



**AUDIT REPORT
ON
THE ACCOUNTS OF
LOCAL GOVERNMENTS
DISTRICT DIR LOWER**

AUDIT YEAR 2020-21

AUDITOR GENERAL OF PAKISTAN

TABLE OF CONTANTS

| | |
|--|-----|
| ABBREVIATIONS AND ACRONYMS | i |
| Preface | ii |
| EXECUTIVE SUMMARY | iii |
| CHAPTER-1 | 1 |
| Public Financial Management | 1 |
| 1.1 Sectoral Analysis | 1 |
| 1.2 AUDIT PARAS..... | 6 |
| District Government | 9 |
| 2.1 Introduction | 9 |
| 2.2 Comments on Budget and Accounts (Variance Analysis) | 10 |
| 2.3 Classified Summary of Audit observation | 11 |
| 2.4 Comments on the status of compliance with District Accounts Committee directives..... | 11 |
| 2.5 AUDIT PARAS..... | 12 |
| 2.5.1 Irregularities | 12 |
| A. HR related irregulairities | 12 |
| B. Procurement related irregularities | 17 |
| C. Management of Accounts with Commercial Banks..... | 21 |
| 2.5.2 Value for money and service delivery issues | 27 |
| 2.5.3 Others, including cases of accidents, negligence etc..... | 33 |
| CHAPTER-3 | 47 |
| Tehsil Municipal Administration | 47 |
| 3.1 Introduction | 47 |
| 3.2 Comments on Budget and Accounts (Variance Analysis) | 48 |
| 3.3 Classified Summary of Audit observations..... | 49 |
| 3.5 AUDIT PARAS..... | 51 |
| 3.5.1 Irregularities | 51 |
| HRA Irregularities | 51 |
| B. Procurement related irregularities | 52 |
| 3.5.2 Management of Accounts with Commercial Banks..... | 55 |
| 3.5.3 Value for money and service delivery issues | 62 |
| 3.5.4 Others, including cases of accidents, negligence etc..... | 67 |
| CHAPTER-4 | 72 |
| AD LGE &RDD..... | 72 |

| | | |
|-------|--|----|
| 4.1 | Introduction | 72 |
| 4.2 | Comments on Budget and Accounts (Variance Analysis) | 75 |
| 4.3 | Classified Summary of Audit Observations | 75 |
| 4.4 | Comments on the status of compliance with Village/Neighborhood Accounts Committee Directives..... | 76 |
| 4.5.1 | Irregularities | 77 |
| A. | Management of Accounts with Commercial Banks..... | 77 |
| B. | Procurement related irregularities | 78 |
| 4.5.2 | Value for money and service delivery issues | 81 |
| | ANNEXURES..... | 83 |

ABBREVIATIONS AND ACRONYMS

| | |
|-----------|--|
| AIR | Audit and Inspection Report |
| AA | Administrative Approval |
| AP | Advance Para |
| AG | Accountant General |
| SDO | Sub Divisional Officer |
| BHUs | Basic Health Units |
| C&W | Communication & Works |
| CPWA Code | Central Public Works Account Code |
| CPWD Code | Central Public Works Department Code |
| DAC | Departmental Accounts Committee |
| DHO | District Health Officer |
| DO | District Officer |
| LGA | Local Government Act |
| MFDAC | Memorandum for Departmental Accounts Committee |
| M&R | Maintenance and Repair |
| NSI | Non Schedule Item |
| PAC | Public Accounts Committee |
| PAO | Principal Accounting Officer |
| PCC | Plain Concrete Cement |
| PEC | Pakistan Engineering Council |
| PESCO | Peshawar Electricity Supply Company |
| PHE | Public Health Engineering |
| RCC | Re-in forced Cement Concrete |
| SDO | Sub Divisional Officer |
| TAC | Tehsil Accounts Committee |
| TS | Technical Sanction |
| DAC | District Accounts Committee |

Preface

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections-8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 and Section-37 of Khyber Pakhtunkhwa Local Government Act 2013 require the Auditor General of Pakistan to conduct audit of the receipts and expenditure of Local Governments of each District of the Khyber Pakhtunkhwa.

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

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

Some of the observations included in this report were finalized in the light of written replies of the departments whereas in most cases the departments did not submit written replies till the finalization of this report. DAC meetings were also not convened despite reminders.

The Audit Report is submitted to the Governor, Khyber Pakhtunkhwa in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 37 of Khyber Pakhtunkhwa Local Government Act, 2013, (amended in 2019) for laying before the appropriate legislative forum.

Islamabad
Dated:

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit District Governments, Khyber Pakhtunkhwa carries out audit of Local Governments in 27 District of Khyber Pakhtunkhwa. Regional Directorate of Audit (RDA) Swat, on behalf of the DG Audit District Governments, Khyber Pakhtunkhwa carried out the audit of Local Governments of five districts namely Swat, Shangla, Dir Lower, Dir Upper and Chitral.

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

Local Governments of District Dir Lower consist of three tiers which perform their operations under Khyber Pakhtunkhwa Local Government Act 2013 (amended in 2019). Financial provisions of the Act describe the Local Consolidated Fund and Public Account for which annual Budget Statement is approved by the respective councils in the form of budgetary grants. Top Tier- the District Government comprises one Principal Accounting Officer (PAO) i.e. Deputy Commissioner for the District Government, who is officer in charge of 10 devolved departments including AD Local Government Election & Rural Development Department. The second Tier- Town/Tehsil Municipal Administrations have one PAO i.e. Town/Tehsil Municipal Officer for each administration. There are seven Tehsils administrations in district Dir Lower. The third Tier-village and neighborhood Councils have AD LGE & RDD as Principal Accounting Officer for these councils. There are 198 VC's/NC's in district Dir Lower.

a. Scope of audit

This office is mandated to conduct audit of 216 formations working under 09 PAOs. Total expenditure and receipts of these formations were Rs.9635.509 million and Rs.125.283 million respectively for the financial year 2019-20.

Audit coverage relating to expenditure for the current audit year comprises 31 formations of 09 PAOs having a total expenditure of Rs.3228.402 million for the financial year 2019-20. In terms of percentage, the audit coverage for expenditure is 33.50 % of auditable expenditure.

Audit coverage relating to receipt for the current audit year comprises 07 formations of 07 PAOs (7 TMAs) having a total receipt of Rs.128.199 million for the financial year 2019-20. In terms of percentage, the audit coverage for receipts is 100% of auditable receipt.

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

b. Recoveries at the instance of audit

As a result of audit, a recovery of Rs.43.901 million was pointed out in this report. No recovery against these figures was reported.

c. Audit Methodology

Audit was conducted according to INTOSAI guidelines for compliance audit and Financial Audit Manual of AGP.

Audit procedure employed to obtain evidence were inspections, analytical procedures, observations and computations.

d. Audit Impact

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

e. Comments on Internal Control.

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

Comments on the five components of internal control are given below.

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

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

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

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

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

d. Key audit findings of the report

- i. Non Compilation/Consolidation of Accounts of Local Governments- Rs. 879.725 million.¹
- ii. Unauthorized payments to DDOs instead of crossed cheques to vendors - Rs 568.533 million.²
- iii. Unverified payments on account of arrears of pay and allowances- Rs 374.868 million.³
- iv. HR/Employees related irregularities were noted in 06 cases amounting to Rs.32.413 million⁴.
- v. Procurement related irregularities were noted in 08 cases amounting to Rs.43.082 million⁵
- vi. Management of accounts with commercial bank were noted in 12 cases amounting to Rs.103.586 million⁶
- vii. Values for money were noticed in 09 cases amounting to Rs. 35.804 million.⁷
- viii. Others, including cases of accidents, negligence etc. were noted in 18 cases amounting to Rs.483.549 million.⁸

¹ Para 1.2.1

² Para 1.2.2

³ Para 1.2.3

⁴ Para 2.5.1.1 to 2.5.1.5, 3.5.1.1,

⁵ Para 2.5.1.6 to 2.5.1.9, 3.5.1.2 to 3.5.1.3 and 4.5.1.2 to 4.5.1.3

⁶ Paara 2.5.1.10 to 2.5.1.14, 3.5.1.4 to 3.5.1.9 and 4.5.1.1

⁷ Para 2.5.2.1 to 2.5.2.4, 3.5.2.1 to 3.5.2.4 and 4.5.2.1

⁸ Para 2.5.3.1 to 2.5.3.13, 3.5.3.1 to 3.5.3.4 and 4.5.3.1

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

e. Recommendations

TMA's accounts need to be consolidated at DAO.

- i. Departments need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc. to ensure that lapses of the kind reported in this audit report are preempted and fair value for money is obtained from public spending.
- ii. Departments need to implement all the components of internal control for ensuring effective and efficient utilization of public money.
- iii. Strenuous efforts need to be made by the departments to recover outstanding dues on account of rent of shops, revenue contracts and income tax.

CHAPTER-1

Public Financial Management

1.1 Sectoral Analysis

Introduction

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

In the light of LGE&RDD's notification dated 4th September, 2019 District Dir Lower is headed by Deputy Commissioner who is Principal Accounting Officer of the budget grant allocated to the 10 offices devolved at district level. Similarly, Tehsil Municipal Administration is headed by Tehsil Municipal Officer who is the Principal Accounting Officer for the Tehsil Municipal Administration whereas Assistant Director LGE&RDD is the Principal Accounting Officer for Village/Neighborhood Councils.

Funds amounting to Rs. 10,448.996 million were allocated to 216 formations working under 09 PAOs. Expenditure of 9081.062 million was made resulted into saving of Rs. 1,350.561 million. Whereas receipts of these formations were Rs. 128.199 million for the financial year 2019-20.

Audit coverage relating to expenditure for the current audit year comprises 31 formations of 09 PAOs having a total expenditure of Rs.3228.402 million for the financial year 2019-20. In terms of percentage, the audit coverage for expenditure is 33.50 % of auditable expenditure. According to Section 36(3)

of Local Government Act 2013, the District Accounts Officer shall, quarterly and annually.

Consolidate the accounts of Local Governments, which were Rs. 804.579 million not consolidated into Local Government Financial Statements. Similarly, the development expenditure of Rs. 282.64 million was presented under operating expenses, whereas, this should have been presented under the head “Physical Assets and Civil Works”.

District Government, Dir Lower was found lagging behind in many areas envisioned as integral component of the Local Government in the Khyber Pakhtunkhwa Local Government Act 2013 (amended in 2019). The District Government could not establish & maintain Public Fund account as required under section 30 of LGA 2013. Similarly, it also failed to prepare, present and approve the budget estimates of receipts from district council for District Government, Dir Lower as required under section 34 of LGA 2013. The receipts collected as taxes/fees/rents under section 42 of LGA-2013 were also not credited to the District Fund. Most importantly, Finance Department, Khyber Pakhtunkhwa could not provide District Account Office, Dir Lower with prescribed format and necessary trainings to compile the accounts of TMAs and Village/Neighborhood councils and then reflect the same in the consolidated financial statement of the district, which resulted in disclaimer of its accounts by the Auditor General of Pakistan. Moreover, Internal Audit function could not be established as provided in sub section 4 of section 37 of LGA 2013, as internal auditors were not posted in the District and Tehsil Councils. In addition, Asset management by District Government was yet another area it could not address as required under section 38 of the LGA 2013.

The Local Governments provided services in the following sectors.

Education

The education sector is one of the major sectors in District Dir Lower like other districts. Statistics show that there are 1237 primary, 157 middle, 71 secondary and 15 higher secondary schools in District Dir Lower. The estimated Teacher Student Ratio is 1:40 at primary, 1:18 at middle, 1:23 at secondary and

1:26 at the level of higher secondary schools. District Dir Lower literacy rate is 29% the Gross Enrollment Rate (GER) is 76%, and the Net Enrollment Rate (NER) is 54% at the primary level. On budgetary front, District Education office, Dir Lower.

District Education Offices in Dir Lower enrolled 172,582 in boys schools while 143,825 students were enrolled in female Government schools. Similarly, annual average of teacher's attendance rate and student attendance rate as per independent Monitoring Unit (IMU) data were approximately 92% & 86% respectively. Furthermore, 80% schools in district Dir Lower were provided with all basic facilities like classrooms, water supply, group latrine, boundary walls and electrification. However, administrative visits of DEO, DDEO and SDEO were 60%.

Health

Health is another important sector of District Dir Lower with a total of 83 health facilities spread across the district among which 34 BHUs, 25 CDs, 12 MCHs, 04 RHCs and 06 THQs/Category-D hospitals.

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

On mother and child health care front, 16,762 babies were born in health centers/ lab investigations and diagnostic facilities were also fully utilized as 21,224 lab tests, 27,845 X-rays, 3,642 ultrasounds and 4,844 ECGs were done in both primary and secondary health centers in district Dir Lower. Figures of immunization are also very impressive as 2,142 pregnant women received TT-2 vaccines, 6,745 kids under 12 months received full immunization 15,846 families were provided family planning services. Human resource data from facility records revealed that these health centers were amply provided with medical officers and paramedics as only very few positions were found vacant. As these

centers were frequently visited by patients for medical treatment and other lab investigations etc.

Social Welfare

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

There was one (01) Darul Kafalas for beggars with the objective to rehabilitate male and females beggars mostly orphan by provision of various services in order to control beggary and to impart vocational training in tailoring. In Dir Lower no bagger were benefited from this facility. Rehabilitation center for drug addicts has 48 beds and it had treated 10 patients during the year. Furthermore various vocational and industrial trainings are provided by the Social Welfare Department. However, keeping in view the spread of drug use and incidence of poverty the efforts made by Social Welfare office are not likely to bring about any visible improvement in the short or long run unless more resources are diverted to this sector.

Municipal Services

Tehsil Councils District Dir Lower were found lagging behind in many areas envisioned as integral component of the Local Government in the Khyber Pakhtunkhwa Local Government Act 2013. The Local Government could not establish & maintain Tehsil Public Fund Account as required under the section 30 of LGA. Similarly, the Tehsil Account Officers were not appointed in TMAs and the accounts of receipts and expenditure were not maintained in such form and in accordance with such principles and methods as the Auditor General of Pakistan prescribed as required under section 36 of LGA. Financial Statements, Finance Account and Appropriation Accounts of the TMAs were not prepared accordingly. Most importantly, Finance Department, Khyber Pakhtunkhwa could not provide District Account Office, Dir Lower with prescribed format and

necessary trainings to compile the accounts of TMAs and then reflect the same in the consolidated financial statement of the district, which resulted in disclaimer of its accounts by the Auditor General of Pakistan. Moreover, Internal Audit function could not be established as provided in sub section 4 of section 37 of LGA 2013, as internal auditors were not posted in the TMAs to support the Council. In addition, Asset management by tehsil councils was yet another area it could not address as required under section 38 of the LGA 2013.

1.2 AUDIT PARAS

1.2.1 Non Compilation/Consolidation of Accounts of Local Governments- Rs. 879.725 million

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

During certification audit of the accounts of the DAO Dir Lower for the financial year 2018-19, audit observed incompleteness and incorrect presentation of the financial statements as the DAO failed to consolidate into the quarterly and annual accounts of the district, the government and local resources, as required under section-36(3) of the Local Government Act, 2013. Receipts and expenditure of Rs. 879.725 million and Rs. 666.184 million respectively, of the TMAs are not reflected in accounts.

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

Provisions of the Local Govt Act 2013 by Local Governments in District Dir Lower were not complied.

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

Para stands till correction of these omissions.

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

1.2.2 Unauthorized payments to DDOs instead of crossed cheques to vendors - Rs 568.533 million

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

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

District Accounts Officer Dir Lower, paid Rs 568,533,000 to various DDOs instead of issuance crossed cheques to Vender/Payees Accounts.

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

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

1.2.3 Unverified payments on account of arrears of pay and allowances- Rs374.868 million

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

During certification Audit of Dir Lower for the year 2019-20 while analyzing HR data it was noticed that arrears of pay and allowances of Rs 374,868,000 was shown made which could not be verified.

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

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

CHAPTER-2

District Government

2.1 Introduction

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

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

(1) The authority of district government shall comprise the operation, management and control of offices of the departments which are devolved to it; provided that district government shall exercise such authority in accordance with general policy of Government.

(2) Every order in district government shall be expressed to be made in the name of the district government and shall be executed by a duly authorized officer.

(3) The district government shall be responsible to the people and the Government for improvement of governance and delivery of services within the ambit of authority devolved to it.

Detail of Audit Planed formations expenditures and receipts

| S.No. | Description | Total Nos | Audited | Expenditure audited FY 2018-19 (Rs. in million) | Revenue /Receipts audited FY 2018-19 (Rs. in million) |
|-------|-------------|-----------|---------|---|---|
| 1. | Formations | 10 | 04 | 3228.402 | 128.274 |

2.2 Comments on Budget and Accounts (Variance Analysis)

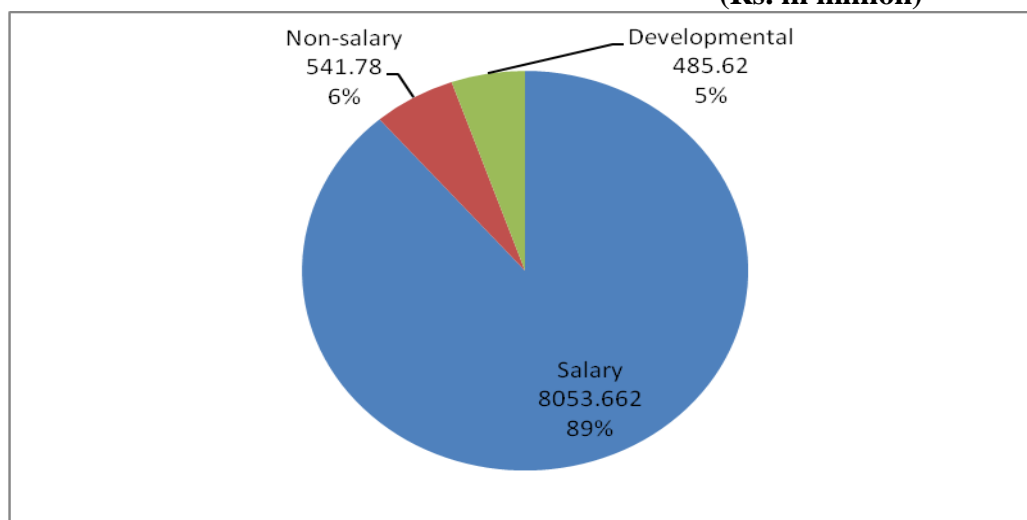
(Rs. in million)

| 2018-19 | Budget | Actual Expenditure/ Receipts | (Saving)/Excess | %age |
|---------------|------------------|------------------------------|-----------------|------|
| Salary | 9103.448 | 8053.662 | 1049.786 | |
| Non-salary | 766.658 | 541.78 | 224.878 | |
| Developmental | 578.89 | 485.62 | 93.27 | |
| Total | 10448.996 | 9081.062 | 1367.934 | |

The savings of Rs. 1367.934million indicate inefficiency in the capacity of Local Government Departments to utilize the amount of allocated funds.

EXPENDITURE 2019-20

(Rs. in million)



2.3 Classified Summary of Audit observation

Audit observations amounting to Rs.524.866 million were raised as a result of this audit. This amount also included recoverable of Rs. 20.309 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

| Sr. No. | Classification | Amount (Rs.) |
|---------|---|----------------|
| 1 | Irregularities | |
| A | HR/Employees related irregularities | 27.125 |
| B | Procurement related irregularities | 18.975 |
| C | Management of Accounts with commercial bank | 17.457 |
| 2 | Value for money and service delivery issues | 14.435 |
| 3 | Others, including cases of accidents, negligence etc. | 446.874 |
| | Total | 524.866 |

2.4 Comments on the status of compliance with District Accounts Committee directives

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

| S # | Audit Year | DAC meeting |
|-----|------------|--------------|
| 1. | 2002-03 | Convened |
| 2. | 2003-04 | Not convened |
| 3. | 2004-05 | Not convened |
| 4. | 2005-06 | Not convened |
| 5. | 2006-07 | Not convened |
| 6. | 2007-08 | Not convened |
| 7. | 2008-09 | Not convened |
| 8. | 2009-10 | Not convened |
| 9. | 2010-11 | Not convened |
| 10. | 2011-12 | Convened |
| 11. | 2012-13 | Not convened |
| 12. | 2013-14 | Not convened |
| 13. | 2014-15 | Not convened |
| 14. | 2015-16 | Not convened |
| 15. | 2016-17 | Not convened |
| 16. | 2017-18 | Not convened |
| 17. | 2018-19 | Not convened |
| 18. | 2019-20 | Not convened |

2.5 AUDIT PARAS

2.5.1 Irregularities

A. HR related irregularities

2.5.1.1 Irregular expenditure on account of Pay & Allownces Rs.21.776 million

According to Chief Minister Directive and Government of Khyber Pakhtunkhwa AdmnDeptt: (Cabinet Wing) letter No. SO (Imp)AD/CMD/2-24/2013/General Dated Peshawar October 2013,”Salaries of All Government Department employees be issued through Cheques, to be deposited in their respective Bank Accounts.

The District Education Officer Male, Dir Lower drew Rs. 1,182,540 million on account of Pay & Allownces and disbursed among staff in cash during the year 2019-20. Audit noticed that the salaries were shown paid to the staff through DDO in cash in violation of rules instead of direct crediting system through their bank account as per detailed below.

| S# | Month | Amount |
|--------------|-----------------|-------------------|
| 1 | July, 2019 | 432,291 |
| 2 | August, 2019 | 5,067,627 |
| 3 | September, 2019 | 3,185,417 |
| 4 | October, 2019 | 1,567,136 |
| 5 | November, 2019 | 6,790,375 |
| 6 | December, 2019 | 206,412 |
| 7 | January, 2020 | 415,400 |
| 8 | February, 2020 | 169,266 |
| 9 | March, 2020 | 3,579,915 |
| 10 | April, 2020 | 85,093 |
| 11 | May , 2020 | 277,250 |
| Total | | 21,776,182 |

Moreover personal files/service books and acquaintance roles were not available on record, thus authenticity of the expenditure could not be verified.

Irregularity occurred due to weak financial control, which resulted in violation of rules.

Request for convening of DAC meeting was made in November 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends recovery and action against the persons at fault.

2.5.1.2 Irregular expenditure on account of Hard Area Allowance - Rs. 1.182 million

According to Chief Minister Directive and Government of Khyber Pakhtunkhwa AdmnDeptt: (Cabinet Wing) letter No. SO (Imp)AD/CMD/2-24/2013/General Dated Peshawar October 2013, "Salaries of All Government Department employees be issued through Cheques, to be deposited in their respective Bank Accounts.

The District Education Officer Female, Dir LowerdrewRs.1,182,540 million on account of Hard Area Allowance and disbursed among staff in cash during the year 2019-20. Audit noticed that the allowance was drawn through DDO in cash from the treasury and paid in cash, instead of direct crediting system through their bank account.

Irregularity occurred due to weak financial control, which resulted in violation of rules.

Request for convening of DAC meeting was made in November 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends conducting detail enquiry and payment of pay and allowances through direct credit system.

2.5.1.3 Overpayment of Pay and Allowance during Willful Absent from Duty – Rs 1.66 million

According to GFR-23 provides that every controlling officer will be personally responsible for the loss sustained by government through negligence or fraud on his part or on the part of his subordinate.

District Health Officer Dir lower over paid Rs1,668,172 on account of Pay and allowance during the period of absentee in financial year 2019-20. However, the salaries paid for the period of absentee was required to be recovered, but the local administration failed to do so. Detail is given below.

| Name | P.No | Designation | Period | Month/Salary | Salary p.m | Total |
|-----------------|--------|----------------|------------------------|--------------|------------|-----------|
| Mohammad Hamyun | 282532 | S/Specialist | 1/9/2019 to 30/4/19 | 8 months | 155,619 | 1,213,216 |
| Ihsanullah | 441227 | Eye Specialist | 16/3/2020 to 30/4/2020 | 3 months | 151,652 | 454,956 |
| Total | | | | | | 1,668,172 |

Overpayment occurred due to violation of rules which resulted in loss to the Government.

When pointed out in July/ August 2020, management stated that the amount will be recovered from the concerned. Reply was not convincing as no evidence of recovery was produced.

The lapse occurred due to weak internal controls, which resulted in overpayment.

Request for convening of DAC meeting was made in August 2020; however, meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery and deposit into Government treasury.

AIR 2019-20 Para-03

2.5.1.4 Overpayment of HPA & Conveyance allowances during the period of leave –Rs1.277 million

According to condition No. (iii) of the Government of Khyber Pakhtunkhwa, Finance Department letter No. NO. FD(SOSR-II)8-18/2016 dated 7.1.2016, Health Professional Allowance is not admissible during earned leave, study leave and extra ordinary leave except casual leave.

District Health Officer Dir Lower overpaid Rs1,277,344 on account of Health Professional Allowance and Conveyance Allowance during the period of their leave in financial year 2019-20. However, no recovery was made so far. Detail is given at annexure-03.

Overpayment occurred due to lack of financial control, which resulted in loss to the Government.

When pointed out in July/ August 2020, management stated that the amount will be recovered from the concerned. Reply was not convincing as no evidence of recovery was produced.

The lapse occurred due to weak internal controls, which resulted in overpayment.

Request for convening of DAC meeting was made in August 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends recovery and action against the persons at fault.

AIR 2019-20 Para-04

2.5.1.5 Loss to Government due to non Recovery of pay and allowance –Rs1.23 million

According to GFR-23 provides that every controlling officer will be personally responsible for the loss sustained by government through negligence or fraud on his part or on the part of his subordinate.

District Health Officer Dir Lower overpaid Rs 1,233,958 on account of pay and allowance to Dr Habib un Nabi during the financial year 2019-20 on scrutiny of record it came to notice that the concerned Doctor has been working with MSF project at DHQ Hospital Since 1 April 2018 and got Rs.138,408 PKR per month from MSF (medicines Sans Frontiers) Project and Rs.112,178 from DHO office. Thus the salaries drew from the government treasury required to be recovered but the local office failed to do so. Detail is given below:

| Name | P.No | Design | Period | Months | Salary p.m | Total |
|---------------|----------|--------|---------------------|--------|------------|-----------|
| Habib un Nabi | 50427543 | MO | 1/7/2019 to 31/5/20 | 11 | 112,178 | 1,233,958 |

Audit observed that overpayment occurred due to lack of financial control, which resulted in loss to the Government.

When pointed out in July/ August 2020, management stated that the amount will be recovered from the concerned. Reply was not convincing as no evidence of recovery was produced.

The lapse occurred due to weak internal controls, which resulted in loss to Government.

Request for convening of DAC meeting was made in August 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends recovery and action against the persons at fault.

AIR 2019-20 Para-05

B. Procurement related irregularities

2.5.1.6 Unauthorised and unauthentic expenditure on account of Hot & Cold Weather chargesRs. 13.707 Million

According to Rule 1 of Chapter-III of Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014, 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/- rupees one hundred thousand.

District Officer Education Dir Lower incurred an expenditure of Rs.1,370,765 during 2019-20 on hot and cold weather charges (purchase of fire wood and charcoal) without adopting open tender system to achieve economical rates. Further the delivery challans, stock register of fire wood/charcoal, actual payee receipts, Govt. Notification regarding scale of utilization /consumption of firewood/charcoal was not produce to verify the expenditure.

Audit observed that unauthorized/unauthentic expenditure was occurred due to weak internal controls, which resulted in violation of rules.

Irregularity occurred due to weak financial control, which resulted in violation of rules.

Request for convening of DAC meeting was made in November 2020, however, meeting of DAC could not be convened till finalization of this report

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

2.5.1.7. Unauthorised and unauthentic expenditure on account of Hot & Cold Weather charges - Rs. 2.099 million

According to Rule 1 of Chapter-III of Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014, 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/- rupees one hundred thousand.

District Officer Education Dir Lower incurred an expenditure of Rs 2,099,928 during 2019-20 on hot and cold weather charges (purchase of fire wood and charcoal) without adopting open tender system to achieve economical rates. Further the delivery challans, stock register of fire wood/charcoal, actual payee receipts, Govt. Notification regarding scale of utilization /consumption of firewood/charcoal was not produce to verify the expenditure.

Audit observed that unauthorized/unauthentic expenditure was occurred due to weak internal controls, which resulted in violation of rules.

Irregularity occurred due to weak financial control, which resulted in violation of rules.

Request for convening of DAC meeting was made in November 2020, however, meeting of DAC could not be convened till finalization of this report

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

2.5.1.8 Unauthentic expenditure on account of Purchase of medicines – Rs 2.105 million

Para 155 of GFR Vol.-I states that a reliable list, inventory or account of all stores in the custody of government officer should be maintained in a form prescribed by the competent authority to enable a ready verification and check of accounts at any time.

District Health Officer Dir Lower incurred expenditure of Rs.2,105,168 on account of purchase of medicines during the financial year 2019-20.detail is given below:

| Name of Firm | Medicine | Unit | Qty | Rate | Amount |
|------------------------------|------------------|-------------|------------|-------------|---------------|
| Astellas Pharmaceutical Pesh | Various Medicine | BHU | - | - | 499,965 |

| | | | | | |
|---------------------------------|-----------------------------|-----|-------|--------|------------------|
| Hoffmama Human Lahore | Inj: yungmoonInopan | THQ | 500 | 68 | 34,000 |
| Astellas Pharmaceutical Pesh | Various Medicine | BHU | - | - | 701,248 |
| Hashir Surgical | Adhesive tape4 ⁷ | BHU | 3000 | 123.34 | 369,990 |
| Astellas Phrama | Medicines | BHU | 34672 | | 499,965 |
| Total | | | | | 2,105,168 |

On scrutiny of record it was observed that:

1. The purchases were pertains to previous year and its payment was made during the current year.
2. No entry was made in the stock register.
3. The purchases were made for the health units but not issued to them so far.

When pointed out in July/ August 2020, management stated that due to non availability of budget the bill has been cleared during the financial year 2019-20. Reply was not convincing as stock entry of medicine and issue was not made nor shown to audit.

Unauthentic expenditure occurred due to weak internal control, which resulted in loss to government.

Audit recommends enquiry in to probable cause of unauthentic expenditure.

Irregularity occurred due to weak financial control, which resulted in violation of rules.

Request for convening of DAC meeting was made in August 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends investigation and action against the person (s) responsible under intimation to audit.

AIR 2019-20 Para-06

2.5.1.9 Non-supply of medicine Rs 1.064 million

Treasury Rule 290 provides that no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants.

District Health Officer Dir Lower paid Rs1,064,600 for purchase of medicines the supply orders were placed in October 2019, which were required to be supplied within 45 days. But the supply was not made till the date of audit. The local office neither cancelled the supply orders nor were alternate arrangements for the purchase of medicines made. Thus on one hand the people of the locality were deprived of the basic facility of medicine and on the other hand, the Government money drawn in anticipation of actual demand and the money was blocked for a considerable time period which need justification. Detail is given below:

| Name of firm | Items | Qty | Rate | Amount (Rs) | Date of S/order |
|---------------|---------------|---------|--------------|------------------|-----------------|
| SEARLE Pharma | Metranedazole | 60,000 | 1.10 | 66,000 | 30-10-2019 |
| --do-- | Nebural | 500,000 | 0.95 | 475,000 | 30-10-2019 |
| --do-- | Levoxin | 50,000 | 4.10 | 205,000 | 30-10-2019 |
| --do-- | Extor | 50,000 | 4.46 | 223,000 | 30-10-2019 |
| --do-- | Morcet | 40,000 | 1.54 | 61,600 | 30-10-2019 |
| Hoffmann | Inj: inopan | 500 | 68 | 34,000 | 30-10-2019 |
| | | | Total | 1,064,600 | |

Audit observed that non-supply of Medicine was occurred due to weak internal/administrative control, which deprived the public of the locality from the basic health facilities.

When pointed out in July/ August 2020, management stated that the notice has been issued to the firms for immediate supply. Reply was not convincing as no supply was made so for.

Irregularity occurred due to weak financial control, which resulted in violation of rules.

Request for convening of DAC meeting was made in August 2020; however, meeting of DAC could not be convened till finalization of this report

Audit recommends ensuring complete supply of medicines besides fixing responsibility for such abnormal delay.

AIR 2019-20 Para-08

C. Management of Accounts with Commercial Banks

2.5.1.10 Non conversion of current account in PLS bank accounts- Rs.5.807 million and profit thereon Rs.261,325

According to para 1 and 2 of Finance Department Khyber Pakhtunkhwa letter No.2/3-(F/L)FD/2207-08/Vol-IX dated 10-2-2014, Khyber Pakhtunkhwa Finance Department has from time to time allowed sanctioned bank accounts in the commercial bank for various departments/autonomous/semi-autonomous bodies/corporations in Khyber Pakhtunkhwa for particular and specific purposes. Such accounts may be converted to PLS mode and the profit earned be deposited in Government Treasury under relevant head of account immediately and not later than a week when declared by the concerned bank.

During audit of the accounts of the office of the Deputy Commissioner Dir Lower for the financial year 2019-20 it was noticed that the current designated bank accounts were maintained by the Assistant Commissioners. A handsome amount of Rs.5,807,234/- was available in the accounts without no profit. Profit of Rs.261,325/- could be earned during financial year 2019-20 at minimum rate of 4.5 % due to which provincial receipts were understand which resulted in loss to the government. Detail is as under:-

| S.No | Account title | Name of bank | Account NO | Balance | 4.5% profit |
|--------------|-------------------------------|--------------|------------|------------------|----------------|
| 1 | Tehsildar T/Gara | NBP | 4039774493 | 5,543,295 | 249,448 |
| 2 | Assistant Commissioner T/gara | NBP | 4039774420 | 263,939 | 11,877 |
| Total | | | | 5,807,234 | 261,325 |

Audit observed that maintenance of current designated bank accounts occurred due to violation of rules which resulted in understatement in provincial receipts during the year.

When pointed out in July/August 2020, management stated that the Assistant Commissioner, Timergara and Tehsildar Timergara have strictly been directed to convert their current bank account into PLS account. They informed that the conversion of current bank account into PLS account is under process with banks and will be converted shortly. The same will be shown to the next audit for verification. Hence the para may be dropped please. Reply was not convincing as the bank accounts were not converted into PLS mode during the financial year 2019-20.

Non conversion of current account into PLS mode occurred due to weak internal control, which resulted irregularity and loss to Government.

The lapse occurred due to weak internal control which resulted in violation of rules and understatement in provincial receipts during the year.

Request for convening of DAC meeting was made in August 2020, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends immediate conversion of current accounts into PS mode and deposit the profit into Government Treasury when declared by the banks.

AIR 2019-20 Para-02

2.5.1.11 Irregular Retention of balances in bank accounts—Rs 4.120 million

According to rule 290 of Treasury Rules, “no money should be drawn from Treasury unless required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demand or to prevent lapse of budget grant”.

During scrutiny of record of District Education Officer Female, Dir Lower for the year 2019-20 it was observed that funds amounting to Rs4.120 Million lying unspent in the bank as on 30.06.2020. Audit observed that if money was not required in anticipation of any demand then why it was drawn from the Government Treasury. The proof for proper claimer of the amount was not produced to audit despite repeated request. In the absence proper claimer, the amount required to be deposited into Government treasury.

The matter needs justification and actions against persons at fault under intimation to audit.

The lapse occurred due to weak financial management, which resulted in blockage of government money.

Request for convening of DAC meeting was made in November 2020, however, meeting of DAC could not be convened till finalization of this report

2.5.1.12 Non conversion of Current account in PLS mode- Rs. 2.574 million.

According to para 1 and 2 of Finance Department Khyber Pakhtunkhwa letter No.2/3-(F/L)FD/2207-08/Vol-IX dated 10-2-2014, Khyber Pakhtunkhwa Finance Department has from time to time allowed sanctioned bank accounts in the commercial bank for various departments/autonomous/semi-autonomous bodies/corporations in Khyber Pakhtunkhwa for particular and specific purposes. Such accounts may be converted to PLS mode and the profit earned be deposited in Government Treasury under relevant head of account immediately and not later than a week when declared by the concerned bank.

During audit of the accounts record of the District Health Office Dir Lower for the financial year 2019-20 it was noticed that the current designated bank accounts were maintained by the local office with closing balances of Rs 2,574,000 instead of PLS account, which was clear violation of the government orders. Detail is as under:

| S.No | Account title | Name of bank | Account NO | Balance (Rs) |
|------|---------------|--------------|------------|--------------|
| 1 | DHO Office | NBP | 4039776099 | 2,574,000 |

Non maintenance of PLS designated band accounts occurred due to violation of rules which resulted in understatement in provincial receipts during the year.

When pointed out in July/ August 2020, management stated that the letter has already been issued for conversion of account in PLS mode. Reply was not convincing as no evidence was produced.

Audit recommends immediate conversion of current accounts into PLS mode.

The lapse occurred due to weak internal control which resulted in violation of rules and understatement in provincial receipts during the year.

Request for convening of DAC meeting was made in August 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends immediate conversion of current accounts into PLS mode.

AIR 2019-20 Para-09

2.5.1.13 Irregular Retention of balances in bank accounts—Rs 774,000

According to rule 290 of Treasury Rules, “no money should be drawn from Treasury unless required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demand or to prevent lapse of budget grant”.

During scrutiny of the Bank Statements of the District Education Officer Male, Dir Lower for the year 2019-20, it was observed that Rs774,000 lying unspent in the bank as on 30.06.2020. Audit observed that if money was not required in anticipation of any demand then why it was drawn from the Government Treasury. The proof for proper claimer of the amount was not

produced to audit despite repeated request. In the absence proper claimer, the amount required to be deposited into Government treasury.

The retention of govt. funds in the dormant accounts was due to violation of the Finance Department instructions and resulted in blockage of Government money.

The matter needs justification and actions against persons at fault under intimation to audit.

2.5.1.14 Loss to Government due to irregular deposit of funds in current bank account on Govt fund Rs.4.182

Finance department letter No. 2/3(F/L) FD 20017-18/Vol. ix dated Peshawar the 10th February 2014 provides that Finance Department has from time to time allowed/sanctioned Bank accounts in commercial Bank for various Departments/ Autonomous Bodies/Corporations in KP for particular and specific purposes. Now it has been decided that such accounts may be converted to PLS mode and the profit so earned be deposited in Govt. Treasury under relevant head and not later than a week when declared by the concerned bank.

District Education Officer Female, Dir Lower operating current Accounts for transfer of cash from treasury to DDO account instead of PLS mode resulted in violation of Government's instructions and loss to Government.

| S/No. | Account No. bank | Account title | Mode of account | Balance as on 30.06.2020 |
|-------|---|---------------|-----------------|--------------------------|
| 1 | 4039806029 NBP-Main Branch Tamar Ghara District , Dir Lower | DEO Female | current | 4.182 |
| 2 | | DEO Female | current | |

The irregularity occurred due to violation of rules resulted in loss to Government.

The irregularity occurred due to weak internal control, which resulted in loss to the Government.

Request for convening of DAC meeting was made in November 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends transfer of funds to PLS mode and fixing responsibilities against the persons at fault besides recovery to the tune of mark up for the period under report.

2.5.2 Value for money and service delivery issues

2.5.2.1 Non transfer of 2% Property Tax-Rs 7.17 million

Rule 1 of Annexure A to para 38 of GFR Vol.-I requires the departmental authorities to see that all revenues due to Government which have been brought to account are correctly and promptly assessed, realized and credited to government account.

Deputy Commissioner Dir Lower deducted Rs 7,171,196 as 2% Property Tax on purchase of land from the land owners during the financial year 2019-20. However, the amount was transferred to the quarter neither concerned (TMAs) nor returned to the acquiring departments. Detail is as under:

| S# | Name of scheme | Total cost of land (inclusive) (Rs) | 2% Propriety tax (Rs) |
|----|---|-------------------------------------|-----------------------|
| 1 | Construction of Talash Kalpani By Pass | 314,826,300 | 6296,526 |
| 2 | Acquisition of land for Dumping Ground | 4,357,166 | 87,143 |
| 3 | Acquisition of land for Graveyard Talash | 819,720 | 16,394 |
| 4 | Acquisition of land for Graveyard Bajawro UC Babdagai | 1,051,974 | 21,039 |
| 5 | Acquisition of land for Graveyard Banrgay Talash | 7,693,224 | 153,864 |
| 6 | Acquisition of land for Graveyard Wasam Korona Talash | 1,912,680 | 38,253 |
| 7 | Acquisition of land for Koto Hydro power project | 27,898,864 | 557,977 |
| | Total | 530,131,242 | 7,171,196 |

When pointed out in July, 2020 the management replied that the amount of Registration Fee, Stamp duty and District Council/TMA Fee have been sent to the Sub Registrar for Registration of acquired land to the name of acquiring department of the schemes from S.No.1-6 vide this office letter No.1634/Rev/65 dated 29-01-2020, No.944/Rev/Dumping Ground/87 dated 20-01-2020 & No.13041/Rev/LA dated 28-10-2019. In which the acquiring department have been directed to contact with Sub Registrar for Registration of their acquired land. The Sub Registrar has also been reminded vide this office letter No.15913/Rev/LA/Audit Para dated 11-08-2020 to contact with acquiring department for transfer/registration of the acquired land. So it is the responsibility

of the acquiring department to contact with Sub Register for registration/transfer of the land. So far scheme at S.No.7 is concerned, the land has been transfer/registered on the name of PEDO by Sub Register Dir Lower. Furthermore all the amount when received from acquiring department always deposited into government treasury under head G-11215, Revenue Deposit through proper challan and after issuance of award the amount of land compensation is sent to the Tehsildar concerned and registration fee stamp duty and District Council Fee is sent to Sub Registrar Dir Lower for further process. The reply is not convincing as 2% property tax transfer slip/ deposit slip was not produced.

Non transfer of the 2% property tax to the quarter concerned was due to weak internal controls which resulted in illegal retaining and blockage of money.

Audit suggests immediate transfer of the amount of 2% property tax to the TMA concerned.

The irregularity occurred due to weak internal control, which resulted in loss to the Government.

Request for convening of DAC meeting was made in July 2020, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends immediate payment of land compensation to the concerned land owners duly supported by documentary proofs.

AIR 2019-20 Para-08

2.5.2.2 Irregular expenditure on account of Conveyance charges 1.862 million

According to Rule-157 of Treasury Rules Vol-I the cheques for more than Rs 200/- drawn in favor of local bodies, firms private persons or Government servants (in respect of their personal Claims) shall be crossed "Payees A/C

Only”. This Rule will however not apply to Federal Govt. Servants in r/o pay and allowances up to Rs. 2000/- per month.

The District Education Officer Female, Dir Lower during the year 2019-20 drawn Rs.1.862 million on account of Conveyance charges and disbursed among staff in cash. Audit noticed that the amount of conveyance charges shown paid to the staff through DDO in cash in violation of rules instead of direct crediting system through their bank account.

The irregularity occurred due to weak internal control, which resulted in loss to the Government.

Request for convening of DAC meeting was made in November 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends conducting detail enquiry and payment of conveyance charges through direct credit system.

2.5.2.3 Non deposit registration fee amount-Rs.1.792 million

According to Para 8 and 26 of the General Financial Rules Volume I, each administrative department to see that the dues of the government are correctly and promptly assessed, collected and paid into Government Treasury.

During audit of the accounts record of Deputy Commissioner Dir Lower for the year 2019-20 it was noticed that an amount of Rs 1,792,796 was received on account of 0.5% registration fee but such amount was not deposited in government treasury, Detail is given below:

| S# | Name of scheme | Total cost of land (Rs) | Registration fee |
|-----------|---|--------------------------------|-------------------------|
| 1 | Construction of Talash Kalpani By Pass | 314,826,300 | 1,574,131 |
| 2 | Acquisition of land for Dumping Ground | 4,357,166 | 21,785 |
| 3 | Acquisition of land for Graveyard Talash | 819,720 | 4,098 |
| 4 | Acquisition of land for Graveyard Bajawro UC Babdagai | 1,051,974 | 5,259 |
| 5 | Acquisition of land for Graveyard Banrgay Talash | 7,693,224 | 38,466 |

| | | | |
|---|---|--------------------|------------------|
| 6 | Acquisition of land for Graveyard Wasam Korona Talash | 1,912,680 | 9,563 |
| | Acquisition of land for Koto Hydro power project | 27,898,864 | 139,494 |
| | Total | 530,131,242 | 1,792,796 |

When pointed out in July, 2020 the management replied that the amount of Registration Fee, Stamp duty and District Council/TMA Fee have been sent to the Sub Registrar for Registration of acquired land to the name of acquiring department of the schemes from S.No.1-6 vide this office letter No.1634/Rev/65 dated 29-01-2020, No.944/Rev/Dumping Ground/87 dated 20-01-2020 & No.13041/Rev/LA dated 28-10-2019 In which the acquiring department have been directed to contact with Sub Registrar for Registration of their acquired land. The Sub Registrar has also been reminded vide this office letter No.15913/Rev/LA/Audit Para dated 11-08-2020 to contact with acquiring department for transfer/registration of the acquired land. So it is the responsibility of the acquiring department to contact with Sub Register for registration/transfer of the land. So far scheme at S.No.7 is concerned, the land has been transfer/registered on the name of PEDO by Sub Register Dir Lower. The reply is not convincing as no proof of registration fees deposit was produced.

Non deposit was due to weak internal controls which resulted in loss to Government.

Audit suggests recovery of less deposit and action against the person(s) at fault.

The irregularity occurred due to weak internal control, which resulted in loss to the Government.

Request for convening of DAC meeting was made in July 2020, however, meeting of DAC could not be convened till finalization of this report

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

AIR 2019-20 Para-09

2.5.2.4 Non-deposit of Stamp Duty into Government treasury – Rs3.611 million

According to Para 28 of GFR Vol.-I, no amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

Deputy Commissioner Lower Dir did not deduct for Rs.3,611,535 as Stamp duty on account of land acquisition during the financial year 2019-20. However, the amount of stamp duty was not deposited into Government Treasury. Detail is as under:

| S# | Name of scheme | Total cost of land (Rs) | 1% S/duty |
|--------------|---|-------------------------|------------------|
| 1 | Construction of Talash Kalpani By Pass | 314,826,300 | 3,148,263 |
| 2 | Acquisition of land for Dumping Ground | 4,357,166 | 65,358 |
| 3 | Acquisition of land for Graveyard Talash | 819,720 | 12,295 |
| 4 | Acquisition of land for Graveyard Bajawro UC Babdagai | 1,051,974 | 10,519 |
| 5 | Acquisition of land for Graveyard Banrgay Talash | 7,693,224 | 76,932 |
| 6 | Acquisition of land for Graveyard Wasam Korona Talash | 1,912,680 | 19,180 |
| 7 | Acquisition of land for Koto Hydro power project | 27,898,864 | 278,988 |
| Total | | 530,131,242 | 3,611,535 |

The irregularity occurred due to weak internal control, which resulted in loss to the Government.

When pointed out in July, 2020 the management replied that the amount of Registration Fee, Stamp duty and District Council/TMA Fee have been sent to the Sub Registrar for Registration of acquired land to the name of acquiring department of the schemes from S.No.1-6 vide this office letter No.1634/Rev/65 dated 29-01-2020, No.944/Rev/Dumping Ground/87 dated 20-01-2020 & No.13041/Rev/LA dated 28-10-2019 (copies enclosed). In which the acquiring department have been directed to contact with Sub Registrar for Registration of their acquired land. The Sub Registrar has also been reminded vide this office letter No.15913/Rev/LA/Audit Para dated 11-08-2020 to contact with acquiring

department for transfer/registration of the acquired land. So it is the responsibility of the acquiring department to contact with Sub Register for registration/transfer of the land. So far scheme at S.No.7 is concerned, the land has been transfer/registered on the name of PEDO by Sub Register Dir Lower. The reply is not convincing as deposit slip of stamp duty is not produced.

Non-depositing of stamp duty was occurred due to weak internal control, which resulted in loss to the Government.

Audit recommends depositing of stamp into government treasury and action against the person(s) at fault.

The irregularity occurred due to weak internal control, which resulted in loss to the Government.

Request for convening of DAC meeting was made in July 2020, however, meeting of DAC could not be convened till finalization of this report

Audit Recommends recovery and depositing into Government treasury and action against the person at fault.

AIR 2019-20 Para-11

2.5.3 Others, including cases of accidents, negligence etc.

2.5.3.1 Non-submission of vouchers/ accounts for Rs. 12.682 million to the functionaries of the Education Department and third party validation

As per Serial No. 6 Part-B of the Annexure to PTC Guidelines, issued by the Government of the Khyber Pakhtunkhwa Elementary and Secondary Education Department, the vouched accounts shall be subject to inspection by the functionaries of the Education Department and third party validation.

During scrutiny of record of District Education Officer Female, Dir Lower it was observed that relevant record of actual expenditure incurred by PTCs i.e. Cashbook, bank statements, payment vouchers etc were not produced to audit for verification nor submitted to DEOs concerned for inspection by the functionaries of Education Department and third party validation.

| Sr. No. | PTC fund | F.Year | Amount (Rs) |
|---------|-------------------------|---------|-------------------|
| 1 | A03970-039-CRC | 2019-20 | 5,932,500 |
| 2 | A13303-009-Petty repair | 2019-20 | 6,750,000 |
| Total | | | 12,682,500 |

Non submission of vouched accounts occurred due lack of financial management which resulted in violation of PTC Guidelines.

The irregularity occurred due to weak internal control, which resulted violation of rules.

Request for convening of DAC meeting was made in November 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends PTCs shall maintain complete record and shall also submit copies thereof to the DEO concerned and appropriate effort be made to submit vouched accounts under intimation to Audit.

2.5.3.2 Irregular expenditure on account of TA – Rs 1.836 million

Rule 174 of CTR Vol-I states, that all payment must be supported with acknowledgement. Treasury Rule 205 mandates that vouchers for the withdrawal of money from the government account be submitted setting forth clear and full particulars for the withdrawal.

District Education Officer Female, Dir Lower incurred expenditure of Rs.1836240 on account of TA/DA during 2019-20. However TA claims, approved tour programs and attendance certificates were not available on record.

Rush manner expenditure during the month of June without supporting vouchers occurred due to weak internal control which resulted in unverified payments, misappropriation of which can also not be ruled out.

Request for convening of DAC meeting was made in November 2020, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends investigation, recovery from the concerned and action against persons at fault.

2.5.3.3 Non transfer/registered of land to the name of acquiring government Department Rs-311.791 million

According to Para VI of the second schedule of Khyber Pakhtunkhwa District Government Rules of Business 2015, District Administration will maintain record of Assets & Liabilities of the District.

Deputy Commissioner Dir Lower paid Rs.311,791,242 on purchase of land for various departments during the financial year 2019-20. However, lands were not transfer/registered in the name of acquiring departments. Details is as under:

| S# | Name of scheme | Cost of the land (Rs) |
|----|---|-----------------------|
| 1 | Construction of Talash Kalpani By Pass | 273,762,000 |
| 2 | Acquisition of land for Dumping Ground | 3,788,840 |
| 3 | Acquisition of land for Graveyard Talash | 712,800 |
| 4 | Acquisition of land for Graveyard Bajawro | 914,760 |
| 5 | Acquisition of land for Graveyard Banrgay Talash | 6,689,760 |
| 6 | Acquisition of land for Graveyard Wasam Korona Talash | 1,663,200 |
| 7 | Acquisition of land for Koto Hydro power project | 24,259,882 |
| | Total | 311,791,242 |

When pointed out in July 2020, management stated that the amounts have been sent to the Sub Registrar for Registration of acquired land to the name of acquiring department of the schemes, the acquiring department have been directed to contact with Sub Registrar for Registration of their acquired land. So it is the responsibility of the acquiring department to contact with Sub Register for registration/transfer of the land. So far scheme at S.No.7 is concerned, the land has been transfer/registered on the name of PEDO by Sub Register Dir Lowe. Reply was not convincing as no documentary proof was given, which shows that the land was transferred in the name of acquiring department/ office.

Non transfer of land in the acquiring department occurred due to weak internal control, which resulted irregularity and loss to Government.

The irregularity occurred due to weak internal control, which resulted in loss to the Government.

Request for convening of DAC meeting was made in July 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends immediate transfer/registration of land to the name of acquiring departments.

AIR 2019-20 Para-03

2.5.3.4 Non-submission of vouchers/ accounts for Rs. 25.00million to the functionaries of the Education Department and third party validation.

As per Serial No. 6 Part-B of the Annexure to PTC Guidelines, issued by the Government of the Khyber Pakhtunkhwa Elementary and Secondary Education Department, the vouched accounts shall be subject to inspection by the functionaries of the Education Department and third party validation

During scrutiny of record of District Education Officer Male, Dir Lower it was observed that relevant record of actual expenditure incurred by PTCs i.e. Cashbook, bank statements, payment vouchers etc were not produced to audit for verification nor submitted to DEOs concerned for inspection by the functionaries of Education Department and third party validation.

| Sr. No. | PTC fund | F.Year | Amount (Rs) |
|----------------|-------------------------|---------------|--------------------|
| 1 | A03970-039-CRC | 2019-20 | 11,750,000 |
| 2 | A13303-009-Petty repair | 2019-20 | 13,250,000 |
| Total | | | 25,000,000 |

The irregularity occurred due to weak internal control, which resulted violation of rules.

Request for convening of DAC meeting was made in November 2020, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends PTCs shall maintain complete record and shall also submit copies thereof to the DEO concerned and appropriate effort be made to submit vouched accounts under intimation to Audit.

2.5.3.5 Misappropriation / Doubtful expenditure - Rs 23.26 million

According to Para 4 of the financial procedure for Parents-Teachers-Council, notified vide Government of Khyber Pakhtunkhwa Finance Department letter No.BO-V/FD/3-10/2006-07 dated 9th June 2007, the District Education Officer of the respective district Government shall accord administrative sanction

and EDO (Finance & Planning)/Deputy Commissioner shall issue financial sanction for the transfer of funds from the district Account-IV to the bank account of the Parents-Teachers-Councils. These funds shall be transferred/credited upfront in the bank account of the Councils by the respective District Accounts Officers.

District Education Officer Male, Dir Lower drew Rs. 23.26 million from Government treasury on account of ADP Funds and transferred to PTCs vide cheque No. 0880746 dated 13.12.2019 on account of Conditional grant and play Area during the year 2019-20 but no supporting vouchers found obtained on record nor produced to Audit which leads that the amount have been misappropriated by the dealing hands.

The lapse occurred due to weak internal control, which resulted in unauthentic payment. Moreover chances of misappropriation cannot be ruled out.

Request for convening of DAC meeting was made in November 2020, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends fixing responsibility on the persons at fault for unauthorized withdrawal and non production of relevant record.

2.5.3.6 Irregular expenditure of Rs 20 million and Non-Reconciliation of ADP fund

According to Accounts Manual Part-IX the reconciliation of transactions of Receipts and expenditure under the head of Salary, Non-Salary, District ADP and Zilla tax, shall be made month wise with bank and account office.

During scrutiny of record of District Education Officer Male, Dir Lower it was observed that an amount of Rs. 20.00 million released to DEO Male, Dir Lower during the year 2019-20 through Provincial PDMA / PARSA in district Dir Lower. The subject amount was shown incurred on account of purchase of Furniture and science equipment fund etc but actual demand of the schools were not obtained and proper stock taking of the delivered items was not done. More

over reconciliation of budget and expenditure was not carried out with DAO besides the fact that the issue of reconciliation was highlighted by State Bank of Pakistan during May 2018.

The lapse occurred due to weak internal control, which resulted in unauthentic payment. Moreover chances of misappropriation cannot be ruled out.

Request for convening of DAC meeting was made in November 2020, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends that reconciliation may be conducted at an earliest and exact position of funds be communicated.

2.5.3.7 Irregular Expenditure on account of Play Area-Rs18.960 million

Para 72 of CPWA code states that Vouchers setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts must support every payment for whatever purpose.

Rule 28 (2) of FTR Vol-I lays down that Govt: officer supplied with funds for expenditure shall be responsible for such funds until an account of them has been rendered to the satisfaction of the concerned controlling officer.

The DEO (Male) Dir lower drew Rs18,960,000 from government treasury on account of Special Initiative Development for Play Ground in Government Primary Schools (Female) for 31 schools (provision of recreational facilities like monkey bars, swing etc) under ADP 175/180501 during the financial year 2019-20 and transferred Rs 120,000 per schools. However, audit noticed the following irregularities: -

1. The amount of Rs 18,960,000 was drawn from Government treasury and deposited in the designated account of DEO (male) Dir Lower instead of transfer to PTCs account of the schools concerned which was unauthorized.

2. Implementation/utilization report & vouchers of the fund was not maintained. Therefore, veracity of the expenditures remained doubtful.
3. Certificate to the effect that such fund/facilities under any other scheme/imitative have not been provided to these schools as required under the Secretary to govt KPK Elementary & Secondary Education Department Letter No.CPO/SPO-III/SO/E&SE/Dev:of play Area/2017-18 dated 27-11-2017.
4. Specifications of the recreational items to be procured by the PTC were neither endorsed to the PTCs/Schools concerned nor available on record. Therefore standard of the procuring items remain unauthentic.
5. Administrative inspection of the work was not carried out by the local office nor was reported by the school concerned.

The irregularity occurred due to weak internal control, which resulted violation of rules.

Request for convening of DAC meeting was made in November 2020, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends enquiry to investigate the proper utilization of funds.

2.5.3.8 Unjustified payment of electricity charges to PESCO on behalf of Pak Army from District Account IV-Rs. 5.00 million

According to para 10(i) of GFR volume-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Deputy Commissioner, Dir Lower incurred expenditure of Rs.-5,001,857 on account of electricity charges in 2019-20. Record revealed that the payment was made to PESCO on behalf of Pak Army check post situated in District Dir Lower and Chakdara fort out of the regular budget of Account-IV of the office of the Deputy Commissioner without any agreement with the District Government.

Audit held that payment of electricity charges from the budget allocation of the DC office was absolutely unjustified. Detail is as under:

| S.No | Name of office | Amount (Rs) |
|------|---|------------------|
| 1 | Commandant Dir Scout S/bagh | 15,541 |
| 2 | Commandant Dir Scout Chakdara | 1,263,733 |
| 4 | Commandant Dir Scout tora Ghundai munda water pump | 279,424 |
| 5 | Commandant Dir Scout tora Ghundai | 1,808,319 |
| 6 | Mohammad Asim Khan Commandant Dir Scout Dokrai Maidan | 1,634,840 |
| | Total | 5,001,857 |

When pointed out in July 2020, management stated that the payment of Army Check Posts electricity charges has been made for last ten years by this office when Army was deployed in this District for Law and order situation. Whenever this office has refused to pay the electricity charges of the army check posts their bills have been cleared through at source payment and the same has been deducted from the PFC share of this District. The payment in this connection has been stopped since 1-2-2020. The reply is not convincing as Pak Army should get pay as well as other expenditure from their concerned department. The payment of such huge electricity bills from District Government account-IV was unjustified.

Un-justified huge electricity bills payment occurred due to weak administrative and financial control of District Government over Federal Government Department, which resulted unjustified expenditure out District Government Account-iv.

The irregularity occurred due to weak internal control, which resulted violation of rules.

Request for convening of DAC meeting was made in July 2020, however, meeting of DAC could not be convened till finalization of this report

Audit suggests that payment made on behalf of Army may be justified.

AIR 2019-20 Para-04

2.5.3.9 Irregular Expenditure on account of Play Area-Rs3.720 million

Para 72 of CPWA code states that Vouchers setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts must support every payment for whatever purpose.

Rule 28 (2) of FTR Vol-I lays down that Govt: officer supplied with funds for expenditure shall be responsible for such funds until an account of them has been rendered to the satisfaction of the concerned controlling officer.

The District Education Officer Female, Dir Lower drew Rs 3,700,000 from government treasury on account of Special Initiative Development for Play Ground in Government Primary Schools (Female) for 31 schools (provision of recreational facilities like monkey bars, swing etc) under ADP 175/180501 during the financial year 2019-20 and transferred Rs 120,000 per schools. However, audit noticed the following irregularities: -

1. The amount of Rs 3,700,000 was drawn from Government treasury and deposited in the designated account of DEO (male) Dir Lower instead of transfer to PTCs account of the schools concerned which was unauthorized.
2. Implementation/utilization report & vouchers of the fund was not maintained. Therefore, veracity of the expenditures remained doubtful.
3. Certificate to the effect that such fund/facilities under any other scheme/initiative have not been provided to these schools as required under the Secretary to govt KPK Elementary & Secondary Education Department Letter No.CPO/SPO-III/SO/E&SE/Dev:of play Area/2017-18 dated 27-11-2017.
4. Specifications of the recreational items to be procured by the PTC were neither endorsed to the PTCs/Schools concerned nor available on record. Therefore standard of the procuring items remain unauthentic.
5. Administrative inspection of the work was not carried out by the local office nor was reported by the school concerned.

The irregularity occurred due to weak internal control, which resulted violation of rules.

Request for convening of DAC meeting was made in November 2020, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends enquiry to investigate the proper utilization of funds.

2.5.3.10 Un authorized transfer of A/C 1V fund to non devolved institute - Rs-2.00 million

Local Government Act 2013 Section 41 Personal responsibility with regard to loss and waste.(1) Every official or servant of a local government, every member of a local council, and every person charged with administration and management of property of a local government shall be personally responsible for any loss or waste, financial or otherwise, of any property belonging to a local government which is a direct consequence of decisions made by him personally or under his directions in violation of this Act or any other law for the time being in force or which accrues as a result of his negligence or misconduct, and shall be liable to pay such surcharge as may be determined by the respective Accounts Committee and such amount shall be recoverable as arrears of land revenue.

According to Section 12 of the Local Government Act 2013 and First Schedule, DHQ is not a devolved department.

District Health Officer Dir lower received 12,000,000 from the District Administration (DC Office) on account of emergency fund for Coved 19, out of which the local office spent Rs.1,998,460 on purchase of medicines and other equipments for DHQ Hospital. According to Section 12 of the Local Government Act 2013 DHQ is not a devolved department. Thus the expenditure made was clear violation of the above mentioned criteria which need immediate recoupment in A/C 1V, but the local office failed to do so.

When pointed out in July/ August 2020, management stated that detail of purchase of medicine be collected from DHQ and will be produced to audit. Reply was not convincing as the record was available but expenditure was spent on non devolved Department.

The irregularity occurred due to weak internal control, which resulted violation of rules.

Request for convening of DAC meeting was made in August 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends enquiry into a probable cause of unauthorized expenditure.

AIR 2019-20 Para-02

2.5.3.11 Non reporting of clinical efficacy of medicines valuing –Rs 8.953 million

According to Para H of the Director General Health Services Khyber Pakhtunkhwa Peshawar letter No 18085-1909/DD(Preg/Reg/Drugs) dated 11.09.2019, the purchasing entity shall submit quarterly reports regarding the clinical efficacy of the MCC approved brands of medicines, surgical disposables etc used at their ends. In case of failure, disciplinary action may be initiated against the in charge of purchasing entity.

During financial year 2019-20, District Health Officer Dir lower purchased medicines amounting to Rs 8,953,056 from various suppliers and issued to various health facilities. However, the clinical efficacy reports of the medicines were not submitted to the quarter concerned which was contrary to the above instructions. Details are as annexure -2.

Non reporting of clinical efficacy occurred due to weak internal controls, which caused non compliance of Government orders.

When pointed out in July/ August 2020, management stated that the report will be collected from the health units. Reply was not convincing as no evidence of report was produced.

Request for convening of DAC meeting was made in August 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends that clinical efficacy of medicines must be performed and reported to the higher authorities besides fixing responsibility on the person(s) at fault.

AIR 2019-20 Para-10

2.5.3.12 Non maintenance of proper record of receipts of Shaheen, Red Crescent and scouts funds

Section 41 of Local Government Act 2013 provides, “every official or servant of a local government, every member of a local council, and every person charged with administration and management of property of a local Government shall be personally responsible for any loss or waste, financial or otherwise, of any property belonging to a local Government which is a direct consequence of decisions made by him personally or under his directions in violation of this Act or any other law for the time being in force or which accrues Khyber Pakhtunkhwa Local Government Act, 2013 as a result of his negligence or misconduct, and shall be liable to pay such surcharge as may be determined by the respective Accounts Committee and such amount shall be recoverable as arrears of land revenue.

During audit of the accounts of District Education Officer (Male) Dir Lower for the financial year 2019-20, receipt record of Shaheen, Red Crescent and Boys Scout funds was not maintained by the local office More over detail of deposits from various schools and further disbursement was not produced to audit.

Non-maintenance of record and non provision of detail occurred due to weak internal and financial controls of the local office.

Request for convening of DAC meeting was made in November 2020, however, meeting of DAC could not be convened till finalization of this report.

Audit suggests completion of record and inquiry in the matter besides action against the person(s) at fault.

2.5.3.13 Irregular withdrawal from Government treasury without sanction of the competent authority -Rs.13.672 million

According to Para 4 of the financial procedure for Parents-Teachers-Council, notified vide Government of Khyber Pakhtunkhwa Finance Department letter No.BO-V/FD/3-10/2006-07 dated 9th June 2007, the District Education Officer of the respective district Government shall accord administrative sanction and EDO (Finance & Planning)/Deputy Commissioner shall issue financial sanction for the transfer of funds from the district Account-IV to the bank account of the Parents-Teachers-Councils. These funds shall be transferred/credited upfront in the bank account of the Councils by the respective District Accounts Officers.

District Education Officer (Female) Dir Lower withdrew Rs. 13,672,000 from Government treasury on account of District ADP, Conditional Grant, CRC and Petty Repairs during financial year 2018-19 without sanction of the competent authority.

Irregularity occurred due to weak financial control which resulted in violation of rules.

When pointed out in August 2019, the management stated that the local office will be obtained Ex-post facto to sanction from the competent authority and expenditure will be regularized of the amount drawn from government treasury during the financial year 2018-19 excluding the amount drawn under ADP Schemes as no sanction is require for the utilization of ADP schemes fund under the rules.

Request for convening of DAC meeting was made in September 2019, however, meeting of DAC could not be convened till finalization of this report

Audit recommends regularization from the competent authority.

AIR 2018-19 Para-09

CHAPTER-3

Tehsil Municipal Administration

3.1 Introduction

District Dir Lower has seven TMA i.e. Chakdara, Munda, Timgergara, Samarbagh, Balambat, Khal and Lal Qila. The office of a Tehsil Municipal Administration is managed by the Tehsil Municipal Officer. He is assisted by a Tehsil Officer (Finance), a Tehsil Officer (Regulation) and a Tehsil Officer (Infrastructure).

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

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

Detail of Audit Planed formations expenditures and receipts

| S.No. | Description | Total Nos | Audited | Expenditure audited FY 2018-19 (Rs. in million) | Revenue /Receipts audited FY 2019-20 (Rs. in million) |
|-------|---|-----------|---------|---|---|
| 1. | Authorities/Autonomous Bodies etc under the PAO | 7 | 7 | 371.852 | 125.282 |

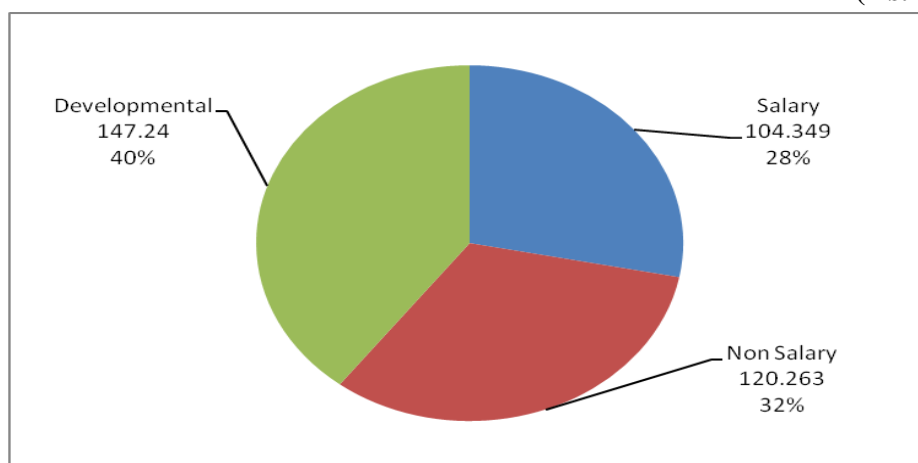
3.2 Comments on Budget and Accounts (Variance Analysis)

| TMAs | | | | |
|--------------------------------|----------------|------------------------------|-----------------|---------------|
| 2019-20 | Budget | Actual Expenditure/ Receipts | (Saving)/Excess | %age |
| Salary | 115.868 | 104.349 | 11.519 | 10% |
| Non Salary | 141.159 | 120.263 | 20.896 | 15% |
| Developmental (Local Fund+PFC) | 468.164 | 147.240 | 320.924 | 69% |
| Total | 725.191 | 371.852 | 353.339 | 49% |
| Receipts | 125.717 | 125.282 | 0.435 | 0.346% |

The savings of Rs 353.339 million indicate inefficiency in the capacity of Tehsil Municipal Administration Departments to utilize the amount allocated fund.

EXPENDITURE 2019-2020

(Rs. in million)



3.3 Classified Summary of Audit observations

Audit observations amounting to Rs.76.622 million were raised as a result of this audit. This amount also included recoverable of Rs. 20.617 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

| Sr. No. | Classification | Amount (Rs.) |
|--------------|---|---------------|
| 1 | Irregularities | |
| A | HR/Employees related irregularities | 5.288 |
| B | Procurement related irregularities | 7.769 |
| C | Management of Accounts with commercial bank | 23.830 |
| 2 | Value for money and service delivery issues | 18.394 |
| 3 | Others, including cases of accidents, negligence etc. | 21.341 |
| Total | | 76.622 |

3.4 Comments on the status of compliance with Tehsil Accounts Committee directives

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

| S # | Audit Year | TAC meeting |
|-----|------------|--------------|
| 1. | 2002-03 | Convened |
| 2. | 2003-04 | Not convened |
| 3. | 2004-05 | Not convened |
| 4. | 2005-06 | Not convened |
| 5. | 2006-07 | Not convened |
| 6. | 2007-08 | Not convened |
| 7. | 2008-09 | Not convened |
| 8. | 2009-10 | Not convened |
| 9. | 2010-11 | Not convened |
| 10. | 2011-12 | Convened |
| 11. | 2012-13 | Not convened |
| 12. | 2013-14 | Not convened |
| 13. | 2014-15 | Not convened |
| 14. | 2015-16 | Not convened |
| 15. | 2016-17 | Not convened |
| 16. | 2017-18 | Not convened |
| 17. | 2018-19 | Not convened |
| 18. | 2019-20 | Not convened |

3.5 AUDIT PARAS

3.5.1 Irregularities

A. HRA Irregularities

3.5.1.1 Unauthorized cash drawl of salaries and pension contribution from Security Account – Rs 5.288 million

According to Rule 12 (1) of Chapter- IV of the Khyber Pakhtunkhwa Local Councils Accounts Rules 1980, where the Local Fund is kept in a treasury or bank no payment exceeding Rs 500 shall be made except by means of a cross Cheque.

TMO Munda Dir Lower drew Rs 5,288,095 in cash from Security Account No.0363-79003363-03 HBL Munda on account of salaries and pension contribution during 2019-20 which was unauthorized as the security account is a liability of TMA to be paid on maturity to contractors through cross cheques and not for regular expenditure. Moreover cash book of the security account was not maintained to verify the receipts and payment and actual balance of contractors which leads to misappropriation by the dealing hands.

| S.No | Particulars | Cheque No | Date | Amount (Rs) |
|------|-------------------------------------|-----------|--------------|------------------|
| 1 | Salary for 6/2019 | 00091 | 2.7.2019 | 968,718 |
| 2 | Salary for 11/2019 | 00111 | 28.11.2019 | 729,522 |
| 3 | Daily Wage Pay | 00112 | 30.11.2019 | 182,000 |
| 4 | Salary for 12/2019 | 00128 | 02.01.2020 | 722,866 |
| 5 | Daily Wage Pay | 00129 | 02.01.2020 | 143,000 |
| 6 | Salary for 2/2020 | 00133 | 28.2.2020 | 591,381 |
| 7 | Daily Wage Pay | 00134 | 28.2.2020 | 175,000 |
| 8 | 2% LCB Share & Pension Contribution | 00130 | 6.3.2020 | 1,016,384 |
| 9 | Salary for 5/2020 | 00135 | 20.5.2020 | 616,224 |
| 10 | Daily Wage Pay | 00136 | 20.5.2020 | 143,000 |
| | | | Total | 5,288,095 |

Unauthorized cash drawl was occurred due to weak financial control, which resulted in violation of rules.

When pointed out in August 2020, management stated that this office deposited 20% advance amount of the contracts in security account. Reply was not satisfactory as the cash drawl from security account was unauthorized. Moreover the 20% advance was required to be adjusted at the end of the year.

The irregularity occurred due to weak internal control, which resulted violation of rules.

Request for convening of DAC meeting was made in August 2020, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends investigation besides recoupment of amount drawn from security account under intimation to audit.

AIR 2019-20 Para-03

B. Procurement related irregularities

3.5.1.2 Irregular expenditure on installation of HDPE pipes-Rs 2.733 million

According to circular No11/Dev-14/PHE (N) dated 14-7-2015 in order to stop the entry of the sub-slandered product the field staff must be instructed to adopt the following quality assurance steps for compliance.

- i. Original Manufacturer/confirmation through his letter head and seal.
- ii. Gate Pass No./Sales Tax invoice.
- iii. Confirmation that manufacturers all documents are original
- iv. Code No, on Product (year, month, date)

Tehsial Municipal Officer Khall incurred an expenditure of Rs 2,733,415 on account of Supply and Fixing HDPE pipes in Water supply Schemes in the financial year 2019-20. On scrutiny of record, it was observed that that the Local office did not adopt the following quality assurance steps to ensure the quality of pipes as well as the health of the people of locality.

- i. Original Manufacturer/confirmation through his letter head and seal

- ii. Gate Pass No./Sales Tax invoice.
- iii. Confirmation that manufacturers all documents are original
- iv. Code No, on Product (year, month, date).

In the absence of the above mentioned documents the entry of substandard Pipes cannot be rolled out. Detail is as under:

| S.No | Name of Scheme | Amount |
|------|--|------------------|
| 01 | DWSS Hasan Zeb Akbar Said, Safiq Usman Korona | 432,657 |
| 02 | DWSS Habib Khel Korona VC Goonai | 540,270 |
| 03 | DWSS Gaounai Band Potay Seer UC Tomong 1 | 540,675 |
| 04 | DWSS VC Kanul tal VC Adokay daab, Luqman Banda | 756,657 |
| 05 | DWSS Hamza UC Toormany | 463,156 |
| | Total | 2,733,415 |

The irregularity occurred due to weak internal control, which resulted in violation of Government instruction.

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

The irregularity occurred due to weak internal control, which resulted violation of rules.

Request for convening of DAC meeting was made in December, 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends enquiry into a probable cause of irregularity.

AIR 2019-20 Para-02

3.5.1.3 Irregular expenditure on installation of HDPE – Rs 5.036 million

According to circular No11/Dev-14/PHE (N) dated 14-7-2015 in order to stop the entry of the sub-standard product the field staff must be instructed to adopt the following quality assurance steps for compliance.

- i. Original Manufacturer/confirmation through his letter head and seal.
- ii. Gate Pass No./Sales Tax invoice.
- iii. Confirmation that manufacturers all documents are original
- iv. Code No, on Product (year, month, date)

Tehsil Municipal Officer, TMA Balambat Dir Lower incurred expenditure of Rs 5,036,081 on account of supply and fixing HDPE pipes in various water supply schemes during the financial year 2019-20. On scrutiny of record, it was observed that that the Local office did not adopt the following quality assurance steps to ensure the quality and health of the people of locality.

- i. Original Manufacturer/confirmation through his letter head and seal.
- ii. Gate Pass No./Sales Tax invoice.
- iii. Confirmation that manufacturers all documents are original
- iv. Code No, on Product (year, month, date).

In the absence of the above mentioned documents, the execution of substandard pipes could not be ruled out. Detail is as under:

| S. No. | Name of scheme | Amount (Rs) |
|--------|---|------------------|
| 01 | DWSS/ Pipe line ward Balambat | 291,929 |
| 02 | DWSS ward Munjai | 194,585 |
| 03 | DWSS Ward Rabat | 241,554 |
| 04 | DWSS ward Labok HDPE | 201,295 |
| 05 | DWSS ward Labok GI Pipe | 89,531 |
| 06 | Const of open well & HDPE pipe at Ward koto | 528,766 |
| 07 | Const of open well & HDPE pipe wad Balambat | 872,280 |
| 08 | DWSS open well ward Moyai | 670,984 |
| 09 | DWSS Pipe line ward lajbok HDPE Pipe | 500,238 |
| 10 | --do--G.I. Pipe | 89,531 |
| 11 | DWSS Open Well ward Hayaserai | 603,886 |
| 12 | Installation of hand pumps ward Hayaserai | 268,394 |
| 13 | DWSS VC Darmalpayeen | 483,108 |
| | Total | 5,036,081 |

Audit observed that non-compliance of the field staff occurred due to weak internal control, which resulted in violation of Government instruction.

The irregularity occurred due to weak internal control, which resulted violation of rules.

Audit suggests to regularize the expenditure.

AIR 2019-20 Para-08

Management of Accounts with Commercial Banks

3.5.1.4 Unauthorized transfer of fund to commercial bank Rs 7.800 million

According to Government of Khyber Pakhtunkhwa Finance Department letter No 2/3-(F/L)-FD/2016/Vol-X dated 14-07-2017, Para 3(ii) that no funds should be kept in any Bank account by any Drawing and Disbursing Officer unless expressly authorized by the Finance Department. Moreover current accounts may be converted to PLS mode and profit earned be deposited in Government treasury under relevant head of account immediately not later than a week when declared by the concerned bank.

Tehsil Municipal Officer Blambat Dir Lower transferred Rs 7,800,000 on account of developmental fund for 2019-20 from PLA to commercial bank Account No. NBP/4057679768 without approval of the Finance Department. Details are as under:

| S.No | Cheque No/ date | Bank/ Account No | Amount |
|------|---------------------|------------------|------------------|
| 1 | A525269/ 03.06.2020 | NBP/4057679768 | 3,500,000 |
| 2 | A524924/25.09.2019 | --do-- | 2,100,000 |
| 3 | A524279/21.08.2019 | --do-- | 2,200,000 |
| | | Total | 7,800,000 |

Unauthorized transfer occurred due to weak internal control, which resulted in violation of Government instructions.

When pointed out in December 2020, the management but did not respond to the observation.

Request for convening of DAC meeting was made in December, 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends approval of Finance department for transfer of funds to commercial bank under intimation to audit.

AIR 2019-20 Para-01

3.5.1.5 Loss due to placement of public funds in current bank account – Rs 5.429 million

According to Para 1 and 2 of Finance Department Khyber Pakhtunkhwa letter No. 2/3-(F/L)/FD/2007-08/Vol-IX dated 10th February 2014, Khyber Pakhtunkhwa Finance Department has from time to time allowed sanctioned Bank accounts in the commercial bank for various Departments/Autonomous/Semi- Autonomous Bodies/Corporations in Khyber Pakhtunkhwa for particular and specific purposes. Such accounts may be converted to PLS mode and the profit earned be deposited in Government Treasury under relevant head of account immediately and not later than a week when declared by the concerned bank.

TMO Samarbagh Dir Lower placed public funds in current designated bank accounts in various banks during financial year 2019-20. A handsome amount of Rs 35,731,797 was available in the accounts on 30th June 2020 without profit. Profit of Rs 5,429,465 could be earned during financial year 2019-20 at minimum rate of 8% due to which provincial receipts were understated which resulted in loss to the Government. Moreover, approval of Finance Department for opening of the designated bank accounts was also not available on record. Detail is as under:

| Account No. and bank branch | Balance in the accounts as on 31.12.2019 (Rs) | Minimum admissible profit @ 8% (Rs) | Balance in the accounts as on 30.06.2020 (Rs) | Minimum admissible profit @ 8% (Rs) | Total minimum admissible profit during 2019-20 (Rs) |
|--------------------------------|---|-------------------------------------|---|-------------------------------------|---|
| 1744-00172824-03 HBL Samarbagh | 8,189,371 | 655,150 | 17,166,373 | 1,373,310 | 2,028,460 |
| 1744-00175759-03 HBL Samarbagh | 13,845,654 | 1,107,652 | 9,084,314 | 726,745 | 1,834,397 |
| 1744-00180762-03 HBL Samarbagh | 4,332,437 | 346,595 | 7,780,335 | 622,427 | 969,022 |
| 4039778702 NPB Timergara | 4,940,618 | 395,249 | 872,337 | 69,787 | 465,036 |
| 01248-00-6 BOK Timergara | 828,438 | 66,275 | 828,438 | 66,275 | 132,550 |
| Total | 32,136,518 | 2,570,921 | 35,731,797 | 2,858,544 | 5,429,465 |

Maintenance of current designated bank accounts occurred due to violation of Government instructions which resulted in understatement in provincial receipts during the year.

When pointed out in August 2020, management stated that the aforementioned account has been changed to PLS, saving accounts and will be shown to the audit. Reply was not tenable as no documentary evidence was provided in support of reply.

The irregularity occurred due to weak internal control, which resulted violation of rules.

Request for convening of DAC meeting was made in December, 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends fixing responsibility for the loss sustained by the Government besides immediate conversion of current account into PLS mode.

AIR 2019-20 Para-03

3.5.1.6 Unauthorized transfer of developmental fund to commercial bank Rs 4.00 million

According to Government of Khyber Pakhtunkhwa Finance Department letter No 2/3-(F/L)-FD/2016/Vol-X dated 14-07-2017, Para 3(ii) that no funds

should be kept in any Bank account by any Drawing and Disbursing Officer unless expressly authorized by the Finance Department. Moreover current accounts may be converted to PLS mode and profit earned be deposited in Government treasury under relevant head of account immediately not later than a week when declared by the concerned bank.

TMO Munda Dir Lower transferred Rs 4,000,000 vide cheque No.A-525067 dated 24.06.2020 on account of developmental fund from PLA to commercial bank Account No.1728-24 HBL Munda Branch without approval of the Finance Department.

Unauthorized transfer occurred due to weak internal control, which resulted in violation of Government instructions.

When pointed out in August 2020, management stated that TMA was unable to pay the salaries of employees from local fund account, therefore under instructions of Provincial Government TMA can use the developmental fund for salaries and current expenditure. Reply was not satisfactory as authorization of Finance department for fund transfer from PLA to commercial bank was not obtained.

Request for convening of DAC meeting was made in August, 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends approval of Finance department for transfer of funds to commercial bank under intimation to audit.

AIR 2019-20 Para-01

3.5.1.7 Loss due to placement of public funds in current bank account – Rs 1.923 million

According to Para 1 and 2 of Finance Department Khyber Pakhtunkhwa letter No. 2/3-(F/L)/FD/2007-08/Vol-IX dated 10th February 2014, Khyber Pakhtunkhwa Finance Department has from time to time allowed sanctioned Bank accounts in the commercial bank for various Departments/Autonomous/Semi- Autonomous Bodies/Corporations in Khyber Pakhtunkhwa for particular

and specific purposes. Such accounts may be converted to PLS mode and the profit earned be deposited in Government Treasury under relevant head of account immediately and not later than a week when declared by the concerned bank.

TMO Munda Dir Lower placed public funds in current designated bank accounts in various banks during financial year 2019-20. A handsome amount of Rs 11,327,870 was available in the accounts on 30th June 2020 without profit. Profit of Rs 1,923,842 could be earned during financial year 2019-20 at minimum rate of 8% due to which receipts were understated. Moreover, approval of Finance Department for opening of the designated bank accounts was also not available on record. Detail is as under:

| Account No. and bank branch | Balance in the accounts as on 31.12.2019 (Rs) | Minimum admissible profit @ 8% (Rs) | Balance in the accounts as on 30.06.2020 (Rs) | Minimum admissible profit @ 8% (Rs) | Total minimum admissible profit during 2019-20 (Rs) |
|-----------------------------|---|-------------------------------------|---|-------------------------------------|---|
| 0363-79003363-03 HBL Munda | 8,510,985 | 680,879 | 6,969,077 | 557,526 | 1,238,405 |
| 00115-00-6 BOK Munda | 4,209,184 | 336,734 | 4,358,793 | 348,703 | 685,437 |
| Total | 12,720,169 | 1,017,613 | 11,327,870 | 906,229 | 1,923,842 |

Maintenance of current designated bank accounts occurred due to violation of Government instructions which resulted in loss to Government.

When pointed out in August 2020, management stated that progress will be shown to audit regarding conversion of current accounts to PLS mode.

3.5.1.8 Placement of funds in current Account -Rs 3.783 million

Finance Department Khyber Pakhtunkhwa Peshawar vide letter No. 2/3-(F/L)/FD/2007-08/vol-IX dated 10.02.2014, has allowed sanction of bank accounts in commercial banks for various departments/autonomous/corporation in KP and directed that such accounts may be converted into PLS mode and profit earned may be deposited into government treasury under the relevant head of account not later than a week when declared by the bank.

During Scrutiny of the record of Water & Sanitation Services Company Swat it was revealed that the Management placed Rs 15,465,219 in Bank of Khyber current account # CD 010580814 on 30/06/2019. As on 30/06/2020 the amount of Rs 31,825,629 was lying unspent in the account, Audit observed that by keeping the amount in current account resulted loss to Government and Company amounting to Rs 3,783,267 as detailed below:

| S.No | Date | Amount (Rs) | Bank of Khyber PLS profit per Annum (8%) (Rs) |
|-------------------|-----------|-------------|---|
| 1 | 30.6.2019 | 15,465,219 | 1,237,217 |
| 2 | 30.6.2020 | 31,825,629 | 2,546,050 |
| Total Loss | | | 3,783,267 |

Placement of huge funds in current bank account occurred due to weak financial controls, which resulted in loss to Government.

Request for convening of DAC meeting was made in August, 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends fixing responsibility for the loss sustained by the Government besides immediate conversion of current account into PLS mode.

AIR 2019-20 Para-02

3.5.1.9 Non conversion of current account in to PLS bank accounts- Rs.4.678 million

According to para 1 and 2 of Finance Department Khyber Pakhtunkhwa letter No.2/3-(F/L)FD/2207-08/Vol-IX dated 10-2-2014, Khyber Pakhtunkhwa Finance Department has from time to time allowed sanctioned bank accounts in the commercial bank for various departments/autonomous/semi-autonomous bodies/corporations in Khyber Pakhtunkhwa for particular and specific purposes. Such accounts may be converted to PLS mode and the profit earned be deposited in Government Treasury under relevant head of account immediately and not later than a week when declared by the concerned bank.

During audit of the accounts of the office of the TMA Khall Dir Lower for the financial year 2019-20 it was noticed that the current designated bank accounts was maintained by the TMO. A handsome amount of Rs.4,678,990/- was available in the accounts without profit. Due to non-earning of profit, provincial receipts were understood which resulted in loss to the government.

Audit observed that maintenance of PLS designated bank accounts occurred due to violation of rules which resulted in understatement in provincial receipts during the year.

Non conversion of current account into PLS mode occurred due to weak internal control, which resulted irregularity and loss to Government.

When pointed out in December 2020, the management but did not respond to the observation.

Request for convening of DAC meeting was made in December, 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends immediate conversion of current accounts into PS mode and deposit the profit into Government Treasury when declared by the banks.

AIR 2019-20 Para-08

3.5.2 Value for money and service delivery issues

3.5.2.1 Non Imposition of Penalty for Incomplete Schemes- Rs 1.500 million

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

TMO Samarbagh Dir Lower failed to impose penalty of Rs 1,500,000 @ 10% of the estimated cost of Rs 15,000,000 of three (03) schemes which were not completed in stipulated time period as detailed below:

| Name of Scheme | Work Order date | Completion date | Actual completion | Delay | E.Cost (Rs) | 10% Penalty (Rs) |
|--|-----------------|-----------------|---------------------------------|--------------|-------------------|------------------|
| PCC Road at Nikhan Banda UC Kambat | 7.5.18 | 7.11.2018 | Still incomplete i.e. 28.8.2020 | 22 months | 5,000,000 | 500,000 |
| PCC Road at Manigai UC Maskinai | -do- | -do- | -do- | -do- | 5,000,000 | 500,000 |
| PCC Road at Gojaro Kali UC Sadbar Kali | -do- | -do- | -do- | -do- | 5,000,000 | 500,000 |
| | | | | Total | 15,000,000 | 1,500,000 |

Non imposition of penalty was occurred due to violation of rules, which resulted in loss to Government.

When pointed out in August 2020, management stated that full funds had not been released in these schemes therefore these schemes could not be completed in stipulated period. Reply was not satisfactory as penalty was required to be imposed as per agreement and work order.

Request for convening of DAC meeting was made in August 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends recovery of penalty under intimation to audit.

AIR 2019-20 Para-05

3.5.2.2 Loss due to fraudulent award of contracts of Bus Stands - Rs 11.421 million

According to Para 2 of the policy guidelines of contracts vide LG & RDD Local Council Board letter No. AO-II/LCB/6-11/2019 dated 26.04.2019, the Local Council shall fix different dates in one advertisement for auction of the contract of local taxes. If no reasonable bid is offered then another advertisement be got published in the renowned and widely circulated newspapers through Information Department. The same practice shall continue to achieve the maximum increase of 20% over the last year approved bid/income.

Tehsil Municipal Officer TMA Samarbagh Dir Lower awarded the contracts of three Bus Stands fraudulently to one bidder on low price by rejecting the highest bids on the reasons that the highest bidders failed to deposit 15% advance which resulted in loss of Rs 11,421,485 as detailed below. Moreover the person to whom all the three contracts were awarded was also failed to deposit 15% advance in case at S.No.1 wherein he offered Rs 8,000,000 which was later on awarded to him on 3,269,001 which shows fake and fraudulent bidding process.

| Name of Taxi Stand | Highest bid offered by | Awarded on | Loss (Rs) |
|---------------------|---------------------------------|---------------------------------|-------------------|
| Lory Adda Samarbagh | 8,000,000 by Bakht Foor Khan | 3,269,001 to Bakht Foor Khan | 4,730,999 |
| Lory Adda Mayar | 8,000,000 by Siraj Mohammad | 3,250,008 to Bakht Foor Khan | 4,324,992 |
| Lory Adda Kambat | 4,164,500 by Masal Khan | 1,799,006 to Bakht Foor Khan | 2,365,494 |
| | | Total | 11,421,485 |

Fraudulent award of contracts occurred due to weak managerial control which resulted in loss to Government.

When pointed out in August 2020, management stated that according to the policy guidelines for e auction for the year 2019-20, the contracts will be re-auctioned till the achievement of 20% above as compared to the previous year bid. Once the contractor namely Bakht Foor Khan offered the highest rate for Rs 8,000,000 in general bus stand Samarbagh. Notices were served, but later on the contractor refused to execute agreement. This office forfeited earnest money for

Rs 2,500,000 and the contract was re auctioned. The contract of lorry adda Mayar was put to open auction. One Mr Siraj Muhammad offered the highest bid for Rs 8,000,000 notice was served to the contractor but he refused to execute an agreement. Accordingly his call deposit for Rs 500,000 was forfeited and the contract was re-auctioned. Similarly the contractor Masal Khan offered a rate of Rs 4,164,900 in lorry adda Kambat but he also refuse to execute agreement. This office forfeited earnest money for Rs 150,000 and the contract was re auctioned for open competition. TMA Samarbagh advertised the mentioned contracts several times from April 2019 to Feb 2020. But during these periods no contractor offered the 20% above rate as compared to the previous year bid. These contracts were kept on previous year reserve bid. More over due to covid-19 from March 18th due to complete lock down no collection has been made during these months. Reply was not tenable as all the contracts were awarded to one Mr. Bakht Foor Khan instead of taking legal action against him and other lowest bidders.

Request for convening of DAC meeting was made in August 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends recovery of loss and action against the persons at fault under intimation to audit.

AIR 2019-20 Para-07

3.5.2.3 Non Recovery of outstanding dues Rs 3.040 million

According to Sub Para IV (b) of part II of Government of KP 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.

Tehsil Municipal Officer Chitral awarded various contracts of receipts during the financial year 2019-20, but the office did not collect the receipts Rs.3,040,175 from the contractors as detailed below:

| Source of Income | Bid Amount | Receipt up to 6/2020 | Less receipts (RS) |
|--------------------------|--------------|----------------------|--------------------|
| Adda fee | 4,200,000 | 2,130,000 | 2,070,000 |
| Slaughter House | 530,000 | 346,911 | 183,089 |
| Public Latrine | 51,000 | 7,650 | 43,350 |
| Poultry fee | 1,700,000 | 1,286,614 | 413,386 |
| Sign Board fee | 310,000 | 45,150 | 264,850 |
| Shoukat fly Choach stand | 60,000 | 57,000 | 3,000 |
| Nazirullah bus stand | 36,000 | 12,500 | 23,500 |
| Muneer Travel service | 36,000 | 19,000 | 17,000 |
| Attaliq Adda | 48,000 | 46,000 | 2,000 |
| Waheed Ur Rehman stand | 60,000 | 40,000 | 20,000 |
| | Total | 3,990,825 | 3,040,175 |

On scrutiny of record it came to notice that the contractors had not deposited Rs 3,04,175 till date of audit i.e. December, 2020. The local office was required to initiate strict legal action against the defaulter for the recovery of outstanding amount. But the local office failed to do so.

Non recovery of outstanding amount was accrued due to weak financial control.

When pointed out in December 2020, the management but did not respond to the observation.

Request for convening of DAC meeting was made in December, 2020, however, meeting of DAC could not be convened till finalization of this report

Audit suggests immediate recovery against the person at fault.

AIR 2019-20 Para-03

3.5.2.4 Non collection of outstanding water charges –Rs 2.433 million

According to Para 26 of GFR Vol-I, it is the duty of departmental controlling officer to see that all sums due to government are regularly and promptly assessed, realized and duly credited in the public account.

Tehsil Municipal Officer, TMA Balambhat did not recover water user charges amounting to Rs 2,443,425 during the Financial Year 2019-20 as per detail given below:

| S.No | Particulars | Outstanding Water Charges |
|------|----------------|---------------------------|
| 1 | DWSS Kandaro | 365,160 |
| 2 | DWSS Khema | 1,328,170 |
| 3 | DWSS Stanadara | 750,095 |
| | Total | 2,443,425 |

The office did not recover Rs 2,443,425 during the period under audit and remained outstanding for which the local office did not take any initiatives for collection of the same.

Audit observed non recovery of water charges due to weak internal control, which resulted in loss to the Government.

When pointed out in December 2020, the management but did not respond to the observation.

Request for convening of DAC meeting was made in December, 2020, however, meeting of DAC could not be convened till finalization of this report

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

AIR 2019-20 Para-01

3.5.3 Others, including cases of accidents, negligence etc.

3.5.3.1 Unauthorized expenditure without Technical Sanction - Rs12.377 million

According to Government of Khyber Pakhtunkhwa Local Government Department Notification No.ACI/LCB/ESTT:/3-5/2005 dated 22.11.2005, the Engineers (in various scales) can accord Technical Sanction for the amount mentioned below:

- i. Engineers in BPS-18 up to Rs 4,000,000
- ii. Engineers in BPS-17 up to Rs1,500,000
- iii. Engineers in BPS-16 up to Rs 500,000
- iv. Engineers in BPS-11 up to Rs300,000

According to Para 32 of CPWA Code, no work shall be executed without Administrative Approval/Technical Sanction and Budget allotment. Further, Para 178 of GFR Vol-I & Para-56 of CPWD Code provides that the work must not be started/ executed without technical sanction.

TMO Samarbagh Dir Lower incurred expenditure of Rs 12,377,004 on five (05) developmental Schemes during 2019-20 without obtaining technical sanction of the competent authority as detail below:

| Source of fund | Name of scheme | E.Cost (Rs) | Expenditure (Rs) |
|---|---|-------------------|-------------------|
| Uplift of Rural Roads in Distt. Dir Lower ADP 845 2017-18 | PCC Road at Nikhan Banda UC Kambat | 5,000,000 | 4,033,580 |
| | PCC Road at Manigai UC Maskinai | 5,000,000 | 2,638,690 |
| | PCC Road at Gojaro Kali UC Sadbar Kali | 5,000,000 | 1,163,484 |
| CMD 2017-18 | Construction of Muqbara boundary wall and leveling at Sarkai Kambat | 2,500,000 | 2,031,250 |
| -do- | Tube well boring and installation of Solar system at Dehrai Kambat | 2,510,000 | 2,510,000 |
| Total | | 20,010,000 | 12,377,004 |

Irregularity occurred due to weak financial controls which resulted in violation of rules.

When pointed out in August 2020, management stated that technical sanction has been obtained from the competent authority and will be shown to the audit party. Reply was not tenable as no evidence was provided in support of reply.

Request for convening of DAC meeting was made in December, 2020, however, meeting of DAC could not be convened till finalization of this report

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

AIR 2019-20 Para-04

3.5.3.2 Irregular payment to the contractors without rate analysis – Rs 1.672 million

Rate analysis shall be made according to Clause 12 of the Contract Agreement.

Tehsil Municipal Officer, TMA Chitral, Paid Rs 1,672,450 to contractors on account of execution of following development schemes during 2019-20. On scrutiny of record, it was observed that no rate analysis was made of non-scheduled items. Detail is as under:

| S. No. | Name of work | Amount (Rs) |
|---------------|---|--------------------|
| 01 | Provision of sewing machine & raw materials | 178,050 |
| 02 | Provision of sports kits at Ayun | 344,400 |
| 03 | Repair of transformer chitral -i | 1,000,000 |
| 04 | Provision of solar system at sub jail | 150,000 |
| | Total | 1,672,450 |

Without rate analysis of these non-scheduled items, the expenditure was irregular.

The irregularity was occurred due to weak financial and administrative control.

When pointed out in December 2020, the management but did not respond to the observation.

Request for convening of DAC meeting was made in December, 2020, however, meeting of DAC could not be convened till finalization of this report

Audit suggests justifying the payment.

AIR 2019-20 Para-01

**3.5.3.3 Unauthorized expenditure for non BOQ items-Rs 1.892 million
And Non imposition of penalty for late completion Rs 0.3 million**

According to Administrative approval issued by Deputy Commissioner Dir Lower vide No.1205/AA/CMD/SPDI/PP/DDI/PK-95/2017-18/P&D dated 06.10.2017 that the expenditure should strictly be made on the items/activities/works mentioned in the approved PC-I/DCE/feasibility report submitted by TMO Munda and that change in scope/location of work should not be made without prior approval of competent authority.

According to Clause 1 of the Contract Agreement executed with the contractor that if the work is not completed within stipulated time period mentioned in work order, Party No.1 i.e. TMA Munda is authorized to impose fix penalty on the contractor up to 10% of the estimated cost of work.

TMO Munda Dir Lower incurred expenditure of Rs 1,892,918 for non BOQ items in the work “WSS/Hand pumps at Tehsil Munda” out of CMD fund 2017-18. The scheme was approved for one item i.e. supply and fixing of Affridev type hand pump as per approved PC-I, BOQ and Work order, however the bill and TS shows that 70% expenditure was made on non BOQ/PC-I items without approval of the competent authority as detailed below:

| S.No | Item of work | Qty | Rate (Rs) | Amount (Rs) |
|------|----------------------|---------|-----------|------------------|
| 1 | Electric Motor Pumps | 102 Nos | 13,503.5 | 1,377,356 |
| 2 | HDPE Pipe 20mm dia | 4,507 m | 111.92 | 515,562 |
| | | | Total | 1,892,918 |

Further the local office did not impose penalty of Rs 300,000 for late completion of the scheme as detailed below:

| Name of Scheme | Work Order date | Completion date | Actual completion | Delay | E.Cost (Rs) | 10% Penalty (Rs) |
|------------------------------------|-----------------|-----------------|-------------------|-----------|-------------|------------------|
| WSS/Hand pumps at Tehsil Munda CMD | 25.09.19 | 25.3.20 | 26.06.2020 | 03 months | 3,000,000 | 300,000 |

Unauthorized expenditure and non imposition of penalty was occurred due to weak internal control which resulted in deviation from approved BOQ/PC-I and loss to Government.

When pointed out in August 2020, no reply was furnished till finalization of this report.

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

Request for convening of DAC meeting was made in August 2020, however, meeting of DAC could not be convened till finalization of this report

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

AIR 2019-20 Para-04 (i &ii)

3.5.3.4 Blockage of Government money – Rs 5.100 million

According to GFR 23 Volume-I, every controlling officer will personally be responsible for the loss sustained by Government through negligence or fraud on his part or on the part of his subordinate.

Tehsil Municipal Officer, TMA Chitral awarded various works to contractors amounting to Rs 5,100,401 during the financial year 2019-20. On scrutiny of record, it was observed that work orders were issued to the contractors, but the contractors did not start the work till date of audit i.e. December 2020. Detail is as under:

| Name of work | Amount (Rs) | Remarks |
|--|-------------|--|
| Const of Dug well (Solar Simpla) Chitral | 1,500,000 | Work order issued on 10.06.2019 with a time limit of 180 days but work was not yet started |
| Repair of Jamma Masjid (1-16) | 500,000 | Work order issued on 11.06.2019 with a time |

| | | |
|--|------------------|--|
| colony) Danin | | limit of 150 days and 1 st bill prepared and not passed due to unknown reason |
| Construction of Ghulaki road at Garumchashma | 500,000 | Work order issued on 10.06.2019 with a time limit of 150 days and 1 st bill prepared and not passed due to unknown reason |
| Repair of Power House What | 1,500,000 | Work order issued on 10.06.2019 with a time limit of 180 days but work was not yet started |
| DSS Attani Ayun for 2016-17 | 1,100,401 | The scheme was approved in ADP 2016-17 and the work was not yet started |
| Total | 5,100,401 | |

Audit held that the Government money was blocked for a considerable time period which resulted in loss to Government.

When pointed out in December 2020, the management but did not respond to the observation.

Request for convening of DAC meeting was made in December, 2020, however, meeting of DAC could not be convened till finalization of this report

Audit recommends to justify the matter.

AIR 2019-20 Para-02

CHAPTER-4

AD LGE &RDD

4.1 Introduction

Assistant Director Local Government, Election and Rural Development Department in District Dir Lower has 198 VCs/NCs. Each VC/NC has a Secretary. Assistant Director Local Government Election & Rural Development Department is Drawing and Disbursing Officer (DDO) for his office and PAO for VCs/NCs of the District Dir Lower.

According to section 29 of the Khyber Pakhtunkhwa Local Government Act 2013 the authority and responsibilities of the District Government have been given as under:

Functions and Powers of Assistant Director, LGE&RDD includes:

- i. Providing secretarial support to the Council, matters relating to Local Government Commission
- ii. Coordination and supervision of village and neighbourhood councils
- iii. Matters related to local taxes, grants, budget of village and neighbourhood councils
- iv. Coordination of activities relating to local council elections, population census and surveys in the district
- v. Rural Development Works including water supply, rural access roads, embankment and drainage works
- vi. Overseeing registration of births, deaths and marriages in village and neighbourhood councils
- vii. Review, evaluation and assessment of local government system, processes and procedures in the district particularly at the village and neighbourhood level
- viii. Collection, compilation and dissemination of primary data Training and research in the areas of local governance

Functions and Powers of the Village Council or Neighborhood Council includes:

- i. Monitoring and supervision of the performance of functionaries of all government offices located in the area of the respective village council or neighbourhood council, including education, health, public health engineering, agriculture, livestock, police and revenue, and hold them accountable by making inquiries and reports to the Tehsil municipal administration, district government or, as the case may be, the Government for consideration and action;
- ii. Providing effective forum for out of court amicable settlement of disputes and, for this purpose, constitute panels of members as conciliators;
- iii. Registration of births, deaths and marriages;
- iv. Implementation and monitoring of village level development works;
- v. Improving water supply sources, maintain water supply distribution system and take measures to prevent contamination of water;
- vi. Maintenance of village level infrastructure, footpaths, tracks, streets, playgrounds, graveyards, funeral places, eid-gah, parks, public open spaces and community centres.
- vii. Identifying development needs of the area for use by municipal administration and district government in prioritizing development plans;
- viii. Making arrangements for sanitation, cleanliness, disposal of garbage and carcasses, drainage and sewerage system;
- ix. Displaying land transactions in the area for public information;
- x. Mobilizing community for maintaining public ways, public streets, culverts, bridges and public buildings, de-silting of canals and other development activities;
- xi. Organizing cattle fairs and agriculture produce markets;
- xii. Organizing sports teams, cultural and recreational activities;
- xiii. Organizing watch and ward in the area;
- xiv. Promoting plantation of trees, landscaping and beautification of public places;
- xv. Regulating grazing areas, establish cattle ponds and provide protection against stray animals and animal trespass;
- xvi. Considering and approving annual budget presented by the respective Nazim, village council or neighborhood council;

- xvii. Facilitating formation of voluntary organizations for assistance in functions assigned to it;
- xviii. Facilitating the formation of co-operatives for improving economic returns and reduction of poverty;
- xix. Electing an Accounts Committee and review its recommendations on the annual statement of accounts and audit reports; and
- xx. Reporting cases of handicapped, destitute and of extreme poverty to district government.

Detail of Audit Planed formations expenditures and receipts

(Rs. in million)

| Sr No | Description | Total Nos | Audited | Expenditure audited FY 2018-19 | Revenue /Receipts audited FY 2018-19 |
|-------|-------------|-----------|---------|--------------------------------|--------------------------------------|
| 1 | Formations | 199 | 20 | 138.738 | Nil |

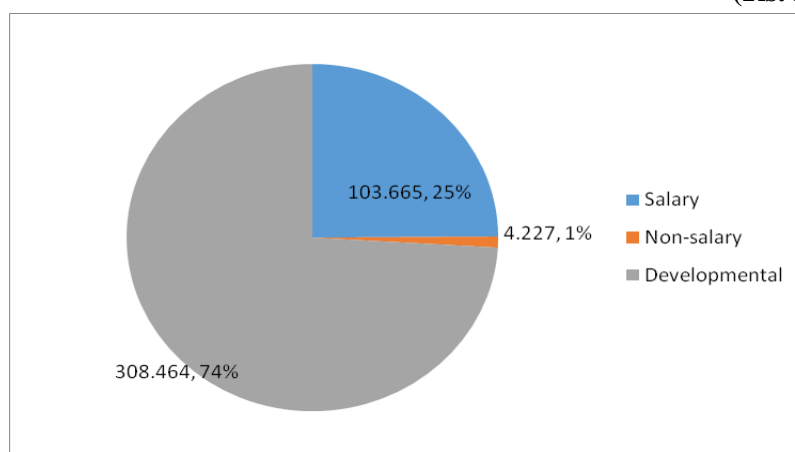
4.2 Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

| AD LGE&RDD | | | | |
|--------------|----------------|-----------------------------|-----------------|------|
| 2019-20 | Budget | Actual Expenditure/Receipts | Excess/(Saving) | %age |
| Salary | 116.049 | 139.998 | | |
| Non salary | 6.358 | 5.815 | | |
| Development | 54.670 | 36.782 | | |
| Total | 177.077 | 182.595 | | |

EXPENDITURE 2019-2020

(Rs. in million)



4.3 Classified Summary of Audit Observations

Audit observations amounting to Rs.96.946 million were raised in this audit report. This amount also includes recoverable of Rs.2.975 million as

pointed out by the audit. Summary of the audit observations classified by nature is as under:

| Sr. No. | Classification | Amount (Rs.) |
|----------------|---|---------------------|
| 1 | Irregularities | |
| B | Procurement related irregularities | 16.338 |
| C | Management of Accounts with Commercial Banks | 62.299 |
| 2 | Value for money and service delivery issues | 2.975 |
| 3 | Others, including cases of accidents, negligence etc. | 15.334 |
| Total | | 96.946 |

4.4 Comments on the status of compliance with Village/Neighborhood Accounts Committee Directives

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

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

4.5 AUDIT PARAS

4.5.1 Irregularities

A. Management of Accounts with Commercial Banks

4.5.1.1 Placement of public fund in current bank accounts-Rs. 62.299 million

According to Para 1 and 2 of Finance Department Khyber Pakhtunkhwa letter No. 2/3-(F/L)/FD/2007-08/Vol-IX dated 10th February 2014, Khyber Pakhtunkhwa Finance Department has from time to time allowed sanctioned Bank accounts in the commercial bank for various Departments/Autonomous/Semi- Autonomous Bodies/Corporations in Khyber Pakhtunkhwa for particular and specific purposes. Such accounts may be converted to PLS mode and the profit earned be deposited in Government Treasury under relevant head of account immediately and not later than a week when declared by the concerned bank.

Assistant Director LG & RDD Dir Lower retained an amount of Rs. 62,299,860 in designated current account instead of PLS account. During the financial year 2018-19 which was clear violation of the above mentioned order Detail is as under:

| S. No. | Account Title | Name of Bank | Account NO | Balance (Rs.) |
|---------------|-----------------------------|---------------------|-------------------|----------------------|
| 1 | AD LG & RDD (Regular) | NBP | 4039776375 | 2,263,673 |
| 2 | AD LG & RDD (Developmental) | NBP | 4039775143 | 60,036,187 |
| Total | | | | 62,299,860 |

Maintenance of current designated bank accounts occurred due to violation of rules which resulted in understatement in provincial receipts during the year.

When pointed out in October 2019, the management stated that the instruction of Government of KPK Finance Department regarding conversion of Current Account into PLS mode has strictly noted and conversion into PLS mode

was under process. Reply was not convincing as the Current Account was not converted into PLS mode till the date of audit.

Audit suggests immediate conversion of current accounts into PLS mode and deposit of profit into Government treasury when declared by the banks.

AIR 2018-19 Para-06

B. Procurement related irregularities

4.5.1.2 Irregular Award of civil works on abnormal below rate -Rs. 9.700 million

According to letter No.PO(LG)KPPRA/2017-18 dated 10/7/2017 abnormal below tender 40%-65% be discourage in order to achieve the objective laid down in Section 2 (q)of the KPPRA Rules

AD LG & RDD Dir Lower awarded various developmental Schemes to the contractor with estimated cost of Rs. 9,700,000 in the financial year 2018-19. On scrutiny of record it came to notice that contractor offered abnormal below rates which were accepted by the local office without analyzing /evaluating the lowest rate, which was clear violation of the above mentioned Criteria. The abnormal below rate is a questionable mark on the specification and standardization of the work. Detail is as under:

| S. No. | Name of Scheme | Name of Contractor | E. Cost (Rs.) | %age Below |
|--------------|---|---------------------------|------------------|------------|
| 1 | Widening of Watangay Payeen Road | New Airways Builders | 1,000,000 | 65.12 |
| 2 | Widening of Gatkay Road | -do- | 600,000 | 65.12 |
| 3 | DWSS & Open Well for Ziaur Rehman Koroona | M/S Anwarullah Khan & Co. | 1,000,000 | 43.27 |
| 4 | Open Well VC Shahi Khail | Meezan Associate | 3,000,000 | 66.05 |
| 5 | WSS Bandagai | -do- | 1,400,000 | 65.05 |
| 6 | DWSS Gubatay | M/S Talash Construction | 1,000,000 | 55.10 |
| 7 | WSS Talash | -do- | 1,700,000 | 55.60 |
| Total | | | 9,700,000 | |

Award of civil work on abnormal below rates and without analyzing evaluating of rates occurred due to weak internal control, which resulted in loss to government.

When pointed out in October 2019, the management stated that the contractor has been offered their rates on E. Tendering system and works were awarded to the contractors who submitted original documents till the closing date. Reply was not convincing as the as the objective laid down in Section 2 (q) of KPPRA Rules 2014 was not achieved.

Audit suggests inquiry into a probable cause of irregularity.

Audit suggests obtaining technical sanctions from the competent forum and action against the person(s) at fault authorizing execution/payment without technical sanction.

AIR 2018-19 Para-03

4.5.1.3 Irregular expenditure on installation of HDPE pipes –Rs.6.638 million

According to circular No11/Dev-14/PHE (N) dated 14-7-2015 in order to stop the entry of the sub-standard product the field staff must be instructed to adopt the following quality assurance steps for compliance

- i. Original Manufacturer/confirmation through his letter head and seal.
- ii. Gate Pass No./Sales Tax invoice.
- iii. Confirmation that manufacturers all documents are original
- iv. Code No, on Product (year, month, date)

AD LG & RDD Dir Lower incurred expenditure of Rs. 6,638,545 on account of supply and fixing HDPE pipes in various water supply schemes during 2018-19. On scrutiny of record, it was observed that that the Local office did not adopt the following quality assurance steps to ensure the quality and health of the people of locality.

- i. Original Manufacturer/confirmation through his letter head and seal.

- ii. Gate Pass No./Sales Tax invoice.
- iii. Confirmation that manufacturers all documents are original
- iv. Code No, on Product (year, month, date).

In the absence of the above mentioned documents, the execution of substandard pipes could not be ruled out. Detail is as under:

| S. No. | Name of scheme | Amount (Rs.) |
|--------------|--------------------------------|------------------|
| 01 | DWSS Palosa Shakara | 458,504 |
| 02 | DWSS Sangolai | 313,600 |
| 03 | DWSS Manogay | 220,930 |
| 04 | DWSS Palono Dherai Khush Muqam | 706,550 |
| 05 | DWSS Miramai VC Chinarkot | 293,778 |
| 06 | DWSS Scheme Khazana | 460,000 |
| 07 | Ext: of DWSS Gore & Bandagai | 910,800 |
| 08 | DWSS at Raheem Abad, Gosam | 974,383 |
| 09 | Ext: of DWSS VC Drangal | 460,000 |
| 10 | DWSS in VC Miskini | 1,380,000 |
| 11 | DWSS Khunji VC Khunji | 460,000 |
| Total | | 6,638,545 |

Non compliance of the field staff occurred due to weak internal control, which resulted in violation of Government instruction.

When pointed out in October 2019, the management stated that the relevant invoices regarding HDPE pipes would be provided to audit.

Audit suggests to regularize the expenditure.

AIR 2018-19 Para-01

4.5.2 Value for money and service delivery issues

4.5.2.1 Non imposition of penalty on late completion of schemes -Rs.2.975 million

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

AD LG & RDD Dir Lower did not impose 10% penalty of Rs. 2,975,000 in 2018-19 on various contractors for late completion of developmental schemes. Detail at annexure-4.

Non recovery of penalty occurred due to weak internal control, which resulted in loss to government.

When pointed out in October 2019, the management stated that the schemes mentioned in the Para were due for payment and full release has not been made. Reply was not convincing as no documentary proofs were provided to audit regarding completion of schemes.

Audit suggests recovery and action against the person at fault.

AIR 2018-19 Para-03

4.5.3 Others, including cases of accidents, negligence etc.

4.5.3.1 Irregular expenditure without Technical Sanction-Rs.15.334 million

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

AD LG & RDD Dir Lower incurred an expenditure of Rs. 15,334,420 on account of various developmental schemes during 2018-19. On scrutiny of record, it was observed that Technical Sanction was not obtained from the competent authority before commencement of work. Thus, the expenditure made was held irregular. Detail is given below:

| S. No. | Name of scheme | Expenditure (Rs.) |
|---------------|--|--------------------------|
| 1 | Imp: of PCC road Lacha Dabako PK-96 | 9,190,800 |
| 2 | Imp: & BTR Malakand Balo | 3,143,620 |
| 3 | PCC Road Lala Qilla | 1,000,000 |
| 4 | Const: of Drains/ Pav: of Streets Gulbahar No. 1 Mayar Jandool | 2,000,000 |
| Total | | 15,334,420 |

Irregular expenditure occurred due to weak financial control, which resulted in violation of Government Rules.

When pointed out in October 2019, the management stated that the schemes mentioned in the Para were on-going and partial payments have been made. The TS would be obtained and would be provided to audit.

AIR 2018-19 Para-02

ANNEXURES

Annexures-1

Detail of MFDAC Paras

| S. No | Para No | Caption of Para | Rs. in million |
|----------------------|---------|--|----------------|
| DC | | | |
| 1 | 04 | Non deposit of stamp duty | 0.922 |
| 2 | 05 | Non Transfer/register of land to the name of Government | 92.26 |
| 3 | 07 | Non reconciliation of revenue deposit | 92.26 |
| 4 | 10 | Non deposit of registration fee | 0.461 |
| 5 | 13 | Unjustified retention and non issuance of medicines | 7.61 |
| 6 | 15 | Non deduction of income tax | 0.756 |
| Health | | | |
| 7 | 16 | Irregular procurements of medical equipments | 9.106 |
| 8 | 17 | Non deposit of health receipts | 0.554 |
| 9 | 19 | Irregular expenditure on repair of vehicles | 0.722 |
| DO (M) | | | |
| 10 | 22 | Less deduction of income tax and stamp duty | 0.654 |
| 11 | 28 | Difference in closing balance of bank and cash book | 0.543 |
| 12 | 31 | Non deduction of professional tax | 0.88 |
| DO (F) | | | |
| 13 | 33 | Loss due to placement of public fund in current bank account | 0.63 |
| 14 | 43 | Non deposit of girl guid fund | 0.30 |
| 15 | 46 | Non deduction of professional tax | 0.55 |
| 16 | 50 | Non accountal of raw material in stock register | 0.99 |
| TMA Khall | | | |
| 17 | 52 | Non achievement of receipt target | 0.430 |
| 18 | 53 | Non imposition of penalty | 0.458 |
| 19 | 54 | Over payment due allowing inadmissible rate | 0.637 |
| 20 | 55 | Non deposit of stamp duty | 0.422 |
| 21 | 57 | Loss due expensive visit of 83ouncilor | 0.800 |
| 22 | 61 | Overpayment due to excess drawl of POL | 0.172 |
| 23 | 62 | Untuhorized payment on account of firewood allowance | 0.294 |
| TMA Lalqila | | | |
| 24 | 65 | Non imposition of penalty | 0.419 |
| 25 | 67 | Overpayment due to inadmissible rate | 0.33 |
| 26 | 68 | Non deposit of stamp duty DPR | 0.55 |
| TMA Timergara | | | |
| 27 | 70 | Non recovey of taxi stand fee | 0.396 |
| 28 | 79 | Non deduction of professional tax | 0.163 |
| 29 | 80 | Non deposit of stamp duty | 0.127 |
| 30 | 84 | Non deduction of income tax | 0.362 |
| 31 | 97 | Non deduction of DPR fund | 0.336 |

| | | | |
|-------------------------|-----|---|----------------|
| 32 | 98 | Non deduction of professional tax | 0.381 |
| 33 | 101 | Non deposit of stamp duty | 0.225 |
| Balambat | | | |
| | 101 | Non deposit of stamp duty | 0.226 |
| 34 | 102 | Non deposit of income tax | 0.570 |
| Munda | | | |
| 35 | 119 | Non imposition of penalty | 0.369 |
| 36 | 120 | Non recovery of registration fee | 0.375 |
| 37 | 121 | Non execution of developmental scheme | 0.95 |
| LG & RDD | | | |
| 38 | 106 | Non deposit of income tax from contractor | 0.264 |
| VC Takwaro | | | |
| 39 | 01 | Placement of public fund in designated current bank account – Rs. 3883783 and profit thereon – Rs. 152272 | 3.883 0.152 |
| VC Raza Gram | | | |
| 40 | 01 | Placement of public fund in designated current bank account – Rs. 2336004 and profit thereon – Rs. 105120 | 2.336 0.105 |
| VC Dherai Talash | | | |
| 41 | 01 | Placement of public fund in designated current bank account – Rs. 3695845 and profit thereon – Rs. 166313 | 3.695 0.166 |
| VC Nagrai Payeen | | | |
| 42 | 01 | Placement of public fund in designated current bank account – Rs. 3702155 and profit thereon – Rs. 166596 | 3.702 0.166 |
| VC Gosam | | | |
| 43 | 01 | Placement of public fund in designated current bank account – Rs. 3687621 and profit thereon – Rs. 165942 | 3.687 0.165 |
| VC Katan | | | |
| 44 | 01 | Placement of public fund in designated current bank account – Rs. 3778167 and profit thereon – Rs. 170017 | 3.778 0.170 |
| VC Kot Bala | | | |
| 45 | 01 | Placement of public fund in designated current bank account – Rs. 3167719 and profit thereon – Rs. 142547 | 3.167 0.142 |
| VC Sair | | | |
| 46 | 01 | Placement of public fund in designated current bank account – Rs. 2563797 and profit thereon – Rs. 115370 | 2.563 0.115 |
| VC Shalkani | | | |
| 47 | 01 | Placement of public fund in designated current bank account – Rs. 1883521 and profit thereon – Rs. 84758 | 1.883 0.084 |
| VC Koz Kallay | | | |
| 48 | 01 | Placement of public fund in designated current bank account – Rs. 2617099 and profit thereon – Rs. 117769 | 2.617 0.117 |
| VC Ramora | | | |
| 49 | 01 | Placement of public fund in designated current bank account – Rs. 3332185 and profit thereon – Rs. 149948 | 3.332 0.149 |

| | | | |
|----|----|--|----------------|
| | | VC Tindodog | |
| 50 | 01 | Placement of public fund in designated current bank account – Rs. 2593847 and profit thereon – Rs. 116723 | 2.593 0.116 |
| | | VC Badwan Payeen | |
| 51 | 01 | Placement of public fund in designated current bank account – Rs. 3304380 and profit thereon – Rs. 148697 | 3.304 0.148 |
| | | VC Kamala | |
| 52 | 01 | Placement of public fund in designated current bank account – Rs. 2604601 and profit thereon – Rs. 1172070 | 2.604 0.117 |
| | | VC Moranai | |
| 53 | 01 | Placement of public fund in designated current bank account – Rs. 4435659 and profit thereon – Rs. 199604 | 4.435 0.199 |
| | | VC Kohirai | |
| 54 | 01 | Placement of public fund in designated current bank account – Rs. 4076957 and profit thereon – Rs. 183463 | 4.076 0.183 |
| | | VC Kakas | |
| 55 | 01 | Placement of public fund in designated current bank account – Rs. 3369900 and profit thereon – Rs. 151645 | 3.369 0.151 |
| | | VC Manai | 57.733 |
| 56 | 01 | Placement of public fund in designated current bank account – Rs. 2988768 and profit thereon – Rs. 134494 | 2.988 0.134 |
| | | VC Shagai | |
| | 01 | Placement of public fund in designated current bank account – Rs. 2889654 and profit thereon – Rs. 130034 | 2.889 0.130 |

Annexure-2**Para 2.5.3.11****Detail of clinical efficacy reports of the medicines were not submitted to the quarter concerned**

| S.No | Name of Firm | Medicine | Unit | Qty | Rate | Total amount |
|------|------------------------------|-------------------------|-------------|-------------------|---------------|--------------|
| 01 | Sadiq Public Chemicals | Stry Chinne | RHC | 4 | - | 42,800 |
| 02 | --do-- | --do-- | --do-- | 4 | - | 43,800 |
| 03 | M.Khalid Medicos | Various Medicine | - | | | 14,422 |
| 04 | --do-- | Anti Rabies | BHU | 41 | 1200 | 49,200 |
| 05 | --do-- | --do-- | --do-- | 41 | 1200 | 49,200 |
| 06 | --do-- | --do-- | --do-- | 41 | 1200 | 49,200 |
| 07 | --do-- | --do-- | --do-- | 41 | 1200 | 49,200 |
| 08 | Awais Medicos | --do-- | --do-- | 41 | 1200 | 49,200 |
| 09 | --do-- | --do-- | --do-- | 41 | 1200 | 49,200 |
| 10 | --do-- | --do-- | --do-- | 41 | 1200 | 49,200 |
| 11 | --do-- | --do-- | Malaria | 41 | 1200 | 49,200 |
| 12 | Astellas Pharmaceutical Pesh | Various Medicine | BHU | - | - | 499,965 |
| 13 | HOFFMANA Human Lahore | MYUNGMOON Inopan Inj | THQ | 500 | 68 | 34,000 |
| 14 | Astellas Pharmecetucal Pesh | Various Medicine | BHU | - | - | 701,248 |
| 15 | Cotton Craft Lahore | Cotton Bandage | BHU | 3338 | 832 | 2,722,440 |
| 16 | UNISA Pvt Nowshera | Iv set disposable sring | RHC | 191104 1911503 | 14.65 4.63 | 682,750 |
| 17 | STANLEY Pharmeaceutical Pesh | Various medicine | BHU | - | - | 1,215,000 |
| 18 | Sadiq Public Chemicals | Stry Chinne | Sanitation | 3 | - | 36,400 |
| 19 | Humdard Surgical Chmeical | Various | - | - | - | 12,880 |
| 20 | Paktex Industries | Gauze Cloth | BHU | 4000 | 819.39 | 3,277,560 |
| 21 | Sanafia Anentis Pak | Haemaccel Infus | Disp | 582 | 300.20 | 174,716 |
| 22 | Frontier Dextrose | Ciprofloxacin Infu | O.Hospitals | 5000 | 33.16 | 165,800 |
| 23 | FYNX | Inj Drotaverine | Sanition | 20,000 | 8.45 | 169,000 |

| | | | | | | |
|----|-----------------------------|-------------------------------------|------------|--------------|--------------|---------|
| | Pharamaceuticals Lhor | | | | | |
| 24 | MEGA Pharamaceuticals Lhor | Tab Megopride | Malaria | 100 | 900 | 90,000 |
| 25 | AGFA Pak Peshawar | Various Filims | BHU | - | - | 734,640 |
| 26 | SADON Pharamacetuicals Pesh | Inj. B-Stop 500mg | THQ | 5000 | 899.50 | 89,950 |
| 27 | NABIQASM INDUSTRIES KHI | Calarithro suspension | Disp | 5000 | 110 | 550,000 |
| 28 | ASIAN Confinental ISB | Various | RHC | - | - | 285,500 |
| 29 | Hamdard Surgical Dir lower | Abhayral vaccine | RHC | 52 | 913 | 47,476 |
| 30 | Getz Pharma | Inslion 70/30 | RHC | 1086 | 368 | 399,648 |
| 31 | Abbott Pharma | CECON | RHC | 1250 | 98.06 | 122,575 |
| 32 | Taj Medicine | Variou | Local | - | - | - |
| 33 | Akram Brothers | Medicine | Malaria | 1655 | 42 | 69,510 |
| 34 | Akram Brothers | Medicine | Malaria | 573 | 170 | 97,410 |
| 35 | Pak Tex Industries | Cotton Bandage | BHU | 10,000 | 36 | 362,500 |
| 36 | Amson Vaccines | Inj Hydrocortson Disposable syringe | BHU | 5000 1000 | 69.50 7.5 | 355,000 |
| 37 | German Pharma | Inj Tocinox | BHU | 705 | 425 | 299,625 |
| 38 | German Pharma | Dexamedron | BHU | 2000 | 179 | 359,000 |
| 39 | Cotton Craft | Guze dressing pad | BHU | 100,000 | 8.32 | 832,000 |
| 40 | Hamadard Medicine T/gara | | BHU | | | 18,000 |
| 41 | BOSH Pharma | Ciprofloxacine | Sanitation | 5000 | 39 | 195,000 |
| 42 | Macter International | Co-amoxil 156 | THQ | 20,000 | 84 | 168,000 |
| 43 | Macter International | Co-amoxil 312 | THQ | 5000 | 122 | 610,000 |
| 44 | Standard Supply Agency | Stryhinin HCC | RHC | 166 | 366.66 | 41,387 |
| 45 | Standard Supply Agency | Stryhinin HCC | Sanition | 166 | 366.66 | 41,387 |
| 46 | Sami Pharma | Various medicine | BHU | 20000 | 28 | 600,000 |
| 47 | Hashir Surgical | Adhesive tape4” | BHU | 3000 | 123.34 | 369,990 |

| | | | | | | |
|----|---------------------------|---------------------|------------|---------------|--------------|------------------|
| 48 | Davis Pharma | Syp: Dompenidm | BHU | 5000 | 33.28 | 166,400 |
| 49 | Davis Pharma | Tab: Dompenidm | BHU | 50,000 | 0.66 | 33,000 |
| 50 | Davis Pharma | Quick cream | BHU | 1108+2956+936 | - | 245,000 |
| 51 | SEARLE Pharma | Various items | Disp | - | - | 1,030,600 |
| 52 | NIH Antirabies | Anti Rabies | BHU | 699 | 643 | 449,519 |
| 53 | NIH Antirabies | Anti Rabies | BHU | 700 | 643 | 450,163 |
| 54 | IPRAM International | Ceftixime | BHU | 10,000 | 78 | 780,000 |
| 55 | AL Hamd | Canula | BHU | 5,000 | 79.40 | 397,000 |
| 56 | Hashir Surgical | Canula | BHU | 5,000 | 78.70 | 393,500 |
| 57 | Sadiq Public Chemicals | | TBC | | | 91,000 |
| 58 | ASR Enterprises | Lab items | RHC | | | 127,191 |
| 59 | Sanifia | Inj Nospa | THQ | 9825 | 20.34 | 199,840 |
| 60 | Medi Health | Indotaxin | o/Hospital | 3 | 17196 | 51,518 |
| 61 | Medi Health | Citric Acid | o/Hospital | 6 | 17196 | 103,176 |
| 62 | Medi Health | Double lomen cat | o/Hospital | 1 | 10780 | 10,780 |
| 63 | Medi Health | Sodium Hypochlo | o/Hospital | 8 | 695 | 5,560 |
| | | | | | Total | 8,953,056 |

Annexure-3**Para 2.5.1.4****Overpayment of HPA and Conveyance Allowance during the period of leave
DHO Dir Lower 2019-20**

| S.No | Name | Desig | Leave in days | Overpayment during leave period | |
|------|----------------------|---------------|---------------|---------------------------------|-------|
| 1 | Dr. Nisar Ahmed Khan | MO | 30 | 72,000 | 5,000 |
| 2 | Haider Badshah | PHC (MP) | 10 | 3,333 | 952 |
| 3 | Bacha Khan | PHC (MP) | 15 | 5,000 | 1,428 |
| 4 | Altaf Hussain | CT Pharmacy | 40 | 13,333 | 3,808 |
| 5 | Syed Ali Jan | CT Pharmacy | 40 | 13,333 | 3,808 |
| 6 | Tajamul Shah | PHC (MP) | 15 | 5,000 | 1,428 |
| 7 | Alam Khan | CT Pharmacy | 60 | 20,000 | 0 |
| 8 | Dr. Saeeda | WMO | 30 | 72,000 | 5,000 |
| 9 | Dr. Sadaf Hameed | WMO | 10 | 24,000 | 1,666 |
| 10 | Dr. Zarlakhta | WMO | 30 | 72,000 | 5,000 |
| 11 | Dr.Samren shah | WMO | 45 | 108,000 | 7,499 |
| 12 | Dr.Sadaqat Gul | WMO | 45 | 108,000 | 7,499 |
| 13 | Dr. Sabhat | WMO | 14 | 33,600 | 2,333 |
| 14 | Husana Begum | PHC (CMH) | 45 | 14,999 | 4,284 |
| 15 | Rashma | PHC (CMH) | 45 | 14,999 | 4,284 |
| 16 | Tammana Begum | PHC (CMH) | 45 | 14,999 | 4,284 |
| 17 | Kalsoom Behgum | PHC (CMH) | 22 | 7,333 | 2,094 |
| 18 | Nabila Bibi | PHC (CMH) | 14 | 4,666 | 2,333 |
| 19 | Nizakat | PHC (CMH) | 45 | 14,999 | 4,284 |
| 20 | Dil Raz | PHC (CMH) | 45 | 14,999 | 4,284 |
| 21 | Nighat Shah | PHC (CMH) | 20 | 6,666 | 1,904 |
| 22 | Nabia Bibi | PHC (CMH) | 29 | 9,666 | 2,760 |
| 23 | Alia Begum | PHC (CMH) | 28 | 9,333 | 2,665 |
| 24 | Alia Begum | PHC (CMH) | 20 | 6,666 | 1,904 |
| 25 | Alia | PHC (CMH) | 45 | 14,999 | 4,284 |
| 26 | Alia | PHC (CMH) | 45 | 14,999 | 4,282 |
| 27 | Sabra | PHC (CMH) | 25 | 8,333 | 2,380 |
| 28 | Alia Begum | PHC (CMH) | 30 | 10,000 | 2,856 |
| 29 | Sabila Begum | PHC (CMH) | 45 | 14,999 | 4,284 |
| 30 | Alia Begum | PHC (CMH) | 60 | 20,000 | 5,712 |
| 31 | Gul Begum | Charge/ Nurse | 45 | 10,000 | 7,499 |
| 32 | Gul Begum | Charge/ Nurse | 45 | 14,999 | 7,499 |
| 33 | Shabana Shahid | Charge/ Nurse | 45 | 14,999 | 7,499 |
| 34 | Manzoor Ullah | Charge/ Nurse | 30 | 9,999 | 7,499 |
| 35 | Dr.Sabhat | WMO | 14 | 9,999 | 2,333 |
| 36 | Rashida Begum | Charge/ Nurse | 45 | 14,999 | 7,499 |
| 37 | Rashida Begum | Charge/ Nurse | 45 | 14,999 | 7,499 |
| 38 | Jahangir Khan | PHC MP | 52 | 17,333 | 4,950 |
| 39 | Babul Islam | PHC EPI | 11 | 3,666 | 1,047 |

| | | | | | |
|----|-----------------|---------------|----------------|------------------|------------------|
| 40 | Tyyaba Bibi | Charge/ Nurse | 15 | 5,000 | 2,500 |
| 41 | Yasmin Begum | PHC EPI | 10 | 3,333 | 952 |
| 42 | Ayub Hussain | PHC MP | 14 | 4,666 | 1,332 |
| 43 | Nisar Ahmed | PHC MP | 10 | 3,333 | 952 |
| 44 | Amjad Alam | PHC MP | 20 | 6,666 | 1,904 |
| 45 | Muhammad Kashif | PHC MP | 30 | 10,000 | 2,856 |
| 46 | Jamil Ahmed | PHC MP | 15 | 5,000 | 1,428 |
| 47 | Naibeen Jan | PHC MP | 15 | 5,000 | 1,428 |
| 48 | Asma Bibi | PHC MP | 21 | 6,999 | 1,999 |
| 49 | Aminur Rehman | PHC EPI | 23 | 7,666 | 2,189 |
| 50 | Asghar Khan | PHC MP | 30 | 10,000 | 2,856 |
| 51 | Dr. Shafiullah | SMO | 15 | 36,000 | 2,499 |
| 52 | Dr.Javid Iqbal | PMO | 48 | 115,200 | 7,999 |
| 53 | Zeenab | PHC MCH | 38 | 12,666 | 3,617 |
| 54 | Raziat Begum | EPI | 16 | 5,333 | 1,523 |
| | | | Total | 1,100,109 | 177,235 |
| | | | G.Total | | 1,277,344 |

Annexure-4
Para 4.5.2.1

Detail of penalty

| S. No. | Scheme | W/order date | Due date of Completion | Actual date of completion | Cost (Rs.) | 10%Penalty (Rs.) |
|--------------|---|--------------|------------------------|---------------------------|------------|------------------|
| 1 | Imp: of PCC road Lacha Dabako PK-96 | 18-4-2016 | 31-5-2016 | In Progress | 10,700,000 | 1,070,000 |
| 2 | Imp: & BTR Malakand Balo | 18-4-2016 | 31-5-2016 | In Progress | 5,000,000 | 500,000 |
| 3 | PCC Road Karin, | 27-9-2018 | 27-5-2019 | | 500,000 | 50,000 |
| 4 | PCC Road Khan Garai | 27-4-2018 | 27-8-2018 | | 1,000,000 | 100,000 |
| 5 | PCC Road Qazi Abad | 27-4-2018 | 27-8-2018 | | 1,000,000 | 100,000 |
| 6 | Const: of Culvert Banrgai | 27-4-2018 | 27-8-2018 | | 500,000 | 50,000 |
| 7 | PCC Roads in VC Chakdara | 10-10-2017 | 31-3-2018 | 6-12-2018 | 1,550,000 | 155,000 |
| 8 | Const: work at Masjid Amlook Dara | 27-4-2018 | 27-4-2019 | In Progress | 1,000,000 | 100,000 |
| 9 | PCC Road Jabagai Majeedullah Koroona | 27-4-2018 | 27-4-2019 | In Progress | 1,000,000 | 100,000 |
| 10 | DWSS Open Well Shah Wazir Khan Koroona | 27-4-2018 | 27-4-2019 | In Progress | 500,000 | 50,000 |
| 11 | PCC Road Gawardesh, Manai | 20-11-2017 | 31-3-2018 | In Progress | 1,500,000 | 150,000 |
| 12 | PCC Road Jabo | 20-11-2017 | 31-3-2018 | In Progress | 1,000,000 | 100,000 |
| 13 | Const: of Boundary Wall for Farm Service Centre Timergara | 10-11-2017 | 31-3-2018 | In Progress | 2,000,000 | 200,000 |
| 14 | PCC Road Aashaq Banda | 10-11-2017 | 31-3-2018 | In Progress | 500,000 | 50,000 |
| 15 | Sanitation Scheme VC Bishigram | 10-11-2017 | 31-3-2018 | In Progress | 1,000,000 | 100,000 |
| 16 | PCC Road mohallah Abdur rauf Koroona | 10-11-2017 | 31-3-2018 | In Progress | 500,000 | 50,000 |
| 17 | PCC Road at Parkho | 10-11-2017 | 31-3-2018 | 5-1-2019 | 500,000 | 50,000 |
| Total | | | | | | 2,975,000 |
