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ABBREVIATIONS AND ACRONYMS

AP	Advance Para
CCO	Chief Coordination Officer
CMD	Chief Minister Directives
CPWA Code	Central Public Works Accounts Code
CSR	Composite Schedule of Rates
DAC	Departmental Accounts Committee
DC	District Council
DG	Director General
DP	Draft Para
GFR	General Financial Rules
HBL	Habib Bank Limited
LCB	Local Council Board
LGA	Local Government Act
LG&RDD	Local Government and Rural Development Department
MC	Municipal Committee
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PATA	Provincially Administered Tribal Area
RDA	Regional Directorate of Audit
TS	Technical Sanction
UA	Union Administration
UC	Union Council

PREFACE

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

The report is based on audit of the accounts of District Council and Municipal Committees, District Malakand for the Financial Year 2013-14. The Directorate General of Audit, District Governments, Khyber Pakhtunkhwa, Peshawar conducted audit on test check basis during 2014-15 with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit finding carrying value of Rs1 million or more. Relatively less significant issues are listed in the Annexure-1 of the Audit Report. The Audit Observations listed in the Annexure-1 shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observation will be brought to the notice of Public Accounts Committee through the next year's Audit Report.

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

The observations included in this report have been finalized in the light of written replies of the Departments. DAC meetings could not be convened despite repeated requests.

The Audit report is submitted to the Governor of Khyber Pakhtunkhwa in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 168 of Khyber Pakhtunkhwa Local Government Act, 2012 to be laid before appropriate legislative forum.

Islamabad
Dated:

(Rana Assad Amin)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Khyber Pakhtunkhwa, Peshawar, is responsible to conduct the audit of all District Councils, Municipal Committees and Union Councils. Its Regional Directorate of Audit Mardan has audit jurisdiction of District Council, Municipal Committees and UCs of four Districts i.e. District Mardan, Swabi, Malakand and Buner.

The Regional Directorate has a human resource of 09 officers and staff, constituting 1878 man days and a budget of about Rs 11.906 million was allocated during 2014-15. It has the mandate to conduct financial attest audit, audit of sanctions, audit of compliance with authority and audit of receipts as well as the performance audit of entities, projects and programs. Accordingly, Regional Director Audit Mardan carried out audit of the accounts of District Council, Municipal Committees for the Financial Year 2013-14 and the findings included in the Audit Report.

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

a. Scope of audit

Out of the total expenditure of the District Council and Municipal Committees, District Malakand, for the Financial Year 2013-14, the auditable expenditure under the jurisdiction of RDA was Rs 277.196 million. Out of this, RDA Mardan audited an expenditure of Rs 166.317 million which, in terms of percentage, was 60 % of auditable expenditure.

The receipts of District Council and Municipal Committees, District Malakand for the Financial Year 2013-14, were Rs 138.906 million. Out of this, RDA Mardan audited receipts of Rs 83.343 million which, in terms of percentage, was 60% of auditable receipts.

The total expenditure and receipts of District Council and Municipal Committees, District Malakand, for the Financial Year 2013-14 were Rs 416.102 million. Out of this, RDA Mardan audited the expenditure and receipts of Rs249.66 million.

b. Recoveries at the instance of audit

Recovery of Rs 36.429 million was pointed out during the audit. However, no recoveries were affected till the finalization of this report. The total recovery pointed out was not in the notice of the executive before audit.

c. Audit Methodology

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

d. Audit Impact

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

e. Comments on Internal Control and Internal Audit department

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

One of the basic component of Internal Control System, as envisaged under Para 13 of GFR Volume-I, is Internal Audit which was not prevalent in District Council and Municipal Committees District Malakand. Neither rules for internal

audit have been framed nor internal audit report as required was provided to audit.

f. Key Audit Findings

- i. Irregularities & non-compliance of Rs 3.500 million was noted in one case.¹
- ii. Loss due to internal control weaknesses of Rs 77.995 million was noted in eleven cases².

g. Recommendations

- i. Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money.
- ii. All sectors of District Council/Municipal Committees need to strengthen internal controls i.e. financial, managerial, operational, and administrative and accounting controls etc to ensure that reported lapses are preempted and fair value for money is obtained from public spending.
- iii. Deduction of taxes on contracts needs to be ensured.

¹ Para: 1.2.1.1

² Para: 1.2.2.1, 1.2.2.2, 1.3.1.1, 1.3.1.2, 1.3.1.3, 1.3.1.4, 1.4.1.1, 1.4.1.2, 1.4.1.3, 1.4.1.4, 1.4.1.5

SUMMARY TABLES AND CHARTS

Table 1: Audit Work Statistics

(Rs in million)

S. No	Description	No.	Budget
1	Total Entities(PAO) in Audit Jurisdiction	01	416.102
2	Total formations in audit jurisdiction	03	416.102
3	Total Entities(PAO) Audited	01	249.66
4	Total formations Audited	03	249.66
5	Audit and Inspection reports	03	249.66
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

Table 2: Audit Observations classified by Categories

(Rs in million)

Sr. No.	Description	Amount under audit observation
1	Un sound Asset management	1.140
2	Weak Financial management	40.678
3	Weak Internal controls relating to Financial Management	39.677
4	Others	0
Total		81.495

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

S#	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total for year (2013-14)	Total for the year (2012-13)
1.	Outlays Audited	-	109.632	83.343	56.684	249.66	144.467
2.	Amount Placed under Audit Observation /Irregularities of Audit	-	20.157	4.563	56.412	81.495	91.805
3.	Recoveries Pointed Out at the instance of Audit	-	27.478	7.062	1.889	36.429	1.463
4.	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-
5.	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

Table 4: Irregularities pointed out

(Rs in million)		
S. No	Description	Amount under Audit observation
1	Violation of rules and regulations and principle of propriety and probity.	3.500
2	Reported cases of fraud, embezzlement, theft, misappropriations and misuse of public funds.	-
3	Accounting Errors (accounting policy departure from NAM, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	Quantification of weaknesses of internal controls system.	39.677
5	Recoverable, overpayments, or unauthorized payments of public money.	36.429
6	Non-production of record to Audit	-
7	Others, including cases of accidents, negligence etc.	1.889
Total		81.495

Table 5: Cost Benefit

(Rs in million)		
S. No	Description	Amount
1	Outlays Audited (Item 1 of Table 3)	416.102
2	Expenditure on audit	0.260
3	Recoveries realized at the instance of Audit	0
4	Cost Benefit Ratio	1:0

CHAPTER-1

1.1 District Council and Municipal Committees Malakand

1.1.1 Introduction

District Malakand has two tehsils i.e Batkhela and Dargai. There is a District Council and two Municipal Committees. District Council has a Chief Coordination Officer, District Officer (Finance), District Officer (Infrastructure) and District Officer (Regulation). Municipal Committees have Chief Municipal Officers, Municipal Officers (Finance), Municipal Officers (Infrastructure) and Municipal Officers (Regulation). District Council Malakand has one Drawing and Disbursing Officer (DDO) i.e. Chief Coordination Officer & Chief Municipal Officers are the DDOs of Municipal Committees. According to 1998 population census, the population of District Malakand is 375,142.

1.1.2 Comments on Budget and Accounts (Variance Analysis)

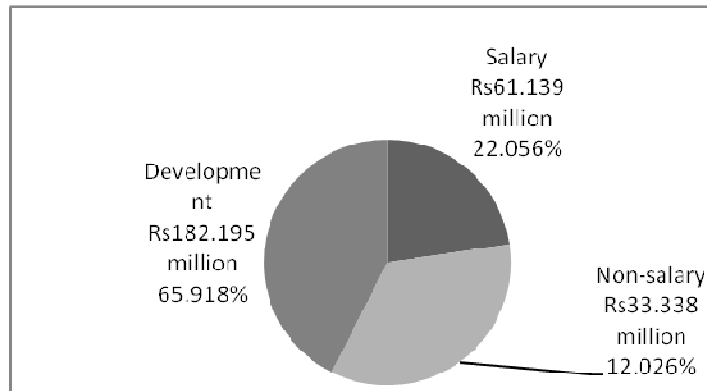
An amount of Rs 257.937 million was allocated as grant in aid by the Provincial Government to District Council and Municipal Committees of District Malakand. An amount of Rs 173.245 million was realized during the financial year 2013-14. Thus making a total of Rs 431.182 at the disposal of local councils, against which an expenditure of Rs 277.195 million was incurred by the District Council and Municipal Committees District Malakand, with a savings of Rs 153.986 million during Financial Years 2013-14. Detail is given below:

(Rs in million)

2011-13	Budget	Expenditure	Excess (+) / Saving (-)	%age (Saving)
Salary	64.737	61.139	-3.598	5.55%
Non-salary	68.504	33.338	-35.165	51.33%
Development	297.941	182.718	-115.223	38.67%
Total	431.182	277.195	-153.986	-35.71%
Receipts	173.245	138.906		
Grand Total	604.427	416.101		

The huge savings of Rs 153.936 in all heads of accounts indicate weakness in the capacity of these local institutions to utilize the amounts allocated.

EXPENDITURE 2013-14



1.1.3 Brief comments on the status of compliance with PAC Directives

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

DISTRICT COUNCIL MALAKAND

1.2 AUDIT PARAS DISTRICT COUNCIL MALAKAND

1.2.1 Irregularities & Non compliance

1.2.1.1 Irregular award/ enhancement of work-Rs 3.5 million

According to rule 34 of the Khyber Pakhtunkhwa Procurement of Goods, Works and Services Rules, 2003 read with rule 7 of the Delegation of powers under the Financial Rules and the Powers of Re-appropriation Rules, 2001, all procurements/maintenance shall be carried out through competitive bidding/tenders in print media or electronic media (website) for expenditure above Rs 40,000.

Chief Coordination Officer District Council Malakand awarded contract of Repair/Rehabilitation of Jarga Hall at Malakand during Financial Year 2012-13 to M/S Shakeel & Brothers for Rs 1,477,500. Later on, the contract was enhanced to Rs 3,500,000 and executed through the said contractor without adopting the open tender system which was in violation of rules and is held irregular.

Irregular enhancement of work occurred due to non compliance with Procurement rules.

When reported in September 2014, management stated that detailed reply would be provided later on but no progress was reported.

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

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

AP 62(2013-14)

1.2.2 Internal Control Weaknesses

1.2.2.1 Overpayment due to non-adjustment of income tax-Rs 1.888 million

According to Finance Department of Khyber Pakhtunkhwa letter NO.SO(Dev-11) FD/ 12-6/12-13 dated 20.06.2013, Composite Schedule Rates (CSR) include inbuilt Income Tax and payment in the tax exempted area Provincially Administered Tribal Area (PATA) is made on the said CSR without adjustment/non deduction of income tax which is overpayment by amount equal to deductible income tax.

Chief Coordination Officer District Council Malakand overpaid Rs 1,888,250 due to non-adjustment of inbuilt income tax @ 6.5% on payment of Rs 29,050,000 to various contractors on the basis of Composite schedule of Rates (CSR). Detail as per Annex-3.

Non adjustment of income tax was due to weak internal controls, which resulted in loss to Government.

When reported in September 2014, management stated that detail reply would be provided later on but no progress was reported.

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

Audit recommends recovery of the overpaid amount and deposit into Government treasury under intimation to audit.

AP 53 (2013-14)

1.2.2.2 Loss due to less realization of rent of shops-Rs 1.140 million

According to Para 8 of the General Financial Rules Volume I, subject to such general or specific instructions as may be issued by Government in this behalf, it is the duty of the revenue or Administrative department concerned to see that the dues of the Government are correctly and promptly assessed, collected and paid into Government Treasury.

Chief Co-ordination Officer District Council Malakand realized less amount of Rs 1,140,453 during the financial year 2013-14 against the rent of shops enhanced w.e.f 1st October 2013 vide No. Reg: Rent/OA/DC/Mkd/115 dated 02-10-2013. Detail as per Annex-4.

Less realization of rent occurred due to weak internal controls, which resulted in loss to the District Council.

When reported in September 2014, management stated that detail reply would be provided later on but no progress was reported.

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

Audit recommends deposit of the amount in District Council account and action against the person(s) at fault.

AP 43 (2013-14)

MUNICIPAL COMMITTEE BATKHELA

1.3 AUDIT PARAS MUNICIPAL COMMITTEE BATKHELA

1.3.1 Internal Control Weaknesses

1.3.1.1 Loss due to award of contract of General Bus Stand at lower rate -Rs 38.925 million

According to clause (ii) of the model terms and conditions of contract circulated vide Local Government Department of Khyber Pakhtunkhwa Letter No. AO-II/LCB/6-11/ 2012 dated 06.04.2012, the contract for the present year must have an increase over the bid of last year to the tune of 15% for financial year 2012-13.

Chief Municipal Officer, Municipal Committee Batkhela awarded contract of General Bus Stand Batkhela for Rs 14,150,000 instead of Rs 34,500,000 for the financial year 2012-13 and for Rs 21,100,000 instead of Rs 39,675,000 for the financial year 2013-14, sustaining loss of Rs 20, 350,000 and Rs 18,575,000 respectively totaling to Rs 38,925,000. Detail as per Annex-5.

Loss occurred due to lack of internal control which resulted in loss to the Committee.

When reported in September 2014, management stated that detail reply would be provided later on but no progress was reported.

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

Audit recommends fixing of responsibility and action against the person(s) at fault.

AP 15 (2013-14)

1.3.1.2 Overpayment due to non-adjustment of income tax –Rs 14.242 million

According to Finance Department of Khyber Pakhtunkhwa letter NO.SO(Dev-11)FD/12-6/12-13 dated 20.06.2013, Composite Schedule Rates include inbuilt Income Tax and payment in the tax exempted area (PATA) is made on the said CSR without adjustment/non deduction of income tax which is overpayment by amount equal to deductible income tax.

Chief Municipal Officer, Municipal Committee Batkhela overpaid Rs 14,241,950 due to non-adjustment of inbuilt income tax @ 6% and 6.5% during the financial years 2012-13 and 2013-14 on payment of Rs 133,420,000 and Rs 95,950,000 respectively to various contractors on the basis of CSR. Detail as per Annex-6

Non adjustment of income tax was due to weak internal controls, which resulted in loss to Government.

When reported in August 2014, management stated that Malakand division did not fall within the ambit of income tax. Therefore, income tax was not adjusted. Reply was not convincing as tax exemption certificates were not produced.

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

Audit recommends recovery of the overpaid amount and deposit into Government treasury.

AP 03 (2013-14)

1.3.1.3 Non imposition of penalty for delay in completion of work-Rs 5.830 million

According to Clause-2 of the conditions of the Contract Agreement the contractors have to pay compensation @ 1 to 10% of the estimated cost per day for the delay in completion of work.

Chief Municipal Officer, Municipal Committee Batkhela did not impose 10% penalty for Rs 5,830,000 on late completion of work “Hanif Khan Memorial Hall Zafar Park Batkhela having estimated cost of Rs 58,300,000 ”. The work was required to be completed up to 16-02-2014 but was not completed till August 2014

Non imposition of penalty was due to weak internal controls, which resulted in delay of work and loss to Government.

When reported in August 2014, management stated that detail reply would be submitted later on but no progress was reported.

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

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

AP27 (2013-14)

1.3.1.4 Non deposit of bank profit into Government treasury-Rs 1.889 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.

Chief Municipal Officer, Municipal Committee Batkhela kept Government fund under the head “5% Net Hydal Profit Share” in designated bank account No.5030-79000-239-01. The fund was released for execution of various development schemes during financial years 2012-13 and 2013-14. Bank profit of Rs 1,889,113 on the Government fund was required to be deposited into Government treasury which was not done.

Non deposit of bank profit into Government Treasury was due to weak internal control, which resulted in loss to Government.

When reported in August 2014, management did not respond to audit observation.

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

Audit recommends deposit of the amount in Government Treasury and fixing of responsibility against the person(s) at fault.

AP10 (2013-14)

MUNICIPAL COMMITTEE DARGAI

1.4 AUDIT PARAS MUNICIPAL COMMITTEE DARGAI
1.4.1 Internal Control Weaknesses
1.4.1.1 Overpayment due to non adjustment of income tax–Rs 4.027 million

According to Finance Department of Khyber Pakhtunkhwa letter NO.SO(Dev-11)FD/12-6/12-13 dated 20.06.2013, Composite Schedule Rates include inbuilt Income Tax and payment in the tax exempted area (PATA) is made on the said CSR without adjustment/non deduction of income tax which is overpayment by amount equal to deductible income tax.

Chief Municipal Officer Municipal Committee Dargai overpaid Rs 4,027,643 due to non-adjustment of inbuilt income tax @ 6.5% during the financial year 2013-14 on payment of Rs 61,963,765 to various contractors on the basis of CSR. Detail as per Annex-7.

Non adjustment of income tax occurred due to weak internal controls, which resulted in loss to Government.

When reported in September 2014, management did not respond to audit observation.

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

Audit recommends deposit of the amount into Government treasury and action against the person(s) at fault.

AP 37 (2013-14)

1.4.1.2 Non recovery of outstanding amount from the contractors-Rs 3.423 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.

Chief Municipal Officer, Municipal Committee Dargai did not recover outstanding amount from the contractor on account of Cattle fair pertaining to previous years, as detailed below:

S No.	Contractor's Name	Period	Amount(Rs)
1	RazGul	2009-10	2,170,000
2	Mir Alam	1994-95	1,023,782
3	ZarifGul	1996-97	229,655
Total			3,423,437

Non recovery of outstanding amount was due to weak internal controls, which resulted in loss to Government.

When reported in September 2014, management stated that efforts would be made for early recovery of the amount. Reply was incorrect as no efforts were made since long.

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

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

AP 36 (2013-14)

1.4.1.3 Loss to Government due to non-deduction of income tax from contractors of local fund contract –Rs 2.641 million

According to section 153 and 236 A of the income tax ordinance 2001, 10% income tax should be deducted on sale price of public auction and according to Para 3 of regional tax office Peshawar letter No.1060 dated 27-3-2009 non deduction of income tax is to be made only in those cases where a person / party provide exemption certificate issued by commissioner income tax. It is clarified that exemption certificate issued by commissioner income tax is valid for a specific period and purpose which are clearly mentioned in the said certificate.

Chief Municipal Officer Municipal Committee Dargai did not deduct income tax of Rs 2,641,650 from contractors during the Financial Year 2013-14. Detail as per Annex-8.

Non deduction of income tax was due to non-observance of Government orders, which resulted in loss to Government.

When reported in August 2014, management did not respond to audit observation.

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

Request for convening of DAC meeting was made in September 2014. DAC meeting could not be convened till finalization of this report.

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

AP 33 (2013-14)

1.4.1.4 Non recovery of penalty from contractors-Rs 2.499 million

According to clause 13 of terms and condition of contract, the contractor should deposit monthly installment up to 10th of following month, failing which 1 % daily penalty would be imposed for late deposit.

Chief Municipal Officer Municipal Committee Dargai failed to impose 1% penalty amounting to Rs 2,432,549 from the contractors of local fund receipts contracts for the Financial Years 2013-14 on late deposit of monthly installments. Detail as per Annex- 9.

Non recovery of penalty was due to non-observance of terms and conditions of contract, which resulted in loss to Committee.

When reported in August 2014, management stated that reply would be submitted after scrutiny of record but no progress was reported.

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

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

AP 32 (2013-14)

1.4.1.5 Loss to Government due to non deposit of tender form fee in to Government treasury-Rs 1.491 million

According to Para 66 of CPWA code, Government money realized should be deposited into Government treasury immediately.

Chief Municipal Officer Municipal Committee Dargai received Rs 1,491,650 on account of sale of tender forms generated by Chief Minister

Directives, Tobacco Cess and Net Hydly Share, but failed to deposit the amount into Government Treasury. Detail as per Annex- 10.

Non deposit of the amount occurred due to non compliance with relevant rules, which resulted in loss to Committee.

When reported in September 2014, management stated that the amount would be deposited into Government treasury. However the amount was not deposited into Government Treasury.

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

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

AP 38 (2013-14)

ANNEXURES

Annex-1

Detail of MFDAC Paras

(Rs in million)

S. No.	AP	Department	Caption	Amount (Rs)
1	7	MC Batkhela	Non utilization of 30% ADP	10.449
2	12	-do-	Irregular retention of Government fund in designated account	52.211
3	13	-do-	Non recovery of water charges	2.289
4	14	-do-	Unjustified and irregular with drawl of fund	14.503
5	19	-do-	Irregular and unjustified award of contract of repair	1.452
6	20	-do-	Irregular and unauthentic expenditure on account of sanitation campaign	1.165
7	21	-do-	Non recovery of penalty on late deposit of monthly installment	1.372
8	25	-do-	Non recovery of mobilization advance	4.90
9	26	-do-	Irregular expenditure without TS	58.012
10	28	-do-	Loss due to execution of PCC 1:2:4 instead 1:3:6	0.418
11	51	-do-	Irregular establishment of mundi	1.5
12	55	-do-	Non utilization of fund	46.580
13	56	-do-	O/P by allowing form work on RCC	0.048
14	57	-do-	Non completion of work	1.150
14	58	-do-	Irregular award of contract and non forfeiture of earnest money	11.220
15	59	-do-	Unauthentic and unverified award of contract	1.5
16	63	-do-	Irregular and unauthentic expenditure on sanitation campaign	1.64
Total				210.409

Audit Impact Summary

S.No	Rules/System/Procedure	Audit Impact
1	The Auditor General has the authority to require any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to transactions to which his duties in respect of audit extent.	DAC meetings could not be convened due to which audit impact is not visible.
2	According to GFR, all dues of the Government should be correctly and promptly assessed, collected and paid into Government Treasury.	-do-
3	According to terms and conditions of the contracts; the contract for the present year must have 15% increase over the bid of last year.	-do-
4	Withholding tax collection under section 236A on sale of property was required at enhanced rate of 10%.	-do-
5	The procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods over the value of Rs 100,000.	-do-

Annex-3

Detail of non adjustment of Income Tax

(DP# 1.2.2.1)

S#	Name of Scheme	Cost (Rs)	Income Tax (Rs)
	District ADP(Carried Over to 2012-13)		
1	construction of bridge at Hisar UC Totakan	3,000,000	195,000
2	construction of street at khiro kanda UC Julagram	1,000,000	65,000
3	construction of street at Julagram	1,800,000	117,000
4	Blacking topping of road at uc Koper	1,500,000	97,500
5	blacking topping of Kacha road UC Badraga	2,000,000	130,000
6	blacking topping of Mahaz Colony road at Sakhakot	1,500,000	97,500
7	PCC road at Umar Hayat banda	1,000,000	65,000
8	Blacking topping of Yaghi Garh Road UC Hero Shah	1,500,000	97,500
9	construction of drain street, culvert at NHO Arshad Hussain Sarkai	200,000	13,000
10	construction of drain street, culvert at NHO Fazal Raheem at Machine Korona	900,000	58,500
11	Repair/rehabilitation of Jirga hall at Malakand Top	1,500,000	97,500
12	construction/extension of khawar	700,000	45,500
13	Repair/rehabilitation of levy post chakdara	700,000	45,500
14	repair/rehabilitation of levy post Batkhela	500,000	32,500
15	Repair/rehabilitation of levy post Palai	700,000	45,500
16	repair/rehabilitation of bar room Dargai	150,000	9,750
17	construction in APA Colony	250,000	16,250
	Total	18,900,000	1,228,500
	Finance Minister Directives Fund 2012-13 (Carried Over)		-
1	Construction of Road at Sarkaway	4,000,000	260,000
2	Pavement of street at Union Council Dheri Julagram	1,000,000	65,000
3	Construction of R/Wall at Muzamil Shah Korona	100,000	6,500
4	Construction of drain and Pavement of street at Khass Kalley	150,000	9,750
5	Construction of drain and Pavement of street and R/Wall at Mehadi	200,000	13,000
6	Construction of culverts at sakhakot	150,000	9,750
7	Pedestrian bridges at Muhammad Patay Bungla	50,000	3,250
	Total	5,650,000	367,250

Net Hydal share Fund (Carried Over)			
1	Construction of Mosque at Bazdara UC Palai	2,000,000	130,000
2	Construction of Levy Post Khar	1,500,000	97,500
3	Pavement of street near Girls College Batkhela	1,000,000	65,000
	Total	4,500,000	292,500
	Grand Total	29,050,000	1,888,250

Annex-4

Detail of non recovery of rent of shops

(DP# 1.2.2.2)

Location	No of Shops/ enhanced rate	Monthly rent enhanced and approved by CCO (Rs)	Monthly rent collected (Rs)
Malakand (Pucca shops	23x Rs 1,500	34,500	2,750
Do	2xRs 1,000	2,000	55
Classic Super Store MKD	1xRs 5,000	5,000	1,018
Kachka shops Malakad	10xRs 500	5,000	100
Do	3x Rs 1,000	3,000	30
Do	1xRs 1,500	1,500	10
Do	2x Rs 800	1,600	20
Pucca Quarter Malakand	9x Rs 1,200	10,800	1,425
Do	1x Rs 5,000	5,000	3,000
Flat Malakand	7xRs 1,000	7,000	2,320
Do	1xRs 1,500	1,500	0
Do	1xRs 1,200	1,200	240
Kucha Quarter Malakand	2xRs 500	1,000	25
Do	1xRs 700	700	5
Do	4xRs 300	1,200	45
Do	1xRs 1,000	1,000	50
Do	1xRs 2,000	2,000	1,000
One room Malakand	2xRs 500	1,000	60
Pucca shops Thana	17xRs 2,000	34,000	5,100
Do	2xRs 4,000	8,000	600
Flat Thana	2xRs 5,000	10,000	1,020
Flat Thana	1x Rs 4,000	4,000	300
Open plot	1x Rs 5,000	5,000	110
Total		146,000	19,283
Collectable rent w.e.f. July 2013 to September 2013 (19283x3)			57,849
Collectable rent w.e.f. October 2013 to July 2014 (146000x9)			1,314,000
Total required Rent			1,371,849
Rent collected during 2013-14 19283x12			231,396
Less realization of Rent			1,140,453

Annex-5

Detail of loss in the award of GBS

(DP# 1.3.1.1)

S No	Description	Amount (Rs)
1	Bid amount for 10 months during the year 2011-12	25,000,000
	Bid amount for the whole year 2011-12 (25,000,000x12/10=30,000,000)	30,000,000
2	Required bid amount for the year 2012-13 (25,000,000+15% increase) =30,000,000+4,500,000	34,500,000
3	Awarded for the year 2012-13	14,150,000
4	Loss for the year 2012-13= (2-3)	20,350,000
5	Required bid amount for the year 2013-14 (28,750,000+15% increase) = +4,312,500	39,675,000
6	Awarded for the year 2013-14	21,100,000
7	Loss for the year 2013-14=(5-6)	18,575,000
	Total Loss (4+7)	38,925,000

Annex-6**Detail of non adjustment of Income Tax****(DP# 1.3.1.2)**

2012-13			
S No	Budget Head	Amount (Rs)	6% Income Tax (Rs)
1	CMD	40,320,000	2,419,200
2	FMD	22,000,000	1,320,000
3	NHS	50,940,000	3,056,400
4	TKPP	20,160,000	1,209,600
Total		133,420,000	8,005,200

2013-14			
S No	Budget Head	Amount (Rs)	6.5% Income Tax (Rs)
1	CMD	8,500,000	552,500
3	NHS	11,650,000	757,250
4	ADP	75,800,000	4,927,000
Total		95,950,000	6,236,750

Annex-7**Detail of non adjustment of Income Tax****(DP# 1.4.1.1)**

S No	Budget Head	Amount(Rs)	6.5 % Income Tax(Rs)
1	CMD ADP#771	2,579,775	167,685
2	CMD ADP#775	99,000	6,435
2	Tobacco Cess	12,611,785	819,766
3	NHS	43,028,905	2,796,878
4	Local Fund	3,104,300	201,779
5	30% PFC award	540,000	35,100
Total		61,963,765	4,027,643

Annex-8

**Detail of non deduction of Income Tax from local fund contractor
(DP# 1.4.1.3)**

S No	Name of contracts	Contractors name	Contract amount (Rs)	10% income tax (Rs)
1	Truck Adda	Lalzada	450,000	45,000
2	Sign Board	Naveed Ahmad Khan	615,000	61,500
3	Cattle fair dargai	Lalzada	16,250,000	1,625,000
4	Bus Stand Dargai	Jawad Khan	9,101,500	910,150
Total				2,641,650

Annex-9

Detail of non recovery of penalty

(DP# 1.4.1.4)

Months	Due date	Deposit date	Late period(days)	Amount(Rs)	1% penalty (Rs)	Total penalty (Rs)
7-013	1-8-013	13-8-13	12	760,000	7,600	91,200
8-013	1-9-013	11-9-13	10	760,000	7,600	76,000
9-013	1-10-013	8-10-13	7	760,000	7,600	53,200
10-013	1-11-013	8-11-13	7	760,000	7,600	53,200
11-013	1-12-013	5-12-13	4	760,000	7,600	30,400
12-013	1-1-014	6-1-14	5	700,000	7,000	35,000
1-014	1-2-014	10-2-14	9	400,000	4,000	36,000
		1-4-14	60	300,000	3,000	180,000
2-014	1-3-014	10-3-14	9	700,000	7,000	63,000
3-014	1-4-014	11-4-14	10	500,000	5,000	50,000
		16-6-14	76	100,000	1,000	76,000
4-014	1-5-014	12-5-14	11	500,000	5,000	55,000
Total						799,000

Cattle Fair Dargai

Months	Due date	Deposit date	Late period(days)	Amount (Rs)	1% penalty (Rs)	Total penalty (Rs)
7-013	1-8-013	6-8-13	5	1,477,300	14,773	73,865
8-013	1-9-013	5-9-13	4	1,151,676	11,516	46,064
		8-10-13	37	20,000	200	7,400
9-013	1-10-013	8-10-13	7	900,000	9,000	63,000
		23-10-13	22	577,000	5,770	126,940
10-013	1-11-013	11-11-13	10	1,000,000	10,000	100,000
		21-11-13	20	477,000	4,770	95,400
11-013	1-12-013	9-12-13	8	700,000	7,000	56,000
		17-12-13	16	400,000	4,000	64,000
		24-12-13	23	377,000	3,770	86,710
12-013	1-1-014	7-1-14	6	600,000	6,000	36,000
		15-1-4	14	877,000	8,770	122,780
1-014	1-2-014	6-2-14	5	700,000	7,000	35,000
		20-2-14	19	400,000	4,000	76,000
2-014	1-3-014	12-3-14	11	500,000	5,000	55,000

		27-3-14	26	500,000	5,000	130,000
3-014	1-4-014	8-4-14	7	477,000	4,770	33,390
		21-4-14	20	300,000	3,000	60,000
		1-5-14	30	300,000	3,000	90,000
		16-5-14	45	100,000	1,000	45,000
		2-6-14	62	100,000	1,000	62,000
		11-6-14	71	100,000	1,000	71,000
		8-7-14	98	100,000	1,000	98,000
Total						1,633,549

Annex-10**Detail of non deposit of tender form fee****(DP#1.4.1.5)**

Challan No	Date	Account No	Bank	Amount (Rs)
10	28-3-14	14-8	NBP	483,000
4	7-4-14	112	BoK	347,250
15	26-6-14	112	Do	343,000
16	30-6-14	112	Do	318,400
Total				1,491,650