

**AUDIT REPORT  
ON THE ACCOUNTS OF  
DISTRICT COUNCIL AND MUNICIPAL  
COMMITTEES  
BANNU**

**AUDIT YEAR 2014-2015**

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**AUDITOR GENERAL OF PAKISTAN**

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## **ABBREVIATIONS AND ACRONYMS**

AA	Administrative Approval
AP	Advance Para
ADP	Annual Development Plan
AOM&R	Annual Ordinary Maintenance and Repair
CCO	Chief Coordination Officer
CMO	Chief Municipal Officer
CPWA Code	Central Public Works Account Code
CPWD Code	Central Public Works Department Code
DAC	Departmental Accounts Committee
DDO	Drawing & Disbursing Officer
DG	Director General
GFR	General Financial Rules
LGO	Local Government Ordinance
MFDAC	Memorandum for Departmental Accounts Committee
PAO	Principal Accounting Officer
PAC	Public Accounts Committee
PC-I	Planning Commission Proforma One
PHE	Public Health Engineering
PWP	People Works Program
RDA	Regional Directorate of Audit
TS	Technical Sanction
ZAC	Zilla 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 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 Bannu for the Financial Year 2013-14. The Directorate General of Audit, District Governments, Khyber Pakhtunkhwa, Peshawar conducted audit on test check basis during 2014-15 with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings carrying value of Rs 1 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 without written replies of the Departments. DAC meetings could not be convened despite repeated requests.

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

Islamabad  
Dated:

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

## EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Khyber Pakhtunkhwa, Peshawar, is responsible to conduct the audit of all District Councils, Municipal Committees (MCs) and Union Councils (UCs). Its Regional Directorate of Audit Bannu has audit jurisdiction of District Councils, Municipal Committees and UCs of two Districts i.e. Bannu and Lakki Marwat.

The Regional Directorate has a human resource of 06 officers and staff, constituting 1818 man days and a budget of Rs 7.888 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 Bannu carried out audit of the accounts of District Council and Municipal Committee Bannu for the Financial Year 2013-14 and the findings included in the Audit Report.

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

### **a) Scope of audit**

Out of total expenditure of District Council and Municipal Committee Bannu, for the Financial Year 2013-14, the auditable expenditure under the jurisdiction of RDA was Rs 539.471 million. Out of this, RDA Bannu audited an expenditure of Rs 269.736 million which, in terms of percentage, was 50% of auditable expenditure.

The receipts of District Council and Municipal Committee, District Bannu for the Financial Year 2013-14, were Rs 202.652 million. Out of this, RDA Bannu audited receipts of Rs 202.652 million which, in terms of percentage, was 100% of auditable receipts.

The total expenditure and receipts of District Council and Municipal Committees, District Bannu, for the financial year was Rs 742.123 million. Out of this, RDA Bannu audited the expenditure and receipts of Rs 472.388 million.

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

Recovery of Rs 122.986 million was pointed out during the audit. However, no recovery was affected till the finalization of this report. Out of the total recoveries Rs 106.794 million was not in the notice of the executives before audit.

**c) Audit Methodology**

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

**d) Audit Impact**

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

**e) Comments on Internal Control and Internal Audit department**

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

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

**f) Key audit findings of the report;**

- i. Non production of record of Rs 255.159 million were noted in two cases.<sup>1</sup>
- ii. Irregularity / non-compliance of Rs 76.829 million were noted in eighteen cases.<sup>2</sup>

**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. Concerted efforts need to be made to recover long outstanding dues.
- iii. All sectors of MCs/District Council need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc to ensure that reported lapses are preempted and fair value for money is obtained from public spending.
- iv. Deduction of taxes on supplies and contracts need to be ensured.
- v. Decisions taken in DAC meetings need to be implemented.

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<sup>1</sup> 1.2.1.1 and 1.3.1.1

<sup>2</sup> 1.2.2.1 to 1.2.2.8 and 1.3.2.1 to 1.3.2.10



## SUMMARY TABLES & CHARTS

**Table 1: Audit Work Statistics** **(Rs in million)**

S. No	Description	No.	Budget
1	Total Entities in (PAO) Audit Jurisdiction	01	742.123
2	Total formations in audit jurisdiction	02	742.123
3	Total Entities in (PAO) Audited	01	742.123
4	Total formations Audited	02	742.123
5	Audit & Inspection Reports	02	742.123
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

**Table 2: Audit observations classified by categories**

**(Rs in million)**

S. No	Description	Amount Placed under Audit Observation
1	Unsound asset management	0
2	Weak financial management	0
3	Weak Internal controls relating to financial management	0
4	Others	331.988
<b>Total</b>		<b>331.988</b>

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

S.No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total For the years 2013-14	Total for the year 2012-13
1	Outlays Audited	-	349.243	202.652	190.228	742.123	119.773
2	Amount Placed under Audit Observations /Irregularities of Audit	-	265.08	51.419	15.489	331.988	78.425
3	Recoveries Pointed Out at the instance of Audi	-	5.553	101.088	16.345	122.986	6.459
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-
5.	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

**Table 4: Irregularities pointed out**

		<b>(Rs in million)</b>
<b>S. No</b>	<b>Description</b>	<b>Amount Placed under Audit Observation</b>
1	Violation of Rules and regulations, principle of propriety and probity in public operation	-
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from NAM, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	Quantification of weaknesses of internal control systems.	-
5	Recoveries and overpayment, representing cases of established overpayment or misappropriations of public monies	-
6	Non-production of record	255.159
7	Others, including cases of accidents, negligence etc.	76.829
<b>Total</b>		<b>331.988</b>

**Table 5: Cost – Benefit Ratio**

		<b>(Rs in million)</b>
<b>Sr. No.</b>	<b>Description</b>	<b>Amount</b>
1	Outlays Audited	742.123
2	Expenditure on Audit	7.888
3	Recoveries realized at the instance of audit	0
4	Cost – Benefit Ratio	-

## CHAPTER-1

### 1.1 District Council & Municipal Committees District Bannu

#### 1.1.1 Introduction

District Bannu has one tehsil i.e. Bannu. There is a District Council and a Municipal Committee. 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 Bannu 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 Bannu is 963,985.

#### 1.1.2 Comments on Budget and Accounts (Variance Analysis)

An amount of Rs 339.304 million was allocated as grant in aid by the Provincial Government to District Council and Municipal Committee of District Bannu. An amount of Rs 202.652 million was realized during the financial year 2013-14. Thus making a total of Rs 541.956 million at the disposal of local councils, against which an expenditure of Rs 539.471 million was incurred by the District Council and Municipal Committee Bannu with a saving of Rs 2.485 million during Financial Year 2013-14. Detail is given below:

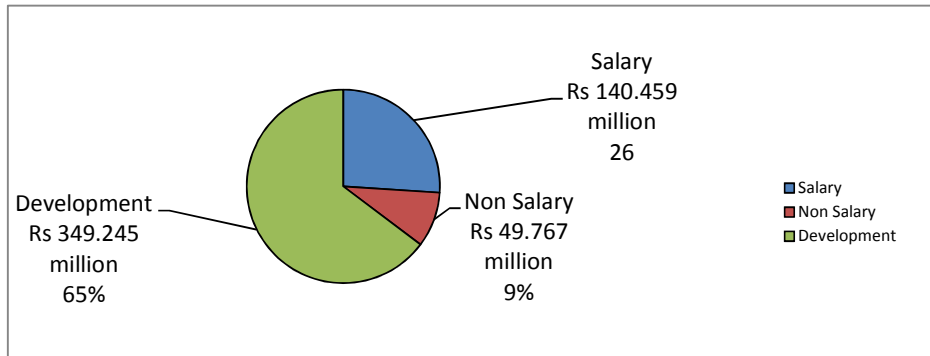
(Rs in million)

2013-14	Budget	Expenditure	Saving/Excess	%age Excess/Saving
Salary	140.459	140.459	0.000	0.000%
Non-Salary	47.372	49.767	+2.395	5.000%
Developmental	354.125	349.245	-4.880	10.000%
<b>Total</b>	<b>541.956</b>	<b>539.471</b>	<b>-2.485</b>	<b>15.00%</b>
Receipts	202.652	202.652	-	-
<b>Grand Total</b>	<b>744.608</b>	<b>742.123</b>	-	-

The savings of Rs 2.485 million indicates weakness in the capacity of these local institutions to utilize the amounts allocated.

### Expenditure 2013-14

(Rs in million)



#### 1.1.3 Comments on the status of compliance with PAC Directives

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

**DISTRICT COUNCIL BANNU**

## **1.2 Audit Paras District Council Bannu**

### **1.2.1 Non Production of Record**

#### **1.2.1.1 Non Production of Record – Rs 126.700 million**

According to Section 14(3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 any person or authority hindering the auditorial functions of the Auditor General of Pakistan regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

CCO, District Council Bannu spent Rs 100.00 million under Chief Minister Directives and Rs 26.700 million under District ADP during 2013-14. But record in support of expenditure thereof was not produced despite repeated requests.

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

When reported in November 2014, the management replied that detailed reply would be submitted after consultation of record. However, record was not produced till finalization of this report.

Request for the convening of DAC meeting was made on 10.11.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

Audit recommends production of record and action against the person (s) at fault.

**AP 48 (2013-14)**

## **1.2.2 Irregularity & Non Compliance**

### **1.2.2.1 Non-credit of Income Tax – Rs 3.952 million**

Under Section 153(i) of Income Tax ordinance 2001, income tax is liable to be deducted from Contractor's bills @ 6.5%.

CCO, District Council Bannu paid Rs 60,802,382 to various contractors for execution of developmental schemes during 2013-14. Income Tax worth Rs 3,952,154 was deducted from the bills of contractors but the same was not credited to Government Treasury (detail at Annexure-3).

Non-credit of income tax was occurred due to non-compliance of rules.

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

Request for convening DAC meeting was made on 10.11.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

Audit recommends credit of income tax amount in treasury and action against the person(s) at fault.

**AP 67 (2013-14)**

### **1.2.2.2 Unauthorized expenditure – Rs 3.419 million**

Para 56 of CPWD Code stipulates that if subsequent to the grant of T.S, 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.

CCO, District Council Bannu spent Rs 13.600 million on execution of pressure pumps during 2013-14. Administrative Approval was issued for 65 number Pressure Pumps whereas 93 Pressure Pumps were executed, which resulting execution of 28 pressure pumps in excess of Administrative Approval (detail at Annexure-4). Moreover, completion certificates of only 65 pressure pumps were available on record of local office.

Unauthorized expenditure occurred due to non-compliance of rules.



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

Request for convening DAC meeting was made on 10.11.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 63 (2013-14)**

### **1.2.2.3 Un-authorized expenditure – Rs 2.602 million**

Para 56 of CPWD Code stipulates that if subsequent to the grant of T.S, 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.

CCO, District Council Bannu spent Rs 9.000 million on execution of pressure pumps during 2013-14. Administrative Approval was issued for 38 number Pressure Pumps whereas 53 Pressure Pumps were executed, which resulting execution of 15 pressure pumps in excess of Administrative Approval (detail at Annexure-5). Moreover, completion certificates of only 38 pressure pumps were available on record of local office.

Unauthorized expenditure occurred due to non-compliance of rules.

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

Request for convening DAC meeting was made on 10.11.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 64 (2013-14)**

#### **1.2.2.4 Non recovery of departmental dues - Rs 1.876 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.

CCO, District Council Bannu allotted 39 shops in Cantonment Shopping Plaza Bannu without recovering long outstanding rent of Rs 1,876,240 from the allottees (details at annexure-6).

Non recovery of Government receipts occurred due to non-compliance of rules.

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

Request for convening DAC meeting was made on 10.11.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 41 (2013-14)**

#### **1.2.2.5 Non recovery of departmental dues – Rs 1.126 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.

CCO, District Council allotted shops to various persons in Sarai Naurang without recovering rent of Rs 1,126,083 from allottee (detail at Annexure-7).

Non recovery of Government receipts occurred due to non-compliance of rules.

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

Request for convening DAC meeting was made on 10.11.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 42 (2013-14)**

#### 1.2.2.6 Less recovery of Income Tax – Rs 1.061 million

Government of Pakistan Federal Board of Revenue vide letter No. C-4 (36) ITP / 2013 dated: 19.07.2013 states that the rate of collection of income tax under section 236 (A) has been increased from 05% to 10%.

CCO, District Council Bannu awarded contract of 2% Immovable Property Tax to contractor Namdar Khan for Rs 12,610,000 during 2013-14. Income Tax @ 10% was required to be recovered whereas Income Tax @ 1.6% worth Rs 200,000 was recovered from the contractor, due to which the Government was put to loss of Rs 1.061 million.

Less recovery of income tax occurred due to non-compliance of rules.

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

Request for convening DAC meeting was made on 10.11.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 53 (2013-14)**

#### 1.2.2.7 Non recovery of income tax – Rs 0.770 million

Government of Pakistan Federal Board of Revenue vide letter No. C-4 (36) ITP / 2013 dated: 19.07.2013 states that the rate of collection of income tax under section 236 (A) has been increased from 05% to 10%.

CCO, District Council Bannu awarded following contracts without recovering Income Tax @ 10% during 2013-14 as per detail given below.

Sr. No.	Name of Contractor	Name of Contract	Bid Amount	Income Tax
1	Naimat Ullah	Load un Load	5,100,000	510,000
2	Manzoor Ullah	Cattle Fair Markt kaki	2,600,000	260,000
<b>Total</b>			<b>7,700,000</b>	<b>770,000</b>

Non recovery of income tax occurred due to non-compliance of rules.

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

Request for convening DAC meeting was made on 10.11.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 52 (2013-14)**

**1.2.2.8 Non recovery of departmental dues - Rs 0.585 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.

CCO, District Council Bannu awarded contract of Cattle Fair Kakki for Rs 2,600,000 to contractor Manzoor Ullah Khan during 2013-14, however, the local office recovered Rs 2,014,664 leaving a balance of Rs 585,336.

Non recovery of Government receipts occurred due to non-compliance of rules.

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

Request for convening DAC meeting was made on 10.11.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 50 (2013-14)**

**MUNICIPAL COMMITTEE BANNU**

### **1.3 Audit Paras of Municipal Committee Bannu**

#### **1.3.1 Non Production of Record**

##### **1.3.1.1 Non-Production of Record - Rs 128.459 million**

According to Section 14(3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 any person or authority hindering the auditorial functions of the Auditor General of Pakistan regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

CMO, Municipal Committee Bannu spent Rs 128.459 million as per detail given below during Financial Year 2013-14. However, record in support of expenditure was not produced despite repeated requests.

<b>Sr. No.</b>	<b>Description</b>	<b>Amount</b>
1	Plaza Fund	101.870
2	30% DADP	16.589
3	MNA Fund	10.000
	<b>Total</b>	<b>128.459</b>

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

When reported in September 2014, the management replied that detailed reply would be submitted after consultation of record. However, record was not produced till finalization of this report.

Request for the convening of DAC meeting was made on 17.09.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

Audit recommends production of record and action against the person (s) at fault.

**AP 12 (2013-14)**

### **1.3.2 Irregularity & Non Compliance**

#### **1.3.2.1 Non-realization of water charges – Rs 16.192 million**

Para 26 & 28 of GFR Vol-I stipulates that controller officer is required to ensure that all sums due to government are regularly and promptly assessed regularized and duly credited in the government account and that no amount due to government should be left out standing without sufficient reasons.

CMO, Municipal Committee Bannu collected water charges Rs 6,663,552 against the total recoverable amount of Rs 22,856,433 leaving a balance of Rs 16,192,881.

Non recovery of revenue occurred due to non-compliance of rules.

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

Request for the convening of DAC meeting was made on 17.09.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 31 (2013-14)**

#### **1.3.2.2 Non recovery of rent of shops – Rs 15.753 million**

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

CMO, Municipal Committee Bannu allotted various shops in area Bannu City without recovering of rent worth Rs 15,752,541.

Non recovery of revenue occurred due to non-compliance of rules.

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

Request for the convening of DAC meeting was made on 17.09.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 17 (2013-14)**

**1.3.2.3 Non recovery of departmental dues – Rs 10.162 million**

Para 8 and 26 of GFR Vol-I states that each administrative department to see that the dues of the government are correctly and promptly assessed collected and paid into government treasury.

CMO, Municipal Committee Bannu failed to recover the outstanding amount from various contractors Rs 10,161,563.

Non recovery of revenue occurred due to non-compliance of rules.

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

Request for the convening of DAC meeting was made on 17.09.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 23 (2013-14)**

**1.3.2.4 Non deposit of 2% LCB Pool Fund - Rs 5.299 million**

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

Charge expenditure of Local Council Board 2% share for Rs 5,299,000 was outstanding against Municipal Committee Bannu.

Non deposit of outstanding dues occurred due to non-compliance of rules.

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

Request for the convening of DAC meeting was made on 17.09.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.



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

**AP 02 (2013-14)**

**1.3.2.5 Unauthorized payment of salaries due to appointment of staff in Ban period - Rs 5.168 million**

Government of Khyber Pakhtunkhwa LG& RD Department No.AO/LCB/Directives/Budget/2013-14 dated: 19-08-2013 has banned i- the creation and filling of new posts, ii- appointment of contingent staff.

CMO, Municipal Committee Bannu appointed various staff on fixed pay basis during ban period and paid Rs 5,168,126 on account of salaries during 2013-14.

Unauthorized payment occurred due to non-compliance of rules.

When reported in September 2014, Management did not respond to Audit observation.

Request for the convening of DAC meeting was made on 17.09.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 10 (2013-14)**

**1.3.2.6 Irregular payment to PESCO - Rs 3.240 million**

According to letter No.AO/LCB/4-4/05 dated 2<sup>nd</sup> August, 2005, the MCs were required to maintain log books to avoid excess billing of PESCO.

CMO, Municipal Committee Bannu paid Rs 3,244,386 to PESCO on account of electricity bills during 2013-14, however Log book and reconciliation was not made to authenticate the actual expenditure of the department.

Irregular expenditure occurred due to non-compliance of instruction.

When reported in September 2014, Management did not respond to Audit observation.

Request for the convening of DAC meeting was made on 17.09.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 13 (2013-14)**

**1.3.2.7 Unauthorized payment of salaries due to appointment of staff in Ban period - Rs 1.788 million**

Government of Khyber Pakhtunkhwa LG & RDD Department No.AO/LCB/Directives/Budget/2013-14 dated: 19-08-2013 has banned, the creation, filling of new posts and appointment of contingent staff.

CMO, Municipal Committee Bannu appointed 12 sweepers during ban period and paid Rs 1,788,348 as salaries during 2013-14.

Unauthorized payment occurred due to non-compliance of rules.

When reported in September 2014, Management did not respond to Audit observation.

Request for the convening of DAC meeting was made on 17.09.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 08 (2013-14)**

**1.3.2.8 Unauthorized payment of advances – Rs 1.714 million**

Government of Khyber Pakhtunkhwa LG& RD Department No.AO/LCB/Directives/Budget/2013-14 dated: 19-08-2013 has prohibited CMOs from issuance of advances out of budget 2013-14.

In violation of above CMO, Municipal Committee Bannu paid Rs 1,713,614 as advances to local staff during 2013-14.

Unauthorized payment advances occurred due to non-compliance of rules.

When reported in September 2014, Management did not respond to Audit observation.

Request for the convening of DAC meeting was made on 17.09.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 03 (2013-14)**

#### **1.3.2.9 Non recovery of rent – Rs 1.307 million**

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

CMO, Municipal Committee Bannu has allotted jai sufaid and cabin to various persons in District Bannu without recovering rent of Rs 1,306,851 from the various allottees.

Non recovery of revenue occurred due to non-compliance of rules.

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

Request for the convening of DAC meeting was made on 17.09.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 18 (2013-14)**

#### **1.3.2.10 Non recovery of departmental dues – Rs 0.815 million**

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

CMO, Municipal Committee Bannu failed to recover arrears of outstanding dues from various contractors during 2013-14 as per detail given below;

<b>Sr. No.</b>	<b>Name of Contractor</b>	<b>Description of Tax</b>	<b>Amount</b>
1	Asghar Durrani	Water Rate	273,960
2	Nisar ali shah	Slaughter House	72,090
3	Nazir Ullah	Goat & Sheep Mandi	199,167
4	Naimat ullah	Load un load	269,790
<b>Total</b>			<b>815,007</b>

Non recovery of revenue occurred due to non-compliance of rules.

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

Request for the convening of DAC meeting was made on 17.09.2014, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report in March 2015.

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

**AP 14 (2013-14)**

## ANNEXURES

Annex - 1

### DETAIL OF MFDAC PARAS

(Amount in million)

S. No	AP No	Caption	Amount
1.	19	Irregular drawl in payment of salary	1.034
2.	20	Un-authorized drawl of conveyance Allowance	1.080
3.	25	Non forfeiture of security	3.059
4.	26	Loss to Government	3.480
5.	33	Irregular award of contract	2.500
6.	34	Excess of expenditure	3.960
7.	38	Loss to Government	7.000
8.	46	Irregular expenditure	2.200
9.	49	Irregular payment	23.300
10.	56	Non forfeiture of security	5.800
11.	61	Non conducting of rate analysis	5.115
12.	62	Unauthorized payment	18.070

**District Council & Municipal Committees Bannu**  
**Audit Impact Summary for Financial Year 2013-14**

<b>Sr. No</b>	<b>Rules/System/Procedure</b>	<b>Audit Impact</b>
1	According to GFR, all dues of the Government should be correctly and promptly assessed, collected and paid into Government Treasury.	DAC meeting could not be convened, therefore audit impact is not visible.
2	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-
3	Withholding tax collection under section 236A on sale of property was required at enhanced rate of 10%.	-do-
4	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**  
**Para # 1.2.2.1**

**Detail of Income Tax**

<b>Sr. No.</b>	<b>Name of Scheme</b>	<b>Name of Contractor</b>	<b>Amount</b>	<b>Income Tax @ 6.5%</b>
1	DDI (Shah Muhammad)	Asmat Ullah	9,000,000	585,000
2	SPDI (Shah Muhammad)	Asmat Ullah	10,000,000	650,000
3	SPDI (Shah Muhammad)	Asmat Ullah	10,000,000	650,000
4	SPDI (Fakhre-azam)	Karamat Ullah	11,000,000	715,000
5	SPDI (Fakhre-azam)	Karamat Ullah	5,500,000	357,500
6	SPDI (Azam Khan)	Behram Shahzada	7,375,013	479,376
7	SPDI (Azam Khan)	Behram Shahzada	7,927,400	515,281
		<b>Total</b>	<b>60,802,413</b>	<b>3,952,157</b>

**Annex-4**  
**Para # 1.2.2.2**

**Detail of excess pressure pumps**

<b>Sr. No.</b>	<b>P/Pumps as per A.A/BOQ</b>	<b>P/Pumps as per F/Bill</b>	<b>Name of Contractor</b>	<b>T/Amount</b>	<b>Different</b>	<b>Excess</b>
1	6 Nos P/Pumps 6"dia	9 Nos P/Pumps 6"dia	Asmat Ullah Kuram Builder and Const.co	1,000,000	3 Nos P/P	303,333
2	7 Nos P/Pumps 8"dia	9 Nos P/Pumps 6"dia	=do=	1,000,000	2 Nos	202,222
3	3 Nos P/Pumps 8"dia	4 Nos P/Pumps 8"dia	=do=	1,000,000	1 Nos	200,000
4	3 Nos P/Pumps 8"dia	4 Nos P/Pumps 8"dia	=do=	1,000,000	1 Nos	200,000
5	2 Nos P/Pumps 10"dia	4 Nos P/Pumps 10"dia	=do=	1,000,000	2 Nos	500,000
6	7 Nos P/Pumps 8"dia	9 Nos P/Pumps 8"dia	=do=	1,000,000	2 Nos	202,222
7	12 Nos P/Pumps 6"dia	18 Nos P/Pumps 6"dia	Asmat Ullah Kuram Builder and Const.co	2,000,000	6 Nos	506,666
8	10 Nos P/Pumps 6"dia	14 Nos P/Pumps 6"dia	=Do=	1,600,000	4 Nos	307,142
9	11 Nos P/Pumps 6"dia	17 Nos P/Pumps 6"dia	Asmat Ullah Kuram Builder and Const.co	2,000,000	6 Nos	605,882
10	4 Nos P/Pumps 10"dia	5 Nos P/Pumps 10"dia	=Do=	2,000,000	1 Nos	391,533
			<b>Total</b>	<b>13,600,000</b>		<b>3,419,000</b>

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**Annex-5**  
**Para # 1.2.2.3**

**Detail of excess pressure pumps**

Sr. No.	P/Pumps as per A.A/BOQ	P/Pumps as per F/Bill	Name of Contractor	T/Amount	Difference	Excess
1	7 Nos P/Pumps 8"dia	8 Nos P/Pumps 8"dia	Azeem khel const. co	2,000,000	1 Nos	250,000
2	7 Nos P/Pumps 8"dia	8 Nos P/Pumps 8"dia	=Do=	2,000,000	1 Nos	250,000
3	3 Nos P/Pumps 8"dia	8 Nos P/Pumps 8"dia	=Do=	1,000,000	5 Nos	625,000
3	5 Nos P/Pumps 6"dia	8 Nos P/Pumps 6"dia	Karamat Ullah Azeem khel Const.co	1,000,000	3 Nos	775,000
4	5 Nos P/Pumps 6"dia	6 Nos P/Pumps 6"dia	=Do=	1,000,000	1 NOS	166,666
5	5 Nos P/Pumps 6"dia	7 Nos P/Pumps 6"dia	=Do=	1,000,000	2 Nos	285,714
6	6 Nos P/Pumps 6"dia	8 Nos P/Pumps 6"dia	=Do=	1,000,000	2 Nos	250,000
			<b>Total</b>	<b>9,000,000</b>		<b>2,602,380</b>

**Annex-6**  
**Para # 1.2.2.4**

**Detail of outstanding against shopping plaza owners Bannu Cantt**

<b>Sr. No.</b>	<b>Name of Allottee</b>	<b>Shop No</b>	<b>Dues from To</b>	<b>Rent per month</b>	<b>Amount</b>
1	Ahmad Ali	1	1.7.2010 to 30.6.2014	1181	48,716
2	Mir Ahmad	2	-do-	-do-	48,716
3	Sajda Begum	3	-do-	-do-	48,716
4	M. Ali Shah	4	-do-	-do-	48,716
5	Sajda	5	-do-	-do-	48,716
6	Dost Muhammad	6	-do-	-do-	48,716
7	Dost Muhammad	7	-do-	-do-	48,716
8	M. Javid	8	-do-	-do-	48,716
9	Sardar Ahmad Shah	9	-do-	-do-	48,716
10	Gul Sherif	10	-do-	-do-	48,716
11	Sher Dil	11	-do-	-do-	48,716
12	Nazif Ullah	12	-do-	-do-	48,716
13	Iqbal Ayaz	13	1.7.2012 to 30.6.2014	-do-	25,032
14	Jahanzab	27	1.7.2010 to 30.6.2014	-do-	48,716
15	Gulap Khan	28	-do-	-do-	48,716
16	Munawar Khan	29	-do-	-do-	48,716
17	Khursheed Khan	30	-do-	-do-	48,716
18	Saeed Ullah	31	-do-	-do-	48,716
19	Abdul Nasir	32	-do-	-do-	48,716
20	Ja,a; Haji Raham Dil	14	-do-	-do-	48,716
21	Jahnazab	15	-do-	-do-	48,716
22	Abdul Jalil	16	-do-	-do-	48,716
23	Akhter Ali	17	-do-	-do-	48,716
24	Rafi Ullah	18	-do-	-do-	48,716
25	M. Asgher	19	-do-	-do-	48,716

26	Noor Dar Ali	20	-do-	-do-	48,716
27	Nazir Ahmad	21	-do-	-do-	48,716
28	Ghulam Manzoor	22	-do-	-do-	48,716
29	Sher Afzal	23	-do-	-do-	48,716
30	Ashrif Ali Shah	24	-do-	-do-	48,716
31	Ijaz Khan	25	-do-	-do-	48,716
32	Faiz Rehman & Satar	26	-do-	-do-	48,716
33	Abdul Manaf	33	-do-	-do-	48,716
34	Khan Ayaz	34	-do-	-do-	48,716
35	Abdul Manaf	35	-do-	-do-	48,716
36	Farakhzad Shah	36	-do-	-do-	48,716
37	Shah Wazir	37	-do-	-do-	48,716
38	Maqbool Rehman	38	-do-	-do-	48,716
39	Baliqaiz Khan	39	-do-	-do-	48,716
				<b>Total</b>	<b>1,876,240</b>

**Annex-7**  
**Para # 1.2.2.5**

**Detail of outstanding**

<b>Sr. No.</b>	<b>Name of Allotee</b>	<b>Shop No.</b>	<b>Period</b>	<b>Amount outstanding</b>
1.	Aman Ullah & Bala Khan	16/A	1.7.2011 to30.6.2014	20,296
2.	Noor Muhammad	19/A	1.4.2014 to30.6.2014	3,072
3.	Muhib Ullah	22/A	1.7.2009 to 30.6.2014	23,501
4.	Abdul Jalil	23/A	1.1.2013 to 30.6.2014	8,934
5.	Farhad Ullah	24/A	1.1.2014 to30.6.2014	1,902
6.	Iqbal Khan	55/A	1.1.2013 to30.6.2014	5,533
7.	Athlaz Khan	9/B	1.7.2012 to30.6.2014	12,856
8.	Sher Muhammad	10/B	1.7.2012 to30.6.2014	1,308
9.	Abdul Qayum	13/B	1.7.2013 to30.6.2014	6,816
10.	Hashim	15/B	1.7.2012 to30.6.2014	1,308
11.	M. Azim	16/B	1.7.2012 to30.6.2014	7,262
12.	Amir Nawaz	17/B	1.7.2011 to30.6.2014	10,408
13.	Muhammad Rasool	19/B	1.1.2013 to30.6.2014	9,794
14.	Sher muhammad Khan	20/B	1.7.2013 to30.6.2014	12,856
15.	Rafi Muhammad	25/B	1.7.2010 to30.6.2014	21,490
16.	Dilrobaz	34/B	1.7.2012 to30.6.2014	7,262
17.	Akhter Nawaz	34/B-A	1.1.2013 to30.6.2014	5,533
18.	Liaqat Ali Khan	37/B	1.7.2011 to30.6.2014	16,759
19.	Sher Wali Khan	38/B	1.7.2012 to30.6.2014	11,690
20.	Awal Khan	40/B	1.7.2012 to30.6.2014	7,262
21.	Muhammad Ismail	41/B	1.7.2012 to30.6.2014	5,533
22.	Muhammad Farid	43/B	1.7.2012 to30.6.2014	7,262
23.	Syed Faiz Rehman Shan	47/B	1.1.2012 to30.6.2014	12,264
24.	Habib Rehman	50/B	1.7.2012 to30.6.2014	11,690
25.	Aziz rehman Shah	62/B	1.7.2012 to30.6.2014	7,992
26.	Muhammad Asif	66/B	1.7.2012 to30.6.2014	12,838
27.	Muhammad Shabir	68/B	1.7.2012 to30.6.2014	10,608
28.	Noor Ali Shah	77/B	1.7.2012 to30.6.2014	10,408
29.	Arif Ullah	78/B	1.7.2012 to30.6.2014	10,408
30.	Shifa Ali	78/B	1.7.2011 to30.6.2014	8,835
31.	Gul zang	79/B	1.7.2012 to30.6.2014	7,362
32.	Abdur Rahim	82/B	1.7.2008 to30.6.2014	18,218
33.	Aziaz Ullah Khan	60/1	1.8.2012 to30.6.2014	19,310
34.	Waheed Ullah	66/7	1.7.2011 to30.6.2014	41,785
35.	Sirfaraz Khan	67/8	1.7.2012 to30.6.2014	31,189
36.	Syed Rasool	68/9	1.7.2012 to30.6.2014	28,224
37.	Rafi Muhammad	1/A	1.7.2012 to30.6.2014	10,146
38.	Akram Ullah	2/A	1.7.2011 to30.6.2014	18,998
39.	Qayum Khan	2/A-B	1.7.2011 to30.6.2014	17,714
40.	Zarwali Khan	63/C	1.7.2012 to30.6.2014	7,510

41.	Muhammad Saleem	65/C	1.7.2011 to30.6.2014	7,510
42.	Silan Shan	65/CA	1.7.2011 to30.6.2014	5,884
43.	Muhammad Sher Khan	13	1.7.2011 to30.6.2014	11,038
44.	Falak Niaz	14	1.7.2011 to30.6.2014	13,326
45.	Rais Khan	17	1.7.2012 to30.6.2014	9,235
46.	Muhammad Iqbal	22	1.7.2011 to30.6.2014	20,417
47.	Naimat Ullah	23	1.7.2010 to30.6.2014	18,455
48.	Muhammad Saleem	26	1.7.2012 to30.6.2014	11,038
49.	Hakim Khan	29	1.7.2011 to30.6.2014	13,432
50.	Yaqoob Khan	33	1.7.2011 to30.6.2014	13,432
51.	Mir Faraz	35	1.7.2012 to30.6.2014	11,038
52.	Saeed Ullah Khan	36	1.7.2012 to30.6.2014	8,410
53.	Sami Ullah& Azim Khan	38	1.7.2012 to30.6.2014	11,038
54.	Sarwar Khan	39	1.7.2006 to30.6.2014	33,254
55.	Sarwar Khan	47	1.7.2012 to30.6.2014	11,038
56.	Muhammad Ismail	48	1.7.2012 to30.6.2014	8,410
57.	Saif Rehman	51	1.7.2012 to30.6.2014	7,663
58.	Taj Ali Khan	52	1.7.2012 to30.6.2014	11,038
59.	Muhammad Iqbal	53	1.7.2005 to30.6.2014	41,305
60.	Naimat Ullah	53/B	1.7.2009 to30.6.2014	35,489
61.	Naimat Ullah	54	1.7.2011 to30.6.2014	13,432
62.	Imtiaz Khan	58	1.7.2013 to30.6.2014	4,716
63.	Muhammad Jameel	57	1.7.2011 to30.6.2014	14,568
64.	Naimat Ullah	60	1.7.2010 to30.6.2014	19,782
65.	Mir Azim Khan	62	1.7.2011 to30.6.2014	14,568
66.	Yousaf Khan	65	1.7.2010 to30.6.2014	18,696
67.	Arif Ullah	66	1.7.2010 to30.6.2014	18,696
68.	Muhammad Azim Khan	68	1.7.2010 to30.6.2014	19,992
69.	Shaibzada Javed Ullah	69	1.7.2010 to30.6.2014	18,951
70.	Shaibzada Javed Ullah	69/A	1.7.2011 to30.6.2014	7,812
71.	Naimat Ullah	72	1.7.2010 to30.6.2014	18,560
72.	Sher Bahadar Khan	75	1.7.2012 to30.6.2014	11,040
73.	Ahmad Ghulam	76	1.7.2006 to30.6.2014	33,259
74.	Aman Ullah	77	1.7.2009 to30.6.2014	23,784
75.	Qadar Niaz Khan	81	1.7.2009 to30.6.2014	27,888
76.	Fazal Ghani Khan	83	1.7.2012 to30.6.2014	12,146
77.	Jan Muhammad	84	1.7.2010 to30.6.2014	21,949
78.	Fazal Ghani	90	1.7.2012 to30.6.2014	8,546
79.	Younas Khan	C/1	1.7.2012 to30.6.2014	7,512
80.	Khob Nawaz	C/2	1.7.2010 to30.6.2014	13,600
<b>Total</b>				<b>1,126,083</b>