracts issued by the Local Government Department vide Notification No.AO-II/LCB/6-11/2009 dated 12-1-2010, monthly installment shall be paid on the last date of the month otherwise penalty @ 1% per day will be liable for late deposit of monthly installment. If the contractor failed to clear dues by 10th of the month, the contract shall be cancelled and his security and advances shall be forfeited.

Administrator TMA, Prova awarded contract for collection of 2% Property Tax to M/S Zabta Khan for the financial year 2010-11 but the contractor did not deposit the monthly installments on due dates and abnormally delayed for 29 to 39 days each month. The local office neither cancelled the contract nor recovered the penalty @ 1% per day of Rs 4,910,379 on late deposit of monthly

installments as required under Model Terms & Conditions of Contracts which were duly agreed & signed by the contractor on Stamped Paper in the shape of agreement executed with the local office as detail of penalty in Annexure-17.

Non recovery of penalty occurred due to non-compliance of rules which resulted into loss to Government.

When reported in November 2014, Management did not respond to the preliminary audit observation. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 penalty from the contractor under intimation to Audit.

AP # 70 (2013-14)

1.4.2.7 Overpayment due to non-recovery of 10% profit from project leaders-Rs 3.13 million

Composite Schedule of Rates includes 10% profit for the contractor.

Administrator defunct TMA, Prova awarded various development schemes worth Rs 31,316,500 to Project Leaders during 2011-13 without deducting contractor's profit as the element of profit was meant for contractors and not for the Project Leaders and resulted into overpayment of Rs 3,131,650 as detailed in Annexure-18.

Overpayment occurred due to non-compliance of rules which resulted into loss to Government.

When reported in November 2014, Management did not respond to the preliminary audit observation. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 overpayment under intimation to Audit.

AP # 73 (2013-14)

1.4.2.8 Non-forfeiting of security due to violation of terms & conditions of contract-Rs 2.25 million

According to Claus-(iii) & (iv) (a) Part-II of Model Terms & Conditions of Contracts issued by Local Government Department vide Notification No.AO-II/LCB/6-11/2009 dated 12-1-2010, at the time of approval of the contract, the contractor shall deposit 10% of the value of contract in advance while 10 % shall be recovered at the end of May, 2010 otherwise security shall be forfeited and contact shall be re-auctioned at his risk & cost.

(b) According Clause-(xviii) Part-II, no possession of contract shall be given to contractor unless the contractor has signed the agreement and deposited advance amount and security with the concerned council.

Administrator TMA, Prova awarded contract of Cattle & Fair Market for Rs 15,000,000 to M/S Ahmad Khan Niazi for the financial year 2010-11. It was noticed with great concerned that,

- i. The contractor did not deposit the remaining 10% advance of Rs 1,500,000 at the end of May, 2010 as required under Terms & Conditions of Contract but Rs 750,000 were deposited on 16-6-2010 & 16-8-2010 in installments after two & half months of approval.
- ii. Neither security of contractor amounting to Rs 2,250,000 were forfeited nor the contact was re-auctioned at the risk & cost of contractor due to violation of above clauses of model terms & conditions of contract.
- iii. Violating the Clause-(xviii) Part-II, the possession of contract was given w.e.f 1-7-2010 before the deposit of full advance amount whereas agreement was executed after 04-08-2010.

Non forfeiting of security occurred due to non-compliance of rules which resulted into loss to Government.

When reported in November 2014, Management did not respond to the preliminary audit observation. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 inquiry and action against the person(s) at fault.

AP # 71 (2013-14)

1.4.2.9 Non-recovery of penalty due to late payment of monthly installments -Rs 1.663 million

According to Clause-(iv) (a) & (b) Part-II of Model Terms & Conditions of Contracts issued by the Local Government Department vide Notification No.AO-II/LCB/6-11/2009 dated 12-1-2010, monthly installment shall be paid on the last date of the month otherwise penalty @ 1% per day will be liable for late deposit of monthly installment. If the contractor failed to clear dues by 10th of the month, the contract shall be cancelled and his security and advances shall be forfeited.

Administrator TMA, Prova awarded contract of Cattle & Fair Market to M/S Ahmad Khan Niazi for the financial year 2010-11 but the contractor did not deposit the monthly installments on due dates and thus penalty @ 1% per day of Rs 1,663,592 on late deposit of monthly installments was recoverable under Model Terms & Conditions of Contracts which were dully agreed & signed by the contractor on Stamped Paper in the shape of agreement executed with the local office as detail of penalty in Annexure-19.

Non recovery of penalty occurred due to non-compliance of rules which resulted into loss to Government.

When reported in November 2014, Management did not respond to the preliminary audit observation. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 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 penalty from the contractor under intimation to Audit.

AP # 72 (2013-14)

1.4.3 Internal Control Weaknesses

1.4.3.1 Loss on collection of 2% property tax due to non-observing of clause-V(d) of model terms & conditions of contracts – Rs 15.026 million

According to Clause-V(d) of Model Terms & Conditions of Contracts issued by the Local Government Department vide Notification No.AO-II/LCB/6-11/2011 dated 21-4-2011, the charge shall be given to the successful contractor from the date of actual possession of charge after fulfilling the all the formalities i.e execution of agreement deed.

According to clause-XXXI, the successful bidder within 7 days of the acceptance of his bid, shall execute an agreement with the TMA duly attested by a Judicial/Municipal Magistrate. In case, the contractor does not deposit advances or does not enter into an agreement within specified period, the contract shall stand cancelled and re-auctioned and loss if any shall be recouped at the risk & cost of the contractor and recoverable under prescribed law & rules.

Scrutiny the record of Administrator TMA, Prova it was noticed that highest bid of Rs 39,000,000 were offered by M/S Naveed Ahmad Khan for the contract of 2% Property Tax for the year 2011-12 but the contractor refused to take over the charge of contract and departmental recovery was stared.

The contract was again put to auction on 26-7-2011 and highest bid of Rs 36,000,000 were offered by M/S Kalim Javed which was approved by the Secretary LCB vide letter dated 13-8-2011. The contractor deposited 20% advance of Rs 72,000,000 on 12-9-2011 and requested that the value of contract be determined from the date of possession of charge of contract i.e 13-9-2011 while the local office insisted that period of contract would be started w.e.f 1-7-2011.

Finally, the Secretary LCB vide letter dated 4-4-2012 agreed with the contractor's point-of-view and directed the local office that Clause-V(d) of Model Terms & Conditions of Contracts must be followed in letter & spirit accordingly. But dispute remained between the contractor & the local office till the end of year 2010-11 and total recovery 20% advance & departmental recovery of

Rs 23,973,332 were realized during 2011-12 which was lesser of Rs 15,026,668 than the original bid of Rs 39,000,000 offered by the M/S Naveed Ahmad.

Less recovery of tax occurred due to due to weak internal control which resulted into loss to Government.

When reported in November 2014, Management did not respond to the preliminary audit observation. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 13.11.2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till the finalization of this report in March, 2015.

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

AP # 63 (2013-14)

MUNICIPAL COMMITTEE PAHARPUR

1.5 Audit Paras Municipal Committee Paharpur

1.5.1 Irregularity & Non compliance

1.5.1.1 Unauthorized expenditure out of developmental funds-Rs 5.00 million

According to Para-12 of GFR Volume-I, a controlling officer must see that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided. Also according to Government of Khyber Pakhtunkhwa Local Government & Rural Development Department letter No.AO/LCB/Directives/ T.P/2010-11 dated 1-7-2011, District Development Grant under PFC allocation cannot be utilized for payment of salaries/contingencies.

Chief Municipal Officer Paharpur received Rs 5,000,000 as 30% share of District ADP during 2013-14 but the same was incurred on pay and allowances of staff which was against the rules.

Incurring of developmental funds on pay & allowances due to non-compliance of rules which resulted into unauthorized expenditure.

When reported in October 2014, management stated that detailed reply would be given in due course of time. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 17.10.2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till the finalization of this report in March, 2015.

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

AP # 25 (2013-14)

1.5.1.2 Loss on account of auction of contracts-Rs 3.716 million

According to rule 29(5) of the Procurement Rules 2003, if the tenderer whose tender has been accepted fails to sign the contract or fails to provide any required security for the performance of the contract, the procuring entity shall order the forfeiture of the earnest money and shall give order of acceptance to

second lowest or in case of second bidder to the third lowest bidder and so on the same term of forfeiture of the earnest money.

Chief Municipal Officer Paharpur auctioned various contracts during 2013-14 as detailed in Annexure-20.

It was observed that the contractors who offered highest bid refused to execute the contract while the local office made departmental collection / re auctioned the contract at lower rates instead of offering to second highest bidder which resulted in to loss of Rs 3,716,268. Moreover, neither earnest money of the contractor was forfeited nor black listed by the department.

Loss occurred due to negligence and non compliance of rules.

When reported in October 2014, management stated that detailed reply would be given in due course of time. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 17.10.2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till the finalization of this report in March, 2015.

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

AP # 29 (2013-14)

**1.5.1.2 Unauthorized expenditure on account of developmental funds-
Rs 2.780 million**

Para 178 of GFR Vol-I provides that no work should be commenced or liability incurred (except in cases covered by special rules, orders) in connection with in until:-

- (i) Administrative Approval has been obtained from the competent authority.
- (ii) Sanction either special or general; of competent authority has been obtained authorized the expenditure.
- (iii) A properly detailed design and estimate has been sanctioned: and
- (iv) Funds to cover the charges during the year have been provided by competent authority.

Chief Municipal Officer Paharpur paid Rs 2,780,531 on account of execution of scheme “Electrical Polls/ Transformer Umer Khel” during 2013-14.

It was observed that: -

- i) No PC-I was prepared / produced to determine the total no. of polls, electric material, transformer etc installed on site.
- ii) No administrative approval has been obtained from the competent authority.
- iii) No completion report and verification report by the monitoring committee was produced.

Unauthorized expenditure occurred due to negligence and non compliance of rules.

When reported in October 2014, management stated that detailed reply would be given in due course of time. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 17.10.2014 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 justification of unauthorized expenditure and action against person(s) at fault.

AP # 23 (2013-14)

1.5.2 Internal Control Weaknesses

1.5.2.1 Loss to Government due to non deduction of income tax - Rs 2.272 million

Section 236 of Finance Act 2013 requires that income tax @ 10% should be deducted from the contractor at the time of sale by auction of contract. Moreover read with Section-236 (A) of Income Tax Ordinance 2009, advance income tax @ 5% should be collected on auction/ sale of property including award of lease, right to collect tolls or other levies.

Chief Municipal Officer, Paharpur auctioned various contractors during 2013-14 as detailed in Annexure-21.

It was observed that income tax @5% for Rs 1,479,380 during 2012-13 and @10% for Rs 793,500 during 2013-14 were required to be deducted from the contractor but no such deduction was made due to which Govt treasury sustained loss of Rs 2,272,880.

Loss to Govt occurred due to negligence and weak internal control.

When reported in October 2014, management stated that detailed reply would be given in due course of time. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 17.10.2014 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 due to non deduction of income tax and action against person(s) at fault.

AP # 28 (2013-14)

1.5.2.2 Non deposit of additional earnest money – Rs 1.90 million

As per Section-V (c) of the term and conditions of auction of contract communicated by Local Council Board vide letter No. AO-II/LCB/6-11/2013 dated 20.03.2013 the highest bidder after crossing 30% increase will be liable to deposit additional amount equivalent to earnest money within two days otherwise

the contractor shall stand cancelled dully forfeiting the earnest money and the contractor / Firm may be black listed.

Chief Municipal Officer Paharpur auctioned various contracts during 2013-14 as detailed below: -

S #	Contract	Bid for 2012-13 (Rs)	Bid for 2013-14 (Rs)	Percentage increase	Earnest money (Rs)
1	2% property tax 2013-14	19,100,000	5,005,000	44.12%	200,000
2	Motor Larri Adda Paharpur (2013-14)	1,325,600	3,305,000	40.10%	200,000
	Contract	Bid for 2011-12	Bid for 2012-13 (Rs)	Percentage increase	Earnest money
3	Cattle fair market Kot jai (2012-13)	980,000	1,950,000	98.98%	200,000
4	Cattle fair Paharpur (2012-13)	2,950,000	5,000,000	69.41%	300,000
5	2% Property tax	12,250,000	19,100,000	55.91%	1,000,000
Total					1,900,000

It was observed that contract auctioned at highest rates crossing the limit of 30% than previous year 2012-13 and as per rule ibid the contractor have to deposit additional amount equivalent to the earnest money within two days, but no such amount was deposited in Govt treasury to which Govt sustained loss of Rs 1,900,000.

Loss to Govt occurred due to negligence and weak internal control.

When reported in October 2014, management stated that detailed reply would be given in due course of time. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 17.10.2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till the finalization of this report in March, 2015.

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

AP # 30 (2013-14)

1.5.2.3 Non recovery of Government dues - Rs 1.048 million

Para 38 of GFR provides that the departmental authorities are primarily responsible to see that all revenues due to Government which have been brought to account are correctly and promptly assessed realized and credited to Government Treasury

Chief Municipal Officer Paharpur auctioned various contracts during 2012-14 as detailed below: -

S #	Contract	Bid price	Collection	Outstanding amount
1	Motor Larri adda	1,380,000	126,6245	113,755
2	Mandi Maveshian	5,000,000	4,850,000	150,000
3	2% Property tax	19,100,000	18,315,070	784,930
Total				1,048,685

It was observed that the amount of Rs 1,048,685 was still outstanding against the contracts and action was taken by the department for non deposit of government dues.

Government sustained loss due to negligence and weak internal control.

When reported in October 2014, management stated that detailed reply would be given in due course of time. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 17.10.2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till the finalization of this report in March, 2015.

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

AP # 31 (2013-14)

MUNICIPAL COMMITTEE KULACHI

1.6 Audit Paras Municipal Committee Kulachi

1.6.1 Internal Control Weaknesses

1.6.1.1 Unauthorized Expenditure on account of non obtaining of technical sanction Rs 20.00 million

Engineers in BPS-18 are empowered to grant technical sanction for schemes up to Rs 4,000,000 and Engineers in BPS-17 up to Rs 1,500,000 as per notification No. AO I /LCB/Estt/3-5/2005 dated 22-11-2005 of LG &RDD Khyber Pakhtunkhwa.

Chief Municipal Officer Kulachi paid Rs 20,000,000 on execution of various schemes during 2013-14 as detailed in Annexure-22.

It was observed that the technical sanction of each scheme for Rs 20,000,000 was obtained from District Officer (I&S) District Council D.I.Khan (an Officer in BPS-17) who is competent to accord sanction up to Rs 15,000,000 due to which expenditure held unauthorized.

Uneconomical expenditure was occurred due to weak internal control.

When reported in September 2014, management stated that detailed reply would be given in due course of time. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 21.11.2014 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 regularization of expenditure and action against person(s) at fault.

AP # 61 (2013-14)

1.6.1.2 Unauthorized expenditure of Rs 13.475 million

Para-32 of CPWA code requires that expenditure can only be incurred on a work if sanction, either special or general of the competent authority has been obtained authorizing the expenditure. Or no work shall be executed without Administrative Approval / Technical Sanction.

Chief Municipal Officer Kulachi paid Rs 13,475,050 on execution of scheme “construction of slaughter house in Kulachi” during 2012-13.

It was observed that the technical sanction of the scheme was obtained from Chief Engineer Public Health Engineering Department KPK instead of competent authority (Chief Engineer C&W Building Department) who is competent to accord sanction for building structure work.

Uneconomical expenditure was occurred due to weak internal control.

When reported in November 2014, Management stated that detailed reply would be given in due course of time. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 21.11.2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till the finalization of this report in March, 2015.

Audit recommends regularization of the expenditure and action against person(s) at fault.

AP # 59 (2013-14)

1.6.1.3 Uneconomical expenditure on civil work - Rs 5.00 million

Para 144 of GFR Vol-I requires that Open Tender System, i. e. Invitation to tenders by public advertisement should be used as a general rule and must be adopted in all cases in which the estimated value of the tender is Rs 40,000 or above.

Para III of TSP Guidelines issued by Local Govt department dated 5 June 2007, required that the payment should be certified by the DDC, which consider the scheme and shall be expressed in the minutes of Meeting.

As per PFC decision dated 2006-2007 the upper ceiling for Tameer-E-Sarhad Programme scheme executed through the project committee shall be up to Rs 1.00 million.

Chief Municipal Officer Kulachi paid Rs 6,000,000 on execution of scheme during 2012-13, as detailed below:

S #	Scheme Name	Project Leader	Amount (Rs)
1	Civil works constructions of Schools Mohallah Bara khel Kulachi-I	M Mumtaz	2,000,000
2	Civil works constructions of Schools Mohallah Bara khel Kulachi-II	Shaikh Aslam Khan	2,000,000
3	Civil works constructions of Schools Mohallah Bara khel Kulachi-III	M Jahangir	1,000,000
TOTAL			5,000,000

It was observed that: -

- i. The expenditure was incurred on execution of schemes through project committees instead of adopting tender system, as the scheme I & II was above the permissible limit of Rs 1,000,000 and Govt deprived of from economical rates.
- ii. Technical Sanction was not obtain from the competent authority.
- iii. The schemes were shown construction /repair of schools in Mohalla Bara Khel but neither NOC from Education department / correspondence and demand for repair /construction of education department was received nor proper handing taking with Education Department was available in record.
- iv. The Administrative Approval of the scheme for construction of schools /repair was not obtained from the competent forum.

The uneconomical expenditure was occurred due to weak internal control.

When reported in September 2014, management stated that detailed reply would be given in due course of time. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 21.11.2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till the finalization of this report in March, 2015.

Audit recommends justification of unauthorized expenditure and action against person(s) at fault.

AP # 56 (2013-14)

1.6.1.4 Loss to Govt due to non deduction of income tax-Rs 1.240 million

Section 236 of Finance Act 2013 requires that income tax @ 10% should be deducted from the contractor at the time of sale by auction of contract. Moreover read with Section-236 (A) of Income Tax Ordinance 2009, advance income tax @ 5% should be collected on auction/ sale of property including award of lease, right to collect tolls or other levies.

Chief Municipal Officer Kulachi auctioned various contractors during 2009-10 to 2013-14.

It was observed that income tax @5% for Rs 998,325 during 2012-13 and @10% for Rs 242,700 during 2013-14 was required to be deducted from the contractor but no such deduction was made due to which Govt treasury sustained loss of Rs 1,241,025.

Loss to Govt occurred due to negligence and weak internal control.

When reported in September 2014, management stated that detailed reply would be given in due course of time. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 21.11.2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till the finalization of this report in March, 2015.

Audit recommends recovery of income tax and action against person(s) at fault.

AP # 60 (2013-14)

1.6.1.5 Overpayment on account of contractor profit - Rs 4.400 million

According to Para 220 and 221 of CPWA Code, Sub Divisional Officer, before making payments to contractor, 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.

As per rate analysis of CSR 2009, 10% contractor profit is included in every item of schedule of rates paid to the contractors.

Chief Municipal Officer Kulachi paid Rs 44,002,000 on execution of various schemes in Tehsil Kulachi during 2011-12 and 2012-13 as detailed in Annexure-23.

It was observed that schemes were executed through project committees on schedule rates without any competition or adopting tendering system. The contractor profits @ 10% for Rs 4,400,200 was required to be deducted from the bills of project leaders as the work was awarded on no profit and no loss basis which resulted into overpayment of Rs 4,400,200.

Overpayment occurred due to weak internal control.

When reported in November 2014, Management stated that detailed reply would be given in due course of time. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 17.10.2014 but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till the finalization of this report in March, 2015.

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

AP # 57 (2013-14)

1.6.1.6 Overpayment on account of extra lead -Rs 1.314 million

According to Clause-46 (a) of terms and conditions of Contract Agreement, “no payment should be made to the contractor on account of leads and carriage of material requires for work or on account of removal of debris of building operation from the work.

Chief Municipal Officer Kulachi paid Rs 13,425,050 on execution of scheme “construction of slaughter house in Kulachi” during 2011-12.

It was observed that item of work “Earth filling watering, ramming earth and Embankment formation of ordinary soil in lawn /courts” the rate was paid with lead of 5KM which was not admissible and resulted into overpayment of Rs 1,314,020 as detailed below.

S #	Item	Sub Head	Rate paid	Rate applicable	Excess	Qty	Over Payment
1	Filling watering, ramming earth in lawn /courts lead 5KM CSR 2009	Building main	375	104	271	260	70,460
2	Embankment formation of ordinary soil 5KM CSR 2009	Building main	325	104	221	634	140,114
3	Filling watering, ramming earth in lawn /courts 5KM CSR 2009	Building main	370.50	93.60	276.90	3985	1103,446
Total							1,314,020

Moreover the lead of 5KM is also not justifiable as the earth is available near the site of the scheme in Kulachi.

Loss to Government occurred due to weak internal control.

When reported in November 2014, Management stated that detailed reply would be given in due course of time. However, reply was not received till finalization of report.

Request for convening of DAC meeting was made on 21.11.2014 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 and action against person(s) at fault.

AP # 58 (2013-14)

ANNEXURES

Annexure-1

Detail of MFDAC Paras

S.No.	AP No.	Name of Department	Title of the Para	Rs in million
1.	12	District Council	Loss due to less recovery of income tax	0.810
2.	14	-do-	Loss due to negligence	0.757
3.	15	-do-	Non recovery of house rent	0.526
4.	43	MC D.I.Khan	Overpayment due to purchase of electric material at higher rate	0.718
5.	48	-do-	Non recovery of House rent allowance	0.524
6.	49	-do-	Overpayment on a/c land	0.417
7.	50	-do-	Doubtful issuance of electric material	0.352
8.	51	-do-	Non recovery due to late payment of monthly installment	0.295
9.	52	-do-	Non deposit of departmental recovery of sign board fee	0.275
10.	74	MC Prova	Non recovery of due to late payment	0.727
11.	75	-do-	Overpayment due to wrong application of rate	0.842
12.	76	-do-	Overpayment due to wrong application of rate	0.790
13.	79	-do-	Un authorized payment rent of open land	0.709
14.	80	-do-	Unauthorized expenditure on pay of fixed staff	0.598
15.	81	-do-	Unauthorized expenditure on pay of lady instructor	0.523
16.	83	-do-	Non recovery due to late payment of monthly installment	0.778

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 GFR, all dues of the Government should be correctly and promptly assessed, collected and paid into Government Treasury.	-do-
3	According to terms and conditions of the contracts; the contract for the present year must have 15% increase over the bid of last year.	-do-
4	Withholding tax collection under section 236A on sale of property was required at enhanced rate of 10%.	-do-
5	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

**District Council, Municipal Committees D I Khan
Budget and Expenditure Summary for Financial Year 2013-14**

Formation	Component	Budget	Expenditure	Saving/Excess	Receipts
District Council D.I.Khan	Salary	58,435,655	58,335,655	100,000	168,589,589
	Non-Salary	59,715,208	59,916,208	-201,000	
	Developmental	610,599	610,599	0	
	Total	118,761,462	118,862,462	-101,000	168,589,589
MC D.I.Khan	Salary	38,255,768	38,254,768	1,000	88,324,568
	Non-Salary	79,551,798	79,641,798	-90,000	
	Developmental	255,302	255,302	0	
	Total	118,062,868	118,151,868	-89,000	88,324,568
MC Paharpur	Salary	29,393,187	29,393,187	0	32,744,038
	Non-Salary	16,058,297	16,098,297	-40,000	
	Developmental	8,753,000	8,750,000	3,000	
	Total	54,204,484	54,241,484	-37,000	32,744,038
MC Kulachi	Salary	11,655,148	11,645,148	10,000	12,924,948
	Non-Salary	17,949,800	17,949,800	0	
	Developmental	1,670,000	1,670,000	0	
	Total	31,274,948	31,264,948	10,000	12,924,948
MC Prova	Salary	35,261,436	35,011,436	250,000	200,617,908
	Non-Salary	259,945,109	260,451,109	-506,000	
	Developmental	121,461,283	121,448,283	13,000	
	Total	416,667,828	416,910,828	-243,000	200,617,908
	Total	738,971,231	739,431,201	460000	503,201,051

Annexure-4**Unauthorized expenditure due to non-obtaining technical sanction**

S.No.	Name of Work	Expenditure (Rs)
1.	Construction of streets, Drains, BTR, Shingle Road in UC Chehkan, Band Kurai, Mandran out of PWP-II Funds for PK-65.	3,326,805
2.	Construction of streets, Drains, BTR, Shingle Road in UC Hissam, Dhap Shumali out of PWP-II Funds for PK-65.	3,408,004
3.	Construction of streets, Drains, BTR, Shingle Road in UC Lar, Zindani Korai, Yarik out of PWP-II Funds for PK-65.	4,000,000
4.	Beautification D.I.Khan City/ Rehabilitation of Safari Park	11,048,695
5.	Purchase of Transformers	7,500,000
Total		29,283,504

Annexure-5**Unauthorized expenditure out of development funds**

S.No.	Particulars	Amount (Rs)
1.	Development funds received in r/o Ali Amin PK-64	37,500,000
2.	Development funds received in r/o Sami Ullah Alizai PK-65	20,000,000
3.	Development funds received in r/o PK-68	13,000,000
4.	District Development Fund	40,011,000
Total Development Funds received during 2013-14		110,511,000
	Payment made to contractors up to 30-6-2014	41,933,706
Balance required on 30-6-2014		68,577,294
	Balance available as per Cash Book	41,412,210
Difference		27,165,084

Annexure-6

Non-recovery of auction money and penalty

S.No.	Name of Contract	Amount of auction (Rs)	Amount Deposited (Rs)	Balance amount of auction (Rs)	Last date of deposit of installment	Delay period up to 31-8-14 (days)	Penalty @ 1% (Rs)	Total (Rs)
1.	General Bus Stand, Tank Adda, D.I.Khan.	3,083,183	2,212,131	871,052	18-2-14	194	1,689,840	2,560,892
2.	Cattle Fair Market, Kot Jai.	2,291,667	1,529,983	761,684	7-4-14	146	1,112,059	1,873,743
3.	CFM, Chashma Mili Khel.	275,000	87,000	188,000	26-5-14	100	188,000	376,000
4.	Cattle Fair Market, Daraban.	121,000	64,500	56,500	27-2-14	188	106,220	162,720
5.	Motor Adda, Daraban.	260,851	138,500	122,351	30-3-14	153	187,197	309,548
6.	Motor Adda, Sheekh Yousaf	115,000	70,000	45,000	27-2-14	188	84,600	154,600
7.	MLA, Kot Jai.	426,250	268,000	158,250	12-2-14	200	316,500	477,750
8.	Motor Adda, Bilot Sharif.	316,250	180,000	136,250	6-5-14	118	160,775	297,025
9.	Guzar Bakhsha Naiwela Patten.	212,500	177,000	35,500	31-5-14	92	32,660	68,160
10.	Sign Board Rural Fee	603,750	171,000	432,750	9-1-14	234	1,869,480	2,302,230
11.	Professional License Fee Rural	230,000	169,996	60,010	20-2-14	192	115,219	175,229
Total amount recoverable								8,757,897

Annexure-7

Non-recovery of income tax on auction of contracts

S.No.	Name of Contract	Name of Contractor	Amount of auction (Rs)	Income Tax (Rs)
1.	2 % Property Tax	M/S Hajji Motabar Khan	76,150,000	7,615,000
2.	Cattle Fair Market, Chashma Mali Khel.	Malik Saifullah	275,000	27,500
3.	Cattle Fair Market, Kot Jai.	M/S Imran Khan	2,500,000	250,000
4.	Cattle Fair Market, Dahoter	Malik Saifullah	70,000	7,000
5.	Cattle Fair Market, Daraban.	Kalim Javid	121,000	12,100
6.	General Bus Stand, Tank Adda.	M/S Muhammad Ismail Khan	3,083,183	308,318
7.	Motor Adda, Daraban.	Kalim Javid	260,851	26,085
8.	Motor Adda, Band Korai	Muhammad Younis	40,000	4,000
9.	Motor Adda, Sheikh Yousaf	Muhammad Ismail Khan	115,000	11,500
10.	Motor Adda, Kot Jai.	Malik Saifullah	465,000	46,500
11.	Motor Adda, Bilot Sharif.	Kalim Javid	316,250	31,625
12.	Guzar Bakhsha Naiwela Patten.	Manzoor Husain	212,500	21,250
13.	Kaheeri Patten.	Malik Faizullah	258,333	25,833
14.	Sign Board Rural Fee	Imran Khan	603,750	60,375
15.	Professional License Fee Rural	Mazhar Ilahi	230,000	23,000
Total Income Tax recoverable				8,470,086

Annexure-8**Non-recovery of Penalty due to late payment of monthly installments**

S.No.	Monthly Installment Due on	Monthly Installment paid on	Delay Period (days)	Rate of Monthly Installment (Rs)	Amount of Penalty (Rs)
1.	31-8-2013	9-9-2013	9	5,823,100	524,079
2.	30-9-2013	9-10-2013	9		524,079
3.	31-10-2013	19-11-2013	19		1,106,389
4.	30-11-2013	9-12-2013	9		524,079
5.	31-12-2013	10-1-2014	10		582,310
6.	31-1-2013	24-2-2014	24		1,397,544
7.	28-2-2013	19-3-2014	19		1,106,389
8.	30-3-2013	15-4-2014	15		873,465
9.	30-4-2013	12-5-2014	12		698,772
Total Penalty recoverable					7,337,106

Annexure-09

Doubtful payment due to non-adjustment of advances

S.No.	Cheque / Vr. No. & Date	Nature of advance	Payee	Amount (Rs)
1.	Ch:No.A-166148 dated 29-4-2014	Advance for medical treatment	Malik Rabnawaz Rent Inspector	100,000
2.	Vr.N.45 dated 7/2013	Advance for Printing	Malik Rabnawaz Rent Inspector	30,000
3.	Ch:No.A-166142 dated 1-4-2014	Advance for preparation of approach for dumping ground	Gohar Aziz MOI	61,000
4.	Ch: No.A-166120 dated 12-3-2014	Advance for plants & earth filling	Mr. Qaiser Garden Supervisor	40,000
5.	Vr.No.nil dated 12-3-2014	Advance for carriage	Allah Wasaya Mechanical Supervisor	100,000
6.	Vr.No.222 dated 19-7-2013	Advance for lighting for Grave Yard	Muhammad Bilal-SE	100,000
7.	Vr.No.239 dated 25-7-2013	Advance for Desilting of drain	Muhammad Tariq-CSI	50,000
8.	Vr.No.7 dated 2-8-2013	Advance for repair of pipeline	Muhammad Bashir-TWO	30,000
9.	Vr.No.54 dated 23-9-2013	Advance for repair of pipeline	Muhammad Bashir-TWO	30,000
10.	Ch. No.764250 dated 19-8-2013	Advance for repair of pipeline	Muhammad Bashir-TWO	40,000
11.	Vr.No.2 dated 2-1-2014	Advance for medical treatment	Aqeel Ahmad-Rent Clerk	350,000
12.	Vr.No.8 dated 6-1-2014	Advance for Printing	Aqeel Ahmad-Rent Clerk	50,000
13.	Vr.No.2 dated 4-2-2014	Visit of official to Peshawar	Abdur Rashid Driver	10,000
14.	Vr.No.17 dated 12-3-2014	Advance for medical treatment	Junaid Iqbal-TWO	10,000
15.	Vr.No.11 dated 6-5-2014	Advance for repair of pipeline	Muhammad Aslam Water Supply Supervisor	18,000
16.	Vr.No.96 dated 13-5-2014	Advance for petty works	Riaz Qureshi-SE	50,000
17.	No.19 dated 20-6-2014	Advance for repair of pipeline	Muhammad Aslam Water Supply Supervisor	60,000
18.	Vr.No.57 dated 20-1-2014	Advance for Petty Works	Riaz Qureshi-SE	100,000
19.	Vr. No.106 dated 21-10-2013	Advance for purchase of cutter machine	Malik Tanveer-SI	60,000
20.	Vr. No.38 dated 7-8-2013	Advance For earth filling	Malik Tanveer-SI	300,000
21.	A-166161 dated 4-6-2014	Advance for medical treatment	Malik Tanveer-SI	100,000
Total				1,689,000

Annexure-10**Non-recovery of Penalty due to late payment of monthly installments**

S.No.	Monthly Installment Due on	Monthly Installment paid on	Delay Period (days)	Rate of Monthly Installment (Rs)	Amount of Penalty (Rs)
1.	31-7-2013	2-8-2013	2	2,272,728	45,455
2.	31-8-2013	2-9-2013	2		45,455
3.	30-11-2013	02-12-2013	02		45,455
4.	31-1-2013	04-2-2014	04		90,909
5.	28-2-2013	03-3-2014	03		68,182
6.	30-3-2013	01-7-2014	91		2,068,182
Total Penalty recoverable					2,363,638

Annexure-11**Loss to Government due to non-deposit of income tax**

S.No.	Name of Work	Name of Contractor	Payment Made (Rs)	Income Tax @ 6.5% (Rs)
1.	Installation of 22 No. Submersible Pumps in District D.I.Khan financed by UNHCR (RAHA)	M/S Inam Ullah Khan	11,355,125	738,083
2.	Construction of foot path from Session Court to High Court, D.I.Khan.	M/S Alamgir Khan	5,373,000	349,245
3.	Construction of Stair of TMA Plaza	M/S Fakhar Zaman	1,740,759	113,149
4.	Rehabilitation of streets lights	M/S Syed Abid Hussain	695,895	45,233
5.	Repair of TMO Banglow	M/S Qalab Abbas Shah	163,444	10,623
6.	Petty Bills	M/S Khair Muhammad	286,994	18,655
7.	Moharram Work	M/S Qalab Abbas Shah	1,200,000	78,000
Total income tax payable				1,352,988

Annexure-12

Statement showing detail of overpayment on open land for Goat & Sheep Market

S.No.	Period	Rate Paid Per month during 2008-09 (Rs)	Rate paid Per month with 10% increase during 2009-10 (Rs)	Rate Due Per month with 5% increase during 2009-10 (Rs)	Difference per month (Rs)	Overpayment during 2009-10 (Rs)
1.	2009-10	68,181	75,000	71,590	3,410	40,920
2.	2010-11	Rate Due Per month during 2009-10 (Rs)	Rate paid Per month with 10% increase during 2010-11 (Rs)	Rate Due Per month with 5% increase during 2010-11 (Rs)	Difference per month (Rs)	Overpayment during 2010-11 (Rs)
		71,590	82,500	75,170	7,329	87,948
3.	2011-12	Rate Due Per month during 2010-11 (Rs)	Rate paid Per month with 10% increase during 2011-12 (Rs)	Rate Due Per month with 5% increase during 2011-12 (Rs)	Difference per month (Rs)	Overpayment during 2011-12 (Rs)
		75,170	90,750	78,928	11,822	141,864
4.	2012-13	Rate Due Per month during 2011-12 (Rs)	Rate paid Per month with 10% increase during 2012-13 (Rs)	Rate Due Per month with 5% increase during 2012-13 (Rs)	Difference per month (Rs)	Overpayment during 2012-13 (Rs)
		78,928	99,825	82,874	16,951	203,412
5.	2013-14	Rate Due Per month during 2012-13 (Rs)	Rate paid Per month with 10% increase during 2013-14 (Rs)	Rate Due Per month with 5% increase during 2013-14 (Rs)	Difference per month (Rs)	Overpayment during 2013-14 (Rs)
		82,874	109,807	87,018	22,789	273,468
Total Overpayment during 2009-10 to 2013-14						747,612

Annexure-13

Statement showing detail of overpayment on open land for Mandi Maveshan

S.No.	Period	Rate Paid Per month during 2008-09 (Rs)	Rate paid Per month with 10% increase during 2009-10 (Rs)	Rate Due Per month with 5% increase during 2009-10 (Rs)	Difference per month (Rs)	Overpayment during 2009-10 (Rs)
1.	2009-10	60,000	66,000	63,000	3,000	36,000
2.	2010-11	Rate Due Per month during 2009-10 (Rs)	Rate paid Per month with 10% increase during 2010-11 (Rs)	Rate Due Per month with 5% increase during 2010-11 (Rs)	Difference per month (Rs)	Overpayment during 2010-11 (Rs)
		63,000	72,600	66,150	6,450	77,400
3.	2011-12	Rate Due Per month during 2010-11 (Rs)	Rate paid Per month with 10% increase during 2011-12 (Rs)	Rate Due Per month with 5% increase during 2011-12 (Rs)	Difference per month (Rs)	Overpayment during 2011-12 (Rs)
		66,150	79,860	69,458	10,402	124,824
4.	2012-13	Rate Due Per month during 2011-12 (Rs)	Rate paid Per month with 10% increase during 2012-13 (Rs)	Rate Due Per month with 5% increase during 2012-13 (Rs)	Difference per month (Rs)	Overpayment during 2012-13 (Rs)
		69,458	87,846	72,930	14,916	178,992
Total Overpayment during 2009-10 to 2013-14						417,216

Annexure-14**Non-recovery of penalty due to late payment of monthly installments**

S.No.	Monthly Installment Due on	Monthly Installment paid on	Delay Period (days)	Rate of Monthly Installment (Rs)	Amount of Penalty (Rs)
1.	31-7-2012	24-9-2012	86	2,272,727	1,954,522
2.	31-08-2012	17-10-2012	47		1,068,169
3.	30-09-2012	14-11-2012	45		1,022,715
4.	31-10-2012	24-12-2012	54		1,227,258
5.	30-11-2012	28-01-2013	118		2,681,786
6.	31-01-2013	29-03-2013	57		1,295,439
7.	31-03-2013	30-05-2013	120		4,068,133
Total Penalty recoverable					13,318,022

Annexure-15

Statement showing detail of overpayment on earth filling

S.No.	Scheme Name	Year	Qty Executed (M3)	Rate Paid (Rs /M3)	Rate Due (Rs /M3)	Difference (Rs /M3)	O/payment (Rs)
1.	Street Mahra 1	2012-13 CSR 2012	314	488	137.94	350.06	109,918.84
2	Street Muryali 3		87	488	137.94	350.06	30,455.22
3	Street Ghulam near Disty # 14 UC Naivela 10		107	488	137.94	350.06	37,456.42
4	Drain and earthfilling Paroa 7		72	488	137.94	350.06	25,204.32
5	Earth filling & Shingle Road Yar Mohd Koroona Malana 8		818	488	137.94	350.06	286,349.08
6	Street in Muryali		72	488	137.94	350.06	25,204.32
7	Shingle Road Basti Jendeer GDC Paroa 12		538	488	137.94	350.06	188,332.28
8	Earthfilling in Janazagah Chomb 13		322	488	137.94	350.06	112,719.32
9	Drain in Paroa 14		259	488	137.94	350.06	90,665.54
10	Street Gara Tahir and Gara Sangi 15		210	488	137.94	350.06	73,512.6
11	Earthfilling in street Bandy wali basti dhawa 16		617	488	137.94	350.06	215,987.02
12	Shingle road jhok shahani 17		131	488	137.94	350.06	45,857.86
13	Shingle road uc malana 19		829	488	137.94	350.06	290,199.74
14	Earthfill in mahra uc miran 19		393	488	137.94	350.06	137,573.58
15	Earthfill street naivela 21		756	488	137.94	350.06	264,645.36
16	Culvert near mahra 21		444	488	137.94	350.06	155,426.64
17	Street nawab uc kotla saidan 23		382	488	137.94	350.06	133,722.92
18	Street fateh uc zandani 24		53	488	137.94	350.06	18,553.18
19	Kacha road gishkoro uc miran 25		780	488	137.94	350.06	273,046.8
20	Shingle road umer boba 26		853	488	137.94	350.06	298,601.18
21	Street sokani paroa 1		504	488	137.94	350.06	176,430.24
22	Street gara musa naivela 3		602	488	137.94	350.06	210,736.12
23	Shingle road uc mahra 4		861	488	137.94	350.06	301,401.66
24	Street sikandar uc mahra 5		404	488	137.94	350.06	141,424.24
25	Shingle road in chowdwan road paroa 14	2013-14 CSR 2013	297	582	160.93	421.07	125,057.79
26	Earthfill main bazaar to rabnawaz house paroa 10		347	582	160.93	421.07	146,111.29
27	Shingle road thatha solah 5		439	582	160.93	421.07	184,849.73

28	Shingle street mosque to high school babar pacca paroa 3		413	582	160.93	421.07	173,901.91
29	Shingle street ghs to m nawaz house paroa 1		315	582	160.93	421.07	132,637.05
30	Street n drain jhok machi sharqi 2		146	582	160.93	421.07	61,476.22
31	Street hazara pacca 16		39	582	160.93	421.07	16,421.73
32	Street Farooq Baloch Moh Sharqi Paroa 1		30	582	160.93	421.07	12,632.1
33	Koochajat Babar Pacca 23		41	582	160.93	421.07	17,263.87
34	Shingle street Dars wali Paroa 22		332	582	160.93	421.07	139,795.24
35	Street sokani 20		161	582	160.93	421.07	67,792.27
36	Street gul Zaman darzi paroa 19		82	582	160.93	421.07	34,527.74
37	Street abdur rehman aziz 18		280	582	160.93	421.07	117,899.6
38	Street n drain malik riaz paroa 17		309	582	160.93	421.07	130,110.63
39	Koochjat Master Ramzan n Bilal 15		468	582	160.93	421.07	197,060.76
40	Shigle Road Near Babar Pacca 13		432	582	160.93	421.07	181,902.24
41	Street Abdul Majeed near Jana Mosque Paroa 12		70	582	160.93	421.07	29,474.9
42	Street Ismail Moh Shumali Paroa 11		166	582	160.93	421.07	69,897.62
43	Street Mufti Fazal Rehman to GMS 2 Paroa 09		250	582	160.93	421.07	105,267.5
44	Koochajat Ismail Baloch Paroa 08		167	582	160.93	421.07	70,318.69
45	Shingle road jhok mashoory 07		391	582	160.93	421.07	164,638.37
46	Street basti dhandla 06		59	582	160.93	421.07	24,843.13
Total Overpayment for 2012-13,2013-14 (A)							5,847,304.86
47	Street Ramak 21 30%	2011-12 CSR 2009	652	306	104.55	201.45	131,345.4
48	Street Paroa 3 30%		328	306	104.55	201.45	66,075.6
49	Shingle Road Adil Sipra 4 30%		538	306	104.55	201.45	108,380.1
50	Street Miran 5 30%		326	306	104.55	201.45	65,672.7
51	Street Gara Noor 6 30%		329	306	104.55	201.45	66,277.05
52	Approach of bridge sharqi side Buchri 34 MPA		465	306	104.55	201.45	93,674.25
53	Street Kulachi wala UC Malana 33 MPA		310	306	104.55	201.45	62,449.5
54	Street Wanda Balochan UC Malana 32 MPA		226	306	104.55	201.45	45,527.7
55	Street Noon Nawab UC Muryali 31 MPA		322	306	104.55	201.45	64,866.9
56	Drain Muryali 30 MPA		96	306	104.55	201.45	19,339.2
57	Shingle Jhok Qureshi 29 MPA		189	306	104.55	201.45	38,074.05
58	Shingle street Haji Mora 28 MPA		820	306	104.55	201.45	165,189

59	Shingle street Ruk Now 27 MPA	462	306	104.55	201.45	93,069.9
60	Drain Fateh 26 MPA	169	306	104.55	201.45	34,045.05
61	Street Nawab 25 MPA	332	306	104.55	201.45	66,881.4
62	Kacha Road Sara Gara UC Miran 24 MPA	547	306	104.55	201.45	110,193.15
63	Shingle Road Roda 23 UC Malana MPA	719	306	104.55	201.45	144,842.55
64	Street and Drain Kotla Saidan 22 MPA	283	306	104.55	201.45	57,010.35
65	Shingle Road from Multan Road to Noor Aslam House 2 MPA	441	306	104.55	201.45	88,839.45
66	Earthfill in Janaza Gah Juma Sharif 3 MPA	272	306	104.55	201.45	54,794.4
67	Earthfilling in Gonsar UC Naivela 4 MPA	276	306	104.55	201.45	55,600.2
68	Street Village Rashid 5 MPA	444	306	104.55	201.45	89,443.8
69	Street Jhok Machi 7 MPA	195	306	104.55	201.45	39,282.75
70	Shingle Road Jhok Sikandar 8 MPA	1098	306	104.55	201.45	221,192.1
71	Street Chah Khan Wala 10 MPA	319	306	104.55	201.45	64,262.55
72	Shingle Road near Ara Road 11 MPA	546	306	104.55	201.45	109,991.7
73	Pipe culvert Babar 12 MPA	309	306	104.55	201.45	62,248.05
74	Street Master AttaUllah Paroa 23 MPA	247	306	104.55	201.45	49,758.15
75	Street Babar Paka 14 MPA	199	306	104.55	201.45	40,088.55
76	Earthfill in Paroa 15 MPA	68	306	104.55	201.45	13,698.6
77	Street AmanUllah 16 MPA	238	306	104.55	201.45	47,945.1
78	Kacha Road Miyali Mahra 17 MPA	490	306	104.55	201.45	98,710.5
79	Shingle Road Jhok mahay 18 MPa	999	306	104.55	201.45	201,248.55
80	Street Chira Polad 19 MPA	108	306	104.55	201.45	21,756.6
81	Street Fida Gishkori Miran 20 MPA	548	306	104.55	201.45	110,394.6
82	Shingle Road Uc Lunda 1 MPA	1039	306	104.55	201.45	209,306.55
Total for 2011-12 (B)						3,011,476
Add 20% premium						602,295
Total for 2011-12 (B)						3,613,771
Total A+B						9,461,075
Add 3% Cost Factor						283,832
Total Overpayment						9,744,907

Annexure-16

Non-recovery of income tax on auction of contracts

S.No.	Financial Year	Name of Contract	Name of Contractor	Amount of auction (Rs)	Income Tax (Rs)
1.	2010-11	2 % Property Tax	Zabta Khan	19,500,000	975,000
2.		Cattle & Fair Market	Ahmad Khan Niazi	15,000,000	750,000
3.		Motor Lari Adda, Ramak	Faizullah Khan	332,250	16,613
4.		Building Plan Fee	Nazir Muhammad	155,000	7,750
5.		Professional Tax	Ghulam Akbar	126,000	6,300
6.	2011-12	Cattle & Fair Market	Muhammad Salim	20,000,000	1,000,000
7.		Building Plan Fee	Faiz Ullah Khan	210,000	10,500
8.		Professional Tax	Faiz Ullah Khan	102,000	5,100
9.		Motor Lari Adda, Ramak.	Muhammad Khalid	382,500	19,100
10.		Motor Lari Adda, Prova.	Faiz Ullah	360,000	18,000
11.	2012-13	Cattle & Fair Market	Muhammad Ali	25,000,000	1,250,000
12.		Building Plan Fee	Muhammad Ashraf	242,000	12,100
13.		Professional Tax	Nazir Muhammad	117,500	5,875
14.		Motor Lari Adda, Ramak.	Faiz Ullah	440,000	22,000
15.		Motor Lari Adda, Prova	Muhammad Khalid	497,000	24,850
16.	2013-14	2 % Property Tax	Aman Ullah	6,500,000	650,000
Total income tax payable					4,773,188

Annexure-17**Non-recovery of Penalty due to late payment of monthly installments**

S.No.	Monthly Installment Due on	Monthly Installment paid on	Delay Period (days)	Rate of Monthly Installment (Rs)	Amount of Penalty (Rs)
1.	31-7-2010	4-8-2010	4	1,772,728	70,908
2.	31-08-2010	05-10-2010	35		620,445
3.	30-09-2010	08-11-2010	39		691,353
4.	31-10-2010	07-12-2010	37		655,899
5.	30-11-2010	05-01-2010	36		638,172
6.	31-12-2010	03-02-2011	34		602,718
7.	31-01-2011	01-03-2011	102		1,630,884
Total Penalty recoverable					4,910,379

Annexure-18

Statement showing overpayment due to non-recovery of 10% profit

S.No.	Financial Year	Source of Fund	Name of Scheme	Cost of Scheme (Rs)	10 % Contractor Profit (Rs)
1.	2011-12	30 % ADP	Construction of drain UC Daraban Khurad	378,500	37,850
2.			Construction of streets E/F in village Ramak uc miran	350,000	35,000
3.			Construction of streets UC paroa	350,000	35,000
4.			Construction of shingle streets Adil sipra Lunda Sharif	250,000	25,000
5.			Construction of streets Miran UC miran	365,000	36,500
6.			Construction of streets Garah noor	300,000	30,000
7.		TK PK	Construction of shingle road Rora	500,000	50,000
8.			Construction of shingle road from main Multan road to Noor Aslam house	230,000	23,000
9.			Earth filling in Janzagh Juma Sharif	100,000	10,000
10.			Earth filling in street Khadam Guncer	100,000	10,000
11.			Construction of street Rashid	400,000	40,000
12.			Construction of janazgah	500,000	50,000
13.			Construction of street Jhoke machi	250,000	25,000
14.			Construction of shingle road jhoke sikandar	500,000	50,000
15.			Construction of darain paka Hazara	200,000	20,000
16.			Construction of street darin Mahrrah and Chehkan wala	320,000	32,000
17.			Construction of Shingle road near Arra road Kota jalala	310,000	31,000
18.			Construction of pipe calwart with kacha road near road Babar	200,000	20,000
19.			Construction of streets master Attaullah	190,000	19,000
20.			Construction of street Babar	200,000	20,000
21.			Construction of Drain & E/F in street Paroa	170,000	17,000
22.			Construction of street Amanullah Paroa	140,000	14,000
23.			Construction of kacha road Mayali	180,000	18,000
24.			Construction of Shingle road jhoke maye	500,000	50,000
25.			Construction of streets chira Polad Gharbi	250,000	25,000
26.			Construction of streets Fida Gashkory	500,000	50,000
27.			Supply and installation of pipe in Ramak	200,000	20,000
28.			Construction of streets and drain kotla sadan	450,000	45,000
29.			Construction of shingle road Roda	290,000	29,000
30.			Construction of kacha road near Sara Gara	200,000	20,000
31.			Construction of street and drain Nawab	240,000	24,000
32.			Construction of drain Fateh	250,000	25,000
33.			Construction of shingle street Roknow	250,000	25,000
34.			Earth & Shingle street in Haji Mora	500,000	50,000
35.			Construction of shingle road jhoke Qureshi	150,000	15,000
36.			Construction of Drain Muryali	350,000	35,000

37.			Construction of street Noon Nawab	500,000	50,000
38.			Construction of streets wandha Balochan	310,000	31,000
39.			Construction of street kulachi wala	400,000	40,000
40.			E/F in approach of bridge Sharqi sidi Buchri	170,000	17,000
41.	2012-13	30% ADP	Earth filling shingle and construction of streets Paroa	463,000	46,300
42.			Installation of pressure pump	230,000	23,000
43.			Earth filling construction of streets	500,000	50,000
44.			Earth filing and single road	500,000	50,000
45.			Construction of streets	500,000	50,000
46.		TK KPK	Earth filling shingle and construction of streets Marrah	500,000	50,000
47.			Construction of drain	200,000	20,000
48.			Construction of streets	500,000	50,000
49.			Construction of streets	250,000	25,000
50.			Construction of streets	330,000	33,000
51.			Construction of drain	280,000	28,000
52.			Earth filling and construction of drain	350,000	35,000
53.			Earth filing construction of drain and shingle road	500,000	50,000
54.			Construction of streets	500,000	50,000
55.			Construction of shingle, pavement of streets	450,000	45,000
56.			Construction of pool	400,000	40,000
57.			Earth filling, Shingle road	400,000	40,000
58.			Earth filling graveyard, shingle road	200,000	20,000
59.			Earth filling and construction of drains	220,000	22,000
60.			Construction of Streets	400,000	40,000
61.			Earth filling construction of streets	300,000	30,000
62.			Construction of single road	90,000	9,000
63.			Earth filling & construction of streets	500,000	50,000
64.			Earth filling & construction of streets	500,000	50,000
65.			Earth filling & construction of streets	180,000	18,000
66.			Earth filling & construction of streets	460,000	46,000
67.			Earth filling & construction of streets	500,000	50,000
68.			Earth filling & construction of streets	500,000	50,000
69.			Construction of streets	400,000	50,000
70.			Construction of kacha road	500,000	50,000
71.			Construction of Shingle road	500,000	50,000
72.		Construction of street Sara Gara	400,000	40,000	
73.		Construction of street Ara	300,000	30,000	
74.	E/Filling & PCC of street Chira Pulad.	380,000	38,000		
75.	E /Filling & PCC of street Chah Khan Wala	120,000	12,000		
76.	E/Filling & PCC of street Chira Polad	150,000	15,000		
77.	Earth filling garah Musa	300,000	30,000		
78.	Earth filling Malana	300,000	30,000		
79.	Earth filling and shingle Ghulam Koti lunda sharif	350,000	35,000		
80.	Construction of Boundry wall, streets and drain of graveyard kotla Qaim shah	460,000	46,000		
81.	Earth filling and shingle from main road to graveyard	500,000	50,000		

82.		Earth filling and shingle road Proa	200,000	20,000
83.		Earth filling and shingle at Noor Aslam Lari adda	150,000	15,000
84.		Supply of PVC pipe and shingle road Ramak	300,000	30,000
85.		Earth filling and construction of streets Mahrah	500,000	50,000
86.		Earth filling and Construction of streets Haji Mora	500,000	50,000
87.		Earth filling and shingle near protection band Indus river	300,000	30,000
88.		Construction of shingle proa	500,000	50,000
89.		Construction of shingle road Bhagwani	300,000	30,000
90.		Construction of streets Kotla Syedan	250,000	25,000
91.		Construction of streets Abdul Karim Mahrah	500,000	50,000
92.		Construction of streets Jhok Qureshi	460,000	46,000
Total Overpayment				3,131,650

Annexure-19**Non-recovery of penalty due to late payment of monthly installments**

S.No.	Monthly Installment Due on	Monthly Installment paid on	Delay Period (days)	Rate of Monthly Installment (Rs)	Amount of Penalty (Rs)
1.	31-7-2010	16-8-2010	16	1,363,636	218,176
2.	31-08-2010	21-09-2010	21		286,356
3.	30-09-2010	18-10-2010	18		245,448
4.	31-10-2010	10-11-2010	10		136,360
5.	30-11-2010	08-12-2010	08		109,088
6.	31-12-2010	13-01-2011	13		177,268
7.	31-01-2011	09-02-2011	22		490896
Total Penalty recoverable					1,663,592

Annexure-20

Loss to Governments on account of auction of contracts

S #	Contract	1st Highest Bid Offered	2nd Highest Bid Offered	Re auctioned/ departmental collection	Loss (Rs)
1.	Lary adda Fee Paharpur (2013-14)	330,500,0 (Saleem Jan)	33,00,000 (Riaz)	15,50,000 (Saif-ur Rehman) Re auctioned	1750,000
2.	Mandi Mavishian Paharpur (2013-14)	63,00,000 (Meher Ali)	6,225,000 (Qasir Khan)	4,720,732 (departmental recovery)	1,504,268
3.	Lary adda Fee Panyilla (2012-13)	335,000 (M.Ismail)	330,000 (Azizullah)	201,000 (departmental recovery)	129,000
4.	Lary adda Fee Bilot Sharif (2012-13)	300,000 (M.Ismail)	290,000 (Mirza Ali)	110,000 (Departmental Collection)	180,000
5.	Lary adda Fee Kot Jai (2012-13)	550,000 (Amanullah)	530,000 (Hayatullah)	377,000 (Saifullah) Re auctioned	153,000
Total					3,716,268

Annexure-21**Loss to Government due to non deduction of income tax**

S #	Contract	2012-13	2013-14
A	B	C	D
1.	2% property tax	18,315,070	5,005,000
2.	Motor Larri Adda Rangpur	0	1,380,000
3.	Motor Larri Adda Paharpur	1,190,000	1,550,000
4.	Mandi Maveshian Paharpur	4,711,539	0
5.	Mandi Maveshian Kot Jai	1,950,000	0
6.	Mandi Maveshian Dahotar	42,500	0
7.	Mandi Maveshian Chashma	405,000	0
8.	Professional license	128,500	0
9.	Building plan	118,000	0
10.	Larri Adda Kot jai	377,000	0
11.	Sabzi Mandi Panyala	495,000	0
12.	Larri Adda Band kurai	1,220,000	0
13.	Larri Adda Bilot	300,000	0
14.	Larri Adda Panyala	335,000	0
Total		29,587,609	7,935,000
Income Tax @ 5%		1,479,380	-
Income Tax @ 10%		-	793,500
Grand Total (C+D)		Rs 2,272,880	

Annexure-22

S.No.	Name of Scheme	Amount (Rs)
1.	Const of drain earth filling, civil work, roads, hand pumps, p/pumps site-I (2013-14 CMD)	2,000,000
2.	Const of drain earth filling, civil work, roads, hand pumps, p/pumps site-II (2013-14 CMD)	2,000,000
3.	Const of drain earth filling, civil work, roads, hand pumps, p/pumps site-III (2013-14 CMD)	2,000,000
4.	Const of drain earth filling, civil work, roads, hand pumps, p/pumps site-IV (2013-14 CMD)	2,000,000
5.	Const of drain earth filling, civil work, roads, hand pumps, p/pumps site-V (2013-14 CMD)	2,000,000
6.	Const of drain earth filling, civil work, roads, hand pumps, p/pumps site-I (2013-14 CMD)	2,000,000
7.	Const of drain earth filling, civil work, roads, hand pumps, p/pumps site-II (2013-14 CMD)	2,000,000
8.	Const of drain earth filling, civil work, roads, hand pumps, p/pumps site-III (2013-14 CMD)	2,000,000
9.	Const of drain earth filling, civil work, roads, hand pumps, p/pumps site-IV (2013-14 CMD)	2,000,000
10.	Const of drain earth filling, civil work, roads, hand pumps, p/pumps site-V (2013-14 CMD)	2,000,000
Total		20,000,000

Overpayment on account of contractor profit

S #	SCHEME	PROJECT LEADER	AMOUNT	10% CONTRACTOR PROFIT
	Desilting of channels /construction of streets/earth filling etc UC Kulachi 2010-11	Haq Nawaz	1,000,000	100,000
	Desilting of channels /construction of streets/earth filling etc UC Maddi	Imtiaz	500,000	50,000
	Desilting of channels /construction of streets/earth filling etc UC Hathala	Rashid	500,000	50,000
	Desilting of channels /construction of streets/earth filling etc UC Looni	Attaullah	500,000	50,000
	Desilting of channels /construction of streets/earth filling etc UC Kulachi	Rashid	500,000	50,000
	Desilting of channels /construction of streets/earth filling etc UC Kulachi	Amir Muh	500,000	50,000
	Desilting of channels /construction of streets/earth filling etc UC Kirri shamozai	Imtiaz	500,000	50,000
	Desilting of channels /construction of streets/earth filling etc UC Mussazai	Attaullah	500,000	50,000
	Desilting of channels /construction of streets/earth filling etc UC Mussazai	Asif Bilal	50,000	5,000
	Desilting of channels /construction of streets/earth filling etc UC Mussazai	Tahir Farooq	100,000	10,000
	Desilting of channels /construction of streets/earth filling etc UC Mussazai	Omer Khitab	100,000	10,000
	Desilting of channels /construction of streets/earth filling etc UC Kulachi	Haq Nawaz	100,000	10,000
	Desilting of channels /construction of streets/earth filling etc UC Draban	Saleem Nawaz	500,000	50,000
	Desilting of channels /construction of streets/earth filling etc UC Gara Issa Khan	-do-	500,000	50,000
	Desilting of channels /construction of streets/earth filling etc UC Shamoza	M. Jangir	500,000	50,000
	Desilting of channels /construction of streets/earth filling etc UC Shamoza	M. Jangir	252,000	25,200
	Desilting of channels /construction of streets/earth filling etc UC Musazai	Jahangir	500,000	50,000
	Desilting of channels /construction of streets/earth filling etc UC Hathala	Ihsanudin	500,000	50,000
	Desilting of channels /construction of	Ihsanudin	500,000	50,000

	streets/earth filling etc UC Maddi			
	Desilting of channels /construction of streets/earth filling etc UC Chodwan	Buddudin	500,000	50,000
	Desilting of channels /construction of streets/earth filling etc UC Looni	Buddudin	500,000	50,000
	Const: of street, drain channels /construction of streets/earth filling etc UC Takwara 2012-13	Najibullah	350,000	35,000
	Const: of street, drain channels /construction of streets/earth filling etc site-II 2012-13	Umer Farooq	500,000	50,000
	Const: of street, drain channels /construction of streets/earth filling etc malang 2012-13	Adnan	400,000	40,000
	Const: of street, drain channels /construction of streets/earth filling etc 2012-13	Younis	500,000	50,000
	Const: of street, drain channels /construction of streets/earth filling etc Maddi 2012-13	Jahangir	500,000	50,000
	Const: of street, drain channels /construction of streets/earth filling etc site-V 2012-13	Saadullah	2,000,000	200,000
	Const: of street, drain channels /construction of streets/earth filling etc Janazagah 2012-13	Haqnawaz	1,000,000	100,000
	Const: of street, drain channels /construction of streets/earth filling etc pipeline kulchi 2012-13	Zahoor	1,000,000	100,000
	Const: of street, drain channels /construction of streets/earth filling etc site-IV 2012-13	Hafiz tayab	1,000,000	100,000
	Const: of street, drain channels /construction of streets/earth filling etc UC hathala 2012-13	Jahangir	500,000	50,000
	Const: of street, drain channels /construction of streets/earth filling etc UC Hathala 2012-13	Alla o din	250,000	25,000
	Const: of street, drain channels /construction of streets/earth filling etc UC Draban 2012-13	Zubair	500,000	50,000
	Const: of street, drain channels /construction of streets/earth filling etc UC Draban 2012-13	Najeebullah	1,000,000	100,000
	Const: of street, drain channels /construction of streets/earth filling etc UC Looni 2012-13	Bahadar khan	500,000	50,000
	Const: of street, drain channels	Bahadar	500,000	50,000

/construction of streets/earth filling etc UC site-iv 2012-13	khan		
Const: of street, drain channels /construction of streets/earth filling etc UC Kiri alizai 2012-13	Habibullah	500,000	50,000
Const: of street, drain channels /construction of streets/earth filling etc UC kulachi 2012-13	Saleem Nawaz	500,000	50,000
Const: of street, drain channels /construction of streets/earth filling etc UC kulachi 2012-13	M. Nasir	500,000	50,000
Construction of school Mohalla barakhel	Aslam Khan	2,000,000	200,000
Construction of school Mohalla barakhel	Mumtaz	2,000,000	200,000
Construction of school Mohalla barakhel	Jahangir	2,000,000	200,000
Construction of school Mohalla barakhel	M. Ramzan	2,000,000	200,000
Const of shingle road rorri 2011-12	M Salman	700,000	70,000
Const of shingle road wanda khan 2011-12	Ahsan	800,000	80,000
Const of shingle road Kirri Moli khel 2011-12	Nowsherwan	500,000	50,000
Const of shingle road Mirbazi 2011-12	Hidayatullah	900,000	90,000
Const of shingle road Kirri molabakhsh 2011-12	M Hanif	900,000	90,000
Const of shingle road wanda khan mir	Younis	600,000	60,000
Const of shingle road Garah bakhtiar	M Ramzan	400,000	40,000
Const of shingle road Thari Km – 3.63	M Akbar	1,000,000	100,000
Const of shingle road Kot kundian	Nawaz	700,000	70,000
Const of shingle road KM 6.17 to 8	Naimatullah	500,000	50,000
Const of shingle road Qasimabad	Eid Nawaz	1,000,000	100,000
Const of shingle road Jahankhani	Mohsin Kamal	900,000	90,000
Const of shingle road Kot zafar	Gulzarudin	1,000,000	100,000
Const of shingle road Sagu to kot zafar	Allah khan	700,000	70,000
Const of shingle road 3.85 to 5KM	Karim Nawaz	5,00,000	50,000
Const of shingle road garah khan to kot walidad	Sakhi Marlian	1,000,000	100,000
Const of shingle road 3 to 6KM	Rehmatullah	1,000,000	100,000
Const of shingle road 6 to 9 KM	Mutahir	1,000,000	100,000
Installation of pumps maddi	Qamar Zaman	8,00,000	80,000
Total		44,002,000	4,400,200