



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

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Developmental Programme
AP	Advance Para
DAC	Departmental Accounts Committee
DDO	Drawing and Disbursing Officer
DG	Director General
DLF	District Local Fund
DO	District Officer
GFR	General Financial Rules
LGA	Local Government Act
MC	Municipal Committee
MFDAC	Memorandum for Departmental Accounts Committee
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PFC	Provincial Finance Commission
RDA	Regional Directorate of Audit
TSP	Tameer-e-Sarhad Programme
UCs	Union Councils

PREFACE

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

The report is based on audit of the accounts of District Council and Municipal Committees District Dir Lower for the Financial Year 2014-15. The Directorate General of Audit, District Governments, Khyber Pakhtunkhwa, Peshawar conducted audit on test check basis during 2015-16 with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings carrying value of Rs. 1 million or more. Relatively less significant issues are listed in the Annexure-1 of the Audit Report. The Audit Observations listed in the Annexure -1 shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observations will be brought to the notice of Public Accounts Committee through the next year's Audit Report.

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

The observations included in this report have been finalized in the light of written replies of the Departments. DAC meeting 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.

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

The Regional Directorate of Swat has a human resource of 9 officers and staff, constituting 1837 man days. A budget of about Rs 11.428 million was allocated during 2015-16. It has the mandate to conduct financial attest audit, audit of sanctions, audit of compliance with authority and audit of receipts as well as the performance audit of entities, projects and programs carried out by the Local Governments in Malakand Division. Accordingly, Regional Director Audit Swat carried out audit of the accounts of District Council and Municipal Committees Dir Lower for the Financial Year 2014-15 and the findings included in the Audit Report.

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

a. Scope of audit

Out of the total expenditure of the District Council and Municipal Committees, Dir Lower for the Financial Year 2014-15, the auditable expenditure under the jurisdiction of RDA was Rs 156.215 million. Out of this, RDA Swat audited an expenditure of Rs 78.107 million which, in terms of percentage, was 50% of auditable expenditure.

The receipts of District Council and Municipal Committees Dir Lower, for the Financial Year 2014-15, were Rs 175.640 million. Out of this, RDA Swat audited receipts of Rs 87.820 million which, in terms of percentage, was 50 % of auditable receipts.

The total expenditure and receipt of District Council and Municipal Committees, District Dir Lower, for the Financial Year 2014-15 were Rs 331.856 million. Out of this, RDA Swat audited the expenditure and receipt of Rs 156.215 million.

b. Recoveries at the instance of audit

Recovery of Rs 37.034 million were pointed out during the audit. However, no recovery was affected till the finalization of this report. Out of the total recoveries, Rs 32.466 million was not in the notice of the executives prior to audit.

c. Audit Methodology

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

d. Audit Impact

Audit pointed out various irregularities of serious nature to the management. However, no impact was visible as the management failed to reply and the irregularities could not come to the light in the proper forum i.e DAC.

e. Comments on Internal Control and Internal Audit department

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

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

f. Key audit findings of the report;

- i. Irregularity & Non-compliance of Rs 132.308 million were noted in eight cases.¹
- ii. Internal Control Weaknesses of Rs 20.310 million was noted in four cases.²

¹ 1.2.1.1, 1.2.1.2, 1.4.1.1, 1.5.1.1, 1.5.1.2

² 1.3.2.1, 1.4.2.1, 1.4.2.2, 1.5.2.1, 1.5.2.2

g. Recommendations

- i. Disciplinary action needs to be taken for non production of record as well as violation of the rules and regulations in spending the public money.
- ii. Concerted efforts need to be made to recover long outstanding dues.
- iii. Imposition of penalty on delayed supplies and contracts need to be ensured.
- iv. Inquiries need to be held to fix responsibility for losses, irregular payments and wasteful expenditure.

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rs in million)			
S.No	Description	No.	Budget
1	Total Entities (PAOs) in Audit Jurisdiction	01	518.542
2	Total formations in audit jurisdiction	04	518.542
3	Total Entities(PAOs) Audited	01	165.926
4	Total formations Audited	04	165.926
5	Audit & Inspection Reports	04	165.926
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	132.316
3.	Weak Internal controls	20.310
4.	Others	-
	Total	152.626

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

S. No	Description	Expenditure on Acquiring Physical Assets Procurement	Civil Works	Receipts	Others	Total For the year 2014-15	Total for the year 2013-14
1.	Outlays Audited	-	49.378	175.640	106.837	331.855	223.400
2.	Amount Placed under Audit Observation /Irregularities of Audit	-	145.023	7.603	-	152.626	70.910
3.	Recoveries Pointed Out at the instance of Audit	-	29.431	7.603	-	37.034	30.380
4.	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	15.860
5.	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

Table 4: Irregularities pointed out)

(Rs in million)		
S. No	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations, principle of propriety and probity in public operation	95.282
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from NAM ³ , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	Quantification of weaknesses of internal control systems.	20.310
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	37.034
6	Non-production of record	-
7	Others, including cases of accidents, negligence etc.	-
Total		152.626

Table 5: Cost benefit

(Rs in million)		
S #	Description	Amount
1	Outlays Audited (item 1 of Table 3)	331.855
2	Expenditure on audit	0.303
3	Recoveries realized at the instance of audit	0
	Cost-Benefit Ratio	1:0

CHAPTER-1

1.1 DISTRICT COUNCIL & MUNICIPAL COMMITTEE DISTRICT DIR LOWER

1.1.1 Introduction

District Dir Lower has three tehsils i.e. Timergara, Samarbagh & Chakdara. There is a District Council and three Municipal Committees. District Council has a Chief Coordination Officer, District Officer (Finance), District Officer (Infrastructure) and District Officer (Regulation). Municipal Committees have Chief Municipal Officers, Municipal Officers (Finance), Municipal Officers (Infrastructure) and Municipal Officers (Regulation). District Council Swat has one Drawing and Disbursing Officer (DDO) i.e. Chief Coordination Officer & Chief Municipal Officer is the DDO of Municipal Committee. According to 1998 population census the population of District Dir Lower is 528,292

1.1.2 Comments on Budget and Accounts (variance analysis)

An amount of Rs 56.015 million was allocated as grant in aid by the Provincial Government to District Council and Municipal Committees of District Dir Lower. An amount of Rs 451.427 was realized during the financial year 2014-15. Thus making a total of Rs 507.442 at the disposal of local councils, against which an expenditure of Rs 156.215 million was incurred by the District Council and Municipal Committees Dir Lower with a saving of Rs 175.587 million during financial Year 2014-15. Detail is given below:

(Rs in million)

2014-15	Budget	Expenditure	(+)Excess/(-)Saving	Percentage
Salary	65.111	55.349	9.762	15%
Non-salary	75.756	51.488	24.268	32%
Developmental	190.935	49.379	141.557	74%
Total	331.802	156.215	175.587	53%

The huge savings of Rs 175.587 in all heads of accounts indicate weakness in the capacity of these local institutions to utilize the amounts allocated.

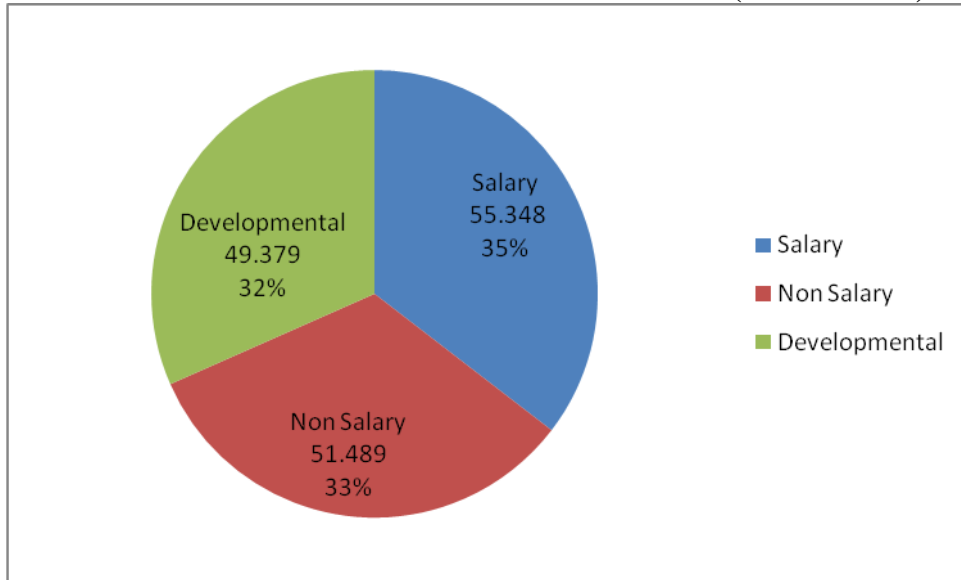
(Rs in million)

2014-15	Budget	Realization	Excess/(Saving)	%age
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Receipts	186.740	175.640	11.10	5.944-
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Expenditure 2014-15

(Rs in million)



1.1.3 Comments on the status of compliance with PAC Directives

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

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

MUNICIPAL COMMITTEE SAMARBAGH

1.2 Municipal Committee Samarbagh
1.2.1 Irregularity & Non compliance
1.2.1.1 Irregular expenditure without technical sanction - Rs 13.052 million

Para 56 of CPWD Code, if subsequent to the grant of technical sanction, material structural alterations are contemplated, orders of the original sanctioning authority should be obtained, even though no additional expenditure may be involved by the alterations.

Chief Municipal Officer Samarbagh during 2014-15 incurred an expenditure of Rs 13,052,069 on various developmental schemes. During scrutiny of record, it was observed that schemes were executed on single page PC-1 without any comments on the feasibility and technical aspects of the schemes. The expenditure without technical sanction was held irregular and unauthentic. Detail is given at **Annexure-2:**

Audit observed that irregular expenditure without TS occurred due to weak internal controls, which resulted in violation of rules.

When pointed out in July 2015, management stated that the TS would be obtained upto completion of schemes. Reply was not correct as Technical Sanctions were not produced upto November 2015.

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

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

AP 18(2014-15)

1.2.1.2 Loss due to non deduction of income tax– Rs 916,160

According to Finance Department Khyber Pakhtunkhwa Notification NO.SO(Dev-II) FD/12-6/14-5 dated 21.04.2015, the Competent Authority has been pleased to direct that all Provincial Works Departments, while preparing Cost Estimates of developmental projects which fall in the tax exempted areas such as PATA, shall frame the same on Market Rate System-2015 (MRS-2015) but with 7% less cost to defray the amount added in the rate analysis of all works/construction/supply items to meet withholding tax.

Chief Municipal Officer Municipal Committee Samarbagh during 2014-15 awarded seven (07) developmental schemes with an estimated cost of Rs 13,088,000 during financial year 2014-15. The amount paid on Market Rate System (MRS-2013) which includes 7% income tax. Adjustment of such tax was not made in the bills while estimates were prepared on MRS-2013 which resulted in loss of Rs 916,160 to Government. Detail is given at **Annexure-3**:

Audit observed that the irregularity was occurred due to weak financial control which resulted in loss to Government.

When pointed out in September 2015, management stated that the income tax would be deducted on completion of schemes. Reply was not correct as income tax should have been deducted at source and deposited into Government Treasury.

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

Audit recommends to recover the amount of income tax and deposit it into Treasury and fixing of responsibility against the person(s) at fault.

AP 17(2014-15)

1.3.2 Internal Control Weaknesses

1.3.2.1 Non imposition of penalty on late completion of developmental schemes - Rs 1.897 million

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

Chief Municipal Officer Samarbagh during 2014-15 failed to impose 10% penalty of Rs 1,897,699 on various contractors for late completion of developmental schemes during 2014-15. Detail is given at **Annexure-4**:

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

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

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

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

AP 16(2014-15)

MUNICIPAL COMMITTEE TIMERGARA

1.4 Municipal Committee Timergara

1.4.1 Irregularity & Non compliance

1.4.1.1 Irregular expenditure without technical sanction-Rs 102 .540 million

Para 56 of CPWD Code, if subsequent to the grant of technical sanction, material structural alterations are contemplated, orders of the original sanctioning authority should be obtained, even though no additional expenditure may be involved by the alterations.

Chief Municipal officer Timergara during 2014-15 incurred expenditure of Rs 102,540,777 on account of developmental schemes. During scrutiny of record, it was observed that Technical Sanctions were not obtained and schemes were executed on single page PC-1 without any comments on the feasibility and technical aspects of the schemes. The expenditure without technical sanction was held irregular. Detail is as under.

S. NO	Name of Scheme	Amount in (Rs)
1	Improvement of Water Supply Scheme	45,000,000
2	Improvement of Roads in Urban Areas	48,842,561
3	Water Supply Scheme	8,698,216
Total		102,540,777

Audit observed that the irregular expenditure without TS occurred due to weak internal control, which resulted in violation of rules.

When pointed out in August 2015, management stated that the Technical Sanctions were under process. Reply was not correct as Technical Sanctions were not produced upto November 2015.

Request for convening of DAC meeting was made in September 2015 but DAC meeting could not be convened till finalization of this Report.

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

AP 01(2014-15)

1.4.2 Internal Control Weaknesses

1.4.2.1 Non-imposition of penalty on account of late deposits of installments of receipts - Rs 3.753 million

According to Sub Para IV (b) of part II of Government of Khyber Pakhtunkhwa Local Government Department memo No.AO-II/LCB/6-II/2009 dated 12-01-2014, and terms of the contract agreement, the contractor will have to deposit the monthly installment on the last day of the month failing which penalty of 1% of the installment per day for the late deposit will be imposed.

Chief Municipal Officer Timergara during 2014-15 awarded contracts of two (02) public places to different contractors. Demand & Collection Register revealed that the contractors had not deposited their monthly installments on due dates. Still the local office failed to imposed penalty on contractors for late deposits as per above criteria due to which the MC was deprived of Rs 3,753,600 extra receipts. Detail is given at **Annexure-6:**

Non-imposition of penalty was occurred due to weak internal control, which resulted in loss to public exchequer.

When pointed out in August 2015, management stated that the principal amount had been recovered from the contractor during the financial year and nothing was outstanding against the contractors. Reply was not convincing as no recovery was made from the contractors for late deposit of monthly installments.

Request for convening of DAC meeting was made in September 2015 but DAC meeting could not be convened till finalization of this Report.

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

AP 14(2014-15)

1.4.2.2 Loss to government due non imposition of penalty on non completion of works – Rs 10.810 million

According to Government of Khyber Pakhtunkhwa C & W Department letter No SO (PAC) DAC/2-2009/Distt Audit W & SD dated July, 20 2009 read with Secretary C & W letter No. WM/General/ W& S/ATD/2008-09/688-98 dated 19.05.2009 and No. SO (A)/ VI/ 3-86/ C& WD/ Volume-XII dated 17.08.1995, up to 10% penalty be levied on defaulting contractors for delayed works.

Chief Municipal officer Timergara during 2014-15 failed to impose 10% penalty of Rs 10,810,992 on various contractors for late completion of developmental schemes. Detail is given at **Annexure- 7**.

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

When pointed out in August 2015, management stated that the principal amount has been recovered from the contractor during the financial year and nothing was outstanding against the contractors. Reply was not convincing as no recovery was made from the contractors for late deposit of monthly installments.

Request for convening of DAC meeting was made in September 2015 but DAC meeting could not be convened till finalization of this Report.

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

AP 03(2014-15)

DISTRICT COUNCIL DIR LOWER

1.5 District Council Dir Lower

1.5.1 Irregularity & Non compliance

1.5.1.1 Loss to government due to non-deduction of income tax- Rs 14.760 million

According to Finance Department Khyber Pakhtunkhwa Notification NO.SO(Dev-II) FD/12-6/14-5 dated 05.01.2015, the Competent Authority has been pleased to direct that all Provincial Works Departments, while preparing Cost Estimates of developmental projects which fall in the tax exempted areas such as PATA, shall frame the same on Market Rate System-2013 (MRS-2013) but with 6% less cost to defray the amount added in the rate analysis of all works/construction/supply items to meet withholding tax.

Chief Coordination Officer District Council Dir Lower during 2014-15 executed developmental schemes at estimated cost of Rs 246,013,000 and paid Composite Scheduled Rates (MRS), which include 6% income tax. Deduction of such tax was required from the bills of contractors as they belong to the tax exempted area and do not pay income tax on these contracts and thus an extra amount of Rs14,758,000 was paid to the Contractors. Detail is as under.

Package Name	No of Schemes	Total amount (Rs in million)	Rate of Income Tax (Rs in million)
713 SPDI Phase-I 2014-15	96	93.58	5.615
771(SPDI)	17	27.00	1.620
775(DDI)	25	25.071	1.504
Priority Projects ADP No.776	27	37.748	2.265
PFC (District Development fund)	47	35.978	2.158
5% Finance Ministers directive	23	26.636	1.598
Total	235	246.013	14.760

Audit observed that the irregularity was occurred due to weak financial control, which resulted in loss to Government.

When pointed out in September 2015, management stated that PC-I/estimates were prepared before the issuance of notification by the Finance Department. Accordingly Administrative Approval was also issued before the notification. Hence, no adjustment was required before the issuance of

notification. Reply was not correct as tenders were floated after notification by the Finance Department and income tax should have been deducted at source and deposited into Government Treasury.

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

Audit recommends to recover the amount of income tax and deposit it into Treasury and fixing of responsibility against the person (s) at fault.

AP 27(2014-15)

1.5.1.2 Non Deduction Of Professional Tax – Rs 1.048 million

In terms of provision of Section II of Appendix II of the Khyber Pakhtunkhwa Act No.PA/KPK/Bills/2011/34926 dated 5.7.2011, tax on profession trade, calling or employment from the Government contractors/consultants/suppliers will be levied from the year 2011-12 on all contractors/suppliers who supplied goods, commodities or rendered service to the Federation or Provincial Government or any Local Authority at the following rates:

Slab of Professional Tax	Amount (Rs)
a. For value exceeding Rs 10,000 but not exceeding Rs 0.5 million	3,600
b. For value exceeding Rs 0.5 million but not exceeding Rs 1 million	4,000
c. For value exceeding Rs 1 million but not exceeding Rs 2.5 million	6,000
d. For value exceeding Rs 2.5 million but not exceeding Rs 10 million	18,000
e. For value exceeding Rs 10 million but not exceeding Rs 25 million	25,000
f. For value exceeding Rs 25 million but not exceeding Rs 50 million	30,000
g. For value exceeding Rs 50 million and above	100,000

Chief Coordination Officer District Council Dir Lower during 2014-15 failed to deduct Professional Tax of Rs1,048,750 from the contractors on account of execution of developmental schemes due to which Government sustained a loss of Rs1,048,750. Detail is given at **Annexure-5**:

Audit observed that non deduction of Professional Tax was occurred due to weak financial control which resulted in loss to Government.

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

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

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

AP 30(2014-15)

1.5.2 Internal Control Weaknesses

1.5.2.1 Non-recovery of rent of shops at general bus stand timergara – Rs 1.918 million

According to Local Government Act 2012 Clause 179 (2) “all arrears of taxes, rents and other moneys claimable by a Local Council under this Act shall be recoverable as arrears of land revenue”.

Chief Coordination Officer District Council Dir lower during 2014-15 rented out One Hundred and Ninety Nine (199) shops at General Bus Stand Timergara. Perusal of the demand & collection register of the concerned shops and Cabins revealed that a huge amount of Rs 1,918,150 was outstanding as on 30-06-2015 as per detail given below:

S. No	Premises/Area of Shops	No. of Shops	Accumulated Amount (Rs) upto 30-06-2015.	Outstanding upto 30-06-2015.
1.	Ground Floor	51		256,060
2.	First Floor	51		488,610
3.	West Site	50		685,050
4.	North Site	15		80,850
5.	South Site	28		303,960
6.	Cabin	4		103,620
	Total	199		1,918,150

Audit observed that non recovery of outstanding rent occurred due to weak financial control which resulted in loss to Government.

When pointed out in September 2015, management stated that the arrears pertain to shops at General Bus Stand. Efforts would be made to recover the arrears from the contractor. Reply was not convincing as no efforts were made to recover the outstanding rent.

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

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

AP 32(2014-15)

1.5.2.2 Non realization of Government dues on account of water charges- Rs 1.932 million

According to Local Government Act 2012 Clause 179 (2) “all arrears of taxes, rents and other moneys claimable by a Local Council under this Act shall be recoverable as arrears of land revenue”.

Chief Coordination Officer District Council Dir lower failed to recover Government dues amounting to Rs1,932,640 on account of water charges during the financial year 2014-15. Detail is given as under:

S. No	Name of Schemes	No. of Connections	Outstanding amount (Rs)
1	WSS Khoungai	208	234,930
2	WSS Shekawali	165	310,650
3	WSS Thraia	105	205,360
4	WSS SadoShekawlai	195	390,350
5	WSS Kandaro	240	205,350
6	WSS Oustandar	245	230,850
7	WSS jabagai	250	355,150
Total		1,408	1,932,640

Audit observed that non recovery of water users charges occurred due to non compliance of rules, which resulted in loss to public exchequer.

When pointed out in September 2015, management stated that the arrears pertain to water charges which were outstanding against hundred individuals/consumers, which were always carried over to next financial year. Efforts would be made to recover the arrears and progress would be shown to next audit. Reply was not convincing as no concrete efforts were made to recover the outstanding dues.

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

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

AP 34(2014-15)

ANNEXURE

Annexure-1

Detail of MFDAC Paras

(Rs in million)

S. No	AP No	Gist of Para	Amount
1	02	Irregular cash payments	21.390
2	04	Recovery on account of water charges	6.852
3	06	Blockage of government money	8.411
4	07	Irregular expenditure on account of repair of T/Wells	0.864
5	08	Non deduction of income tax from Salary	0.150
6	09	Non deduction of Professional tax	0.172
7	10	Overpayment due to allowing higher rate	0.156
8	11	Non Deposit of 3% RTA tax	0.100
9	12	Non deducted of stamp duty	0.063
10	13	Blockage of Government money	0.200
11	15	Irregular cash payment	4.213
12	19	Non deduction of income tax	0.377
13	20	Non deduction of professional Tax	0.068
14	21	Non deposit of stamp duty	0.049
15	22	Unjustified expenditure on account of Hand.Pump.	2.000
16	23	Irregular payment to the contractor	7.289
17	24	Overpayment due to allowing higher rate	0.343
18	25	Irregular deposit of money into Current Account instead of PLS	9.046
19	26	Unjustified advance payment	4.951
20	28	Non imposition of penalty for late completion of developmental schemes	8.612
21	29	Non/less deposit of tender form fee	0.167
22	31	Non deposit of Earnest Money into Government Treasury	0.371
23	33	Irregular expenditure on purchase of Hand pumps	8.700
24	35	Irregular cash payment in violation of rules	22.699
25	36	Non deduction of income tax	0.188
26	37	Non deduction of DPR fund	0.076
27	38	Execution of schemes without TS	56.943

28	39	Non utilization of fund on purchase of land	8.300
29	40	Irregular payment to contractor	8.950
30	41	Illegal payment without Contract Agreements	3.773
31	42	Non deposit of stamp duty	0.673
32	43	Loss on account of contract of water rate	0.997
33	44	Non deduction of 10% voids	0.031
34	45	Unjustified withdrawl of TA/DA	0.273
35	46	Recovery on account of re-tender of work	0.116
Total			187.563

Annexure-2**(Para No. 1.2.1.1)****Statement Showing Detail of Works Executed Without Technical Sanction
(TS)**

S. No.	Name of Scheme	E/Cost (RS)	Work Done
01	PCC Road Khan Banda, Qasodal,Asar Kore, Munshi Cham, Barchony U/C Samar Bagh	2,000,000	1,286,401
02	PCC Road Rahim Abad, Gul Dari, Tatar U/C Samar Bagh	2,000,000	1,317,205
03	PCC Road Meao Bala, Payen, Gura Banda, Gular, Shapano Kasi U/C Samar Bagh	2,000,000	1,348,618
04	PCC Road Shontala, Ali Shair, Surano, Dandona U/C Samar Bagh	2,000,000	1,463,327
05	Supply of water Tank, Motar Pump U.C Samarbagh	2,341,192	1,436,518
06	Cosntraction of Drains/Pipe Culverts/ Pavement of street	1,000,000	1,000,000
07	Pavement of Street / PCC Roads/Extension of Roads	1,000,000	1,000,000
08	Water Supply/Hand Pumps/Open well/Water Tank	2,000,000	2,000,000
09	Construction of fire Brigade station	2,200,000	2,200,000
	Total	16,541,192	13,052,069

Annexure- 3
(Para No. 1.2.1.2)

Statement Showing Detail of Outstanding Amount of Income Tax

S.No	Name of Scheme	E/Cost (Rs)	Income Tax @7% (Rs)
1	PCC Road Khan Banda, Qasodal, Asar Kore, Munshi Cham, Barchony U/C Samar Bagh	2,000,000	140,000
2	PCC Road Rahim Abad, Gul Dari, Tatar U/C S.Bagh	2,000,000	140,000
3	PCC Road Meao Bala, Payen, Gura Banda, Gular, Shapano Kasi U/C Samar Bagh	2,000,000	140,000
4	PCC Road Shontala, Ali Shair, Surano, Dandona U/C S.Bagh	2,000,000	140,000
5	Open Well U.C Samarbagh	746,808	52,277
6	Instalation of Hand Pumps	2,000,000	140,000
7	Supply of water Tank, Motar Pump	2,341,192	163,883
Total		13,088,000	916,160

Annexure-4
(Para No. 1.3.2.1)

Statement Showing Detail of Non Imposition of Penalty on Contractors for non Completion of Works within Stipulated Time

S.No	Name of Scheme	W/order date	Completion date	Delay	Cost (Rs)	Penalty @ 10% (Rs)
1	PCC Road Khan Banda, Qasodal,Asar Kore, Munshi Cham, Barchony U/C Samar Bagh	9.4.2015	9.6.2015	Still incomplete	2,000,000	200,000
2	PCC Road Rahim Abad, Gul Dari, Tatar U/C Samar Bagh	9.4.2015	9.6.2015	Still incomplete	2,000,000	200,000
3	PCC Road Meao Bala, Payen, Gura Banda, Gular, Shapano Kasi U/C Samar Bagh	9.4.2015	9.6.2015	Still incomplete	2,000,000	200,000
4	PCC Road Shontala, Ali Shair, Surano, Dandona U/C Samar Bagh	9.4.2015	9.6.2015	Still incomplete	2,000,000	200,000

5	Instalation of Hand Pumps U.C Samarbagh	9.4.2015	9.6.2015	Still incomplete	2,000,000	200,000
6	Supply of water Tank, Motar Pump U.C Samarbagh	9.4.2015	9.6.2015	Still incomplete	2,341,192	234,119
7	Open Well U.C Samarbagh	9.4.2015	9.6.2015	Still incomplete	746,808	74,680
8	Const of Shed for Fire brigade vehicle/ Cosnt of Latrines	9.4.2015	9.6.2015	Still incomplete	589,000	58,900
9	Construction of fire Brigade station	9.4.2015	9.6.2015	Still incomplete	2,200,000	220,000
10	PCC Road/ Shingal Road June kaly Hakim Abad U/C Mayar	24.1.2013	23.7.2013	13.9.2014	1,000,000	100,000
11	DWSS & HP at UC Maskini	24.1.2013	23.7.2013	25.8.2014	1,000,000	100,000
12	DWSS & HP at UC Drangal	24.1.2013	23.7.2013	25.8.2014	1,000,000	100,000
13	DWSS at Jabagi UC Mayar	22.3.2013	22.9.2013	1.6.2015	100,000	10,000
Total						1,897,699

Annexure- 5
(Para No. 1.5.1.2)

Statement Showing Detail of Outstanding Amount of Professional Tax

S. No	Description of Schemes	No of Schemes	Total amount (Rs in million)	Outstanding Professional tax (Rs)
1	713 SPDI Phase-I 2014-15	96	93.58	426,400
2	771(SPDI) 2013-14	17	27.00	135,600
3	775(DDI) 2013-14	25	25.071	99,200
4	Priority Projects ADP No.776 2013-14	27	37.748	146,800
5	PFC (District Development fund) 2013-14	47	35.978	183,600
6	5% Finance Ministers directive 2013-14	23	26.636	57,150
Total		235	246.013	1,048,750

Annexure- 6
(Para No. 1.4.2.1)

Statement showing detail of amount of penalty to be recovered from the contractors

Month	Amount of Monthly Installment of Dues (Rs)	Due date of Payment	Actual date of Payment	Days Delayed	Penalty per day (Rs.)	Total Penalty (Rs.)
Transfer of immovable property tax 2%						
July, 2014	4,440,000	31-7-14	13/8/2014	13	44,400	577,200
August, 2014	4,440,000	31-8-14	10/9/2014	10	44,400	444,000
September, 2014	4,440,000	30-9-14	10/9/2014	10	44,400	444,000
October, 2014	4,440,000	31-10-14	10/11/2014	10	44,400	444,000
November, 2014	4,440,000	30-11-14	10/12/2014	10	44,400	444,000
December, 2014	4,440,000	31-12-14	09/1/2015	9	44,400	399,600
January, 2014	4,440,000	31-1-15	10/2/2014	10	44,400	444,000
February, 2014	4,440,000	28-2-15	10/3/2014	10	44,400	444,000
March, 2014	3,520,000	31-3-15	10/3/2014	0	352,000	0
						3,640,800

Detail of Lavatories in Lorri Adda Timergara

July, 2014	171,000	31-7-14	7-8-14	7	1,710	11,970
August, 2014	171,000	31-8-14	3-9-14	9	1,710	15,390
September, 2014	171,000	30-9-14	10-10-14	10	1,710	17,100
October, 2014	171,000	31-10-14	10-11-14	11	1,710	18,810
November, 2014	171,000	30-11-14	5-12-14	5	1,710	8,550
December, 2014	171,000	31-12-14	7-1-15	7	1,710	11,910

January, 2014	171,000	31-1-15	10-2-15	10	1,710	17,100
February, 2014	171,000	28-2-15	10-3-15	3	1,710	5,130
March, 2014	171,000	31-3-15	10-4-15	4	1,710	6,840
						112,800

Annexure- 7
(Para No. 1.4.2.2)

Statement Showing Detail of Non Imposition of Penalty on Developmental Works

S. No	Name of Contractor	Name of Work/Scheme	Date of commencement	Period of completion	Estimated Cost (Rs)	Amount of 10% penalty (Rs)
1	Mr. Shahi Mulk & Brothers	Improvement of Road	30-3-15	90 days	2,315,064	231,506
2	M/S Rabat Construction	Water Supply Scheme	27-3-2015	90 days	499,113	49,911
3	Mr. Niaz Muhammad	Water Supply Scheme	27-3-2015	90 days	2,764,985	2,76,498
4	Mr. Kashif Latif	Improvement of Water Supply Scheme	3-4-15	90 days	45,000,000	4,500,000
5	M/s Rabat Construction	Improvement of Roads in Urban Areas	27-3-15	90 days	48,842,561	4,884,256
6	Mr. Niaz Mohammad	Water Supply Scheme	27-3-2015	90 days	8,698,216	868,821
Total					108,119,939	10,810,992