



**AUDIT REPORT
ON THE ACCOUNTS OF
DISTRICT GOVERNMENT
MANSEHRA**

AUDIT YEAR 2016-17

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AP	Advance Para
BHU	Basic Health Unit
C&W	Communication and Works
CPWA	Central Public Works Accounts
CPWD	Central Public Works Department
DC	Deputy Commissioner
DAC	Departmental Accounts Committee
DDO	Drawing and Disbursing Officer
DHO	District Health Officer
DSM	District Support Manager
EPA	Environmental Protection Agency
GFR	General Financial Rules
HRA	House Rent Allowance
IPSAS	International Public Sector Accounting Standards
LGA	Local Government Act
MFDAC	Memorandum for Department Accounts Committee
MOU	Memorandum of Understanding
NAM	New Accounting Model
PAC	Principal Accounting Officer
PAO	Principal Accounting Officer
PHE	Public Health Engineering
RDA	Regional Directorate Audit
TORs	Terms of Reference
EPA	Environmental Protection Authority
XEN	Executive Engineer

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 Local Government Act 2013 require the Auditor-General of Pakistan to conduct audit of the receipts and expenditure of each District Government.

The report is based on audit of the accounts of various offices of District Government, Mansehra for the financial year 2015-16. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2016-17 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 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. In all cases where the PAO does not initiate appropriate action, the audit observations will be brought to the notice of District 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 were not be convened inspite of repeated requests.

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 for laying before the appropriate legislative forum.

Islamabad
Dated:

(Rana Assad Amin)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General Audit, District Governments, Khyber Pakhtunkhwa carries out the audit of 25 District Governments. Regional Directorate of Audit Abbottabad, on behalf of the Director General Audit, District Governments, Khyber Pakhtunkhwa, carried out the audit of six Districts namely Abbottabad, Haripur, Mansehra, Battagram, Kohistan and Tor Ghar.

The Regional Directorate has a human resource of 8 officers and staff with a total of 2000 man-days. The annual budget amounting to Rs 16.237 million was allocated to it during Audit Year 2016-17. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of programs/ projects.

District Government, Mansehra conducts its operations under Khyber Pakhtunkhwa Local Government Act 2013. It comprises one Principal Accounting Officer (PAO) covering eighteen groups of offices as mentioned in Chapter – 1 of this report. Financial provisions of the Act describe the Government fund as District Local Fund and District Public Account for which Annual Budget Statement is authorized by the District Council in the form of budgetary grants.

a. Scope of audit

There are 205 formations in District Mansehra out of which the accounts of four formations were examined in detail. These formations were selected for detailed audit by excluding the last year audited entities keeping in view the available man days.

The total expenditure of the District Government Mansehra for the Financial Year 2015-16, was Rs 4,837.231 million. Out of this, RDA Abbottabad audited an expenditure of Rs 1,379.608 million which, in terms of percentage, was 28.52% of auditable expenditure. The receipts of District Government Mansehra, for the Financial Year 2015-16, were nil.

b. Recoveries at the instance of audit

Recovery of Rs 63.215 million was pointed out during the audit. However, no recovery was effected till finalization of this report.

c. Audit Methodology

Audit was conducted after understanding the business processes of District Government Mansehra with respect to their functions, control structure and key controls. This helped auditors in understanding the systems, procedures, environment, and the audited entity before starting the audit. Audit used desk audit techniques for analysis of compiled data and review of actual vouchers called for scrutiny and substantive testing.

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.

Another basic component of internal control, as envisaged under section 37(4) of LGA 2013, is internal audit which was not found in place in the domain District Government.

f. Key audit findings of the report;

- i. Non Production of Record of Rs 185.755 million was noted in one case¹.
- ii. Irregularity & Non-compliance of Rs 297.073 million were noted in eight cases².
- iii. Internal Control Weakness of Rs 58.975 million was noted in five cases³.

g. Recommendations

- i. Disciplinary action may be taken against the responsible person(s) for non production of record, besides production of record under intimation to audit.
- ii. Strenuous efforts need to be made by the departments to recover long outstanding dues on account of water charges
- iii. Overpayments should immediately be recovered and deposited into Government Treasury.
- iv. HRA from employees residing in Government accommodation should immediately be recovered and deposited into Government treasury, besides action against the person(s) at fault.

¹ Para 1.2.1.1

² Para 1.2.2.1, 1.2.2.2, 1.2.2.3, 1.2.2.4, 1.2.2.5, 1.2.2.6, 1.2.2.7, 1.2.2.8

³ Para 1.2.3.1, 1.2.3.2, 1.2.3.3, 1.2.3.4, 1.2.3.5

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rs in million)

S. No.	Description	No.	Budget		
			Expenditure	Receipts	Total
1	Total Entities (PAO) in Audit Jurisdiction	01	4,837.231	-	4,837.231
2	Total formations in audit jurisdiction	205	5,395.432	-	5,395.432
3	Total Entities (PAO) Audited	01	1,379.608	-	1,379.608
4	Total formations Audited	04	1,379.608	-	1,379.231
5	Audit & Inspection Reports	04	1,379.608	-	1,379.231
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	295.346
3.	Weak Internal controls	60.702
4.	Others	184.028
	Total	540.076

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

S. No.	Description	Expenditure on Acquiring Physical Assets Procurement	Civil Works	Receipts	Others	Total For the year 2015-16	Total for the year 2014-15
1.	Outlays Audited		662.119	-	717.489	1,379.608	-
2.	Amount Placed under Audit Observation / Irregularities of Audit		99.583	-	440.493	540.076	-
3.	Recoveries Pointed Out at the instance of Audit		23.8	-	1.034	63.215	-
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 Placed under Audit Observation
1.	Violation of Rules and regulations, principle of propriety and probity in public operation	232.131
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3.	Accounting Errors (accounting policy departure from NAM ⁴ , 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.	60.702
5.	Recoveries and overpayment, representing cases of established overpayment or misappropriations of public monies	63.215
6.	Non-production of record	184.028
7.	Others, including cases of accidents, negligence etc.	-
	Total:	540.076

Table 5: Cost benefit Ratio**(Rs in million)**

S.No.	Description	Amount
1.	Outlays Audited (item 1 of Table 3)	1,379.608
2.	Expenditure on audit	0.225
3.	Recoveries realized at the instance of audit	0
	Cost-Benefit Ratio	-

⁴The Accounting Policies and procedures prescribed by the Auditor General of Pakistan which are IPSAS (Cash).

CHAPTER-1

1.1 District Government, Mansehra

1.1.1 Introduction

Activities of District Government are managed through offices of Deputy Commissioner and District Officers under Khyber Pakhtunkhwa Local Government Act 2013 (LGA 2013). Each group of District Offices consists of District Officer (DO). The DO by means of a standing order distributes the work among the officers, branches, and/or sections of each district office. The offices which manage the activities of District Government are Deputy Commissioner (DC), XEN C&W, XEN Public Health, District Officers Agriculture, Education, Health, Water Management, Fisheries, Population Welfare, LG & RDD, Sports, Enterprises & Investment Promotion, Live Stock & DD, Soil Conservation, Cooperation, Social Welfare, Public Transport and Municipal Services.

1.1.2 Comments on Budget and Accounts (variance analysis)

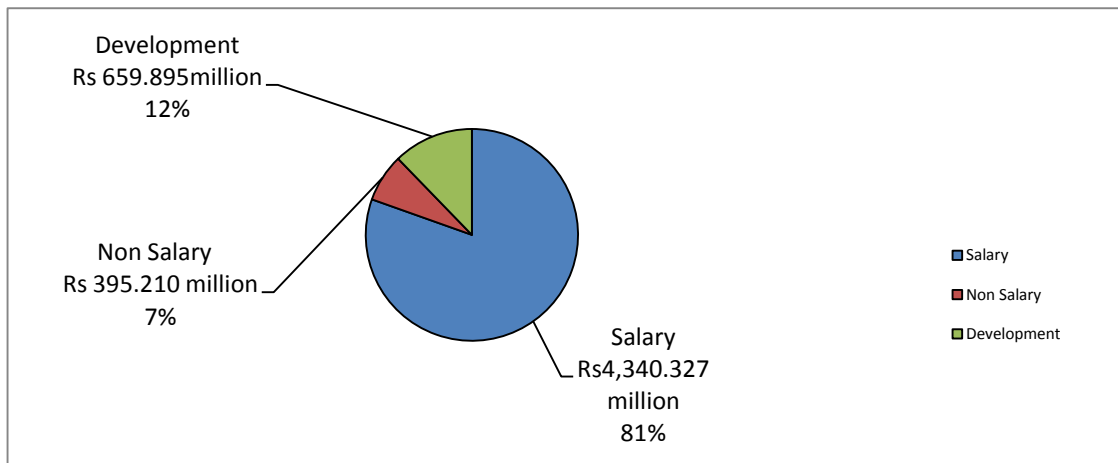
(Rs in million)

Period	Particulars	Budget	Expenditure	Excess/(Saving)	%age
2015-16	Salary	4,411.168	4,340.327	(70.84)	1.60%
	Non-Salary	415.187	395.210	(19.977)	4.81%
	Developmental Account – IV	114.644	101.694	(12.95)	11.29%
	Developmental Account – I	607.496	558.201	(1.891)	0.311%
	Total	4,940.999	4,837.231	(103.768)	2.10%
	Receipts	0	0	0	
	G. Total	4,940.999	4,837.231	(103.768)	2.10%

The savings of Rs 103.768 million indicate weakness in the capacity of District Government Departments to utilize the amounts allocated.

Expenditure 2015-16

(Rs in million)



1.1.3 Brief comments on the status of Compliance with PAC/ZAC Directives

The audit reports on the accounts of District Government Abbottabad under LGA 2013 have not yet been discussed in PAC.

S.No	Audit Year	PAC/ZAC 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

1.2 AUDIT PARAS

1.2.1 Non-Production of Record

1.2.1.1 Non-production of auditable record PPHI - Rs 185.755 million

In accordance with sections 169 and 170 of constitution of Pakistan, any amount provided/spent by the Government (Federal, Provincial or District Government), the accounts would be got audited from Auditor General of Pakistan.

Section 14 (3) of the Auditor General Ordinance 2001 states that 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 Disciplinary Rules applicable to such person.

District Health Officer, Mansehra transferred Rs 185,755,228 to District Manager PPHI on account of budget allocation of BHUs during 2015-16. District Manager PPHI did not produce auditable record despite repeated verbal and written request and the expenditure remained unverified.

Record was not produced in violation of provisions of constitution of Pakistan and the act governing functions and powers of Auditor General of Pakistan.

When reported in August 2016, the office replied that this office would take up the matter with DSM PPHI to produce record to audit authorities. The reply was not tenable as due to non-production, record remained unverified.

Request for convening of DAC meeting was made in September 2016, which could not be convened till finalization of this report.

Audit recommends inquiry in the matter for taking strict disciplinary action against the responsible person(s) besides immediate production of record to audit for scrutiny.

AP 13 /2015-16

1.2.2 Irregularity & Non-Compliance

1.2.2.1 Non-utilization of developmental funds – Rs 214.294 million

According to Para 12 of GFR Vol-I, every controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

Deputy Commissioner, Mansehra received developmental funds amounting to Rs 214.294 million from Finance Department Khyber Pakhtunkhwa during the year 2015-16. But this fund was not utilized during the whole financial year.

Non-utilization of funds occurred due to weak financial control, which resulted in blockage of public money and depriving the community from the benefits.

When reported in August 2016, management stated that detailed reply would be furnished after due consultation. No further reply was furnished.

Request for convening of DAC meeting was made in September 2016. which could not be convened till finalization of this report.

Audit suggests that investigation may be carried out for fixing responsibility on the person(s) at fault.

AP 12 /2015-16

1.2.2.2 Non-forfeiture of security deposits – Rs 2.930 million

According to Clause 21 of the contract agreement, the contractor should not sublet or assign his work to other contractor. In case of subletting, the contract should be rescinded and security deposit should be forfeited.

XEN PHE, Mansehra awarded contracts of various schemes to contractors and incurred expenditure of Rs 33,646,000 during 2015-16. According to the record of local office, the contractors subletted their schemes to petty contractors, however, neither contracts were rescinded nor security deposits amounting to Rs 2.930 million forfeited. Detail is given at annexure – 2.

Subletting of contracts occurred in violation of condition of contract, which resulted in loss to Government.

When pointed out in August 2016, management stated that the record would be checked and detailed reply would be furnished in due course of time. The reply was not tenable as subletting of contracts was not allowed.

Request for convening DAC meeting was made in September 2016, which could not be convened till finalization of this report.

Audit suggests inquiry in the matter for taking disciplinary action against person(s) at fault besides forfeiture of security deposits and crediting into Government treasury.

AP 11 (A/C-I-2015-16)

1.2.2.3 Loss to Government on account of substandard work – Rs 3.142 million

According to site inspection report of Sub Divisional Officer PHE Sub Division Balakot issued vide No 01/W-83 dated 20-04-2016, the execution of Water Supply Scheme Tungli was found substandard.

According to Para 1.58 of B&R Department Code, the Divisional Officer is responsible to organize and supervise the execution of works and to see that they are suitably and economically carried out with material of good quality.

XEN PHE, Mansehra incurred expenditure of Rs 3,142,531 on “WSS Tungli” during 2015-16. According to record of the local office the scheme was not functional and also the work was substandard as:

1. Main supply and distribution line was not buried at most of the points resultantly damaged at various locations,
2. Main hole in slab of tank was not constructed as per drawing and no ladder was provided in tank for repair & maintenance work,
3. no over flow pipe and vent pipes were left in tank and
4. Connection at tank was not proper.

Payment for substandard work was made due to weak internal control which resulted in loss to Government.

When reported in August 2016, management stated that detailed reply would be furnished after consultation of record. The reply was not convincing as payment for substandard work was unauthorized.

Request for convening DAC meeting was made in September 2016, which could not be convened till finalization of this report.

Audit suggests investigation, fixing responsibility on the person(s) at fault and amount paid for substandard work may be recovered under intimation to audit.

AP 7 (A/C-I-2015-16)

1.2.2.4 Irregular execution of work without TS –Rs 46.353 million

Para 56 of CPWD Code states that 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.

According to Para I of General Instructions issued vide Government of NWFP (Works & Services Department) No.SO (PAC)DAC/48-2008/DERA/W&SD dated 10-3-2008, Technical Sanction should be obtained prior to commencement of the works as per rules. In future if the TS is not

obtained prior to commencement of scheme then disciplinary action will be initiated against the responsible officer.

XEN C&W Division, Mansehra incurred expenditure of Rs 46.353 million on the following works without obtaining Technical Sanction in violation of Government rules:

Amount in Million			
S.No	Name of Work	Estimated cost	Expenditure
1.	Construction of Chor Kala Road	60	25
2.	RCC Bridge Murad Pur	27.467	25.408
3.	RCC Bridge Shah Nakot Bridge	122.187	20.945
	Total:	149.654	46.353

When reported in November 2016, management stated that detailed reply would be furnished after consultation of record. However, no reply was furnished till finalization of this report.

Request for convening DAC meeting was made in November 2016, which could not be convened till finalization of this report.

Audit suggests investigation, fixing responsibility and disciplinary action against person(s) at fault under intimation to audit.

AP 37 (A/C-I-2015-16)

1.2.2.5 Overpayment due to allowing premium on Non-Schedule Items – Rs 2.127 million

According to Government of Khyber Pakhtunkhwa Finance Department Notification No BO-I/FD/1-7/2010-11/CSR dated 01-04-2011, premium was admissible on Schedule items only.

XEN C&W Division, Mansehra overpaid Rs 2,127,131 to a contractor on account of location factor and premium on non-schedule item of Biar Wood during 2015-16, which resulted in loss to Government.

Name of Work	Item of Work	Voucher No	Qty(m ³)	Rate (Rs/M ³)	Amount (Rs)	
GGDC Oghi Student Hostel	PF of Biar Wood Joinery	36-O 26-06-2015	449.39	3393	1,524,829	
	P/F of Biar Wood Joist	-do-	82273	2.06	169,482	
	P/F Biar Wood Joist	-do-	82273	30.64	2,520,848	
	P/F Biar Wood P/Railing	-do-	653.45	603.93	394,638	
	P/F Biar Wood Joinery	-do-	437.88	3393	1,485,775	
	P/F Biar Wood Almirah	-do-	142.37	9370.50	622,228	
	P/F Wood Wardrobe	-do-	89.21	5251	468,456	
						7,186,256
					Add: Location Factor 8%	574,900
					Add: Premium 20%	1,552,231
Overpayment Rs.					2,127,131	

Overpayment occurred due to weak financial control which resulted in loss to Government.

When reported in November 2016, management stated that detailed reply would be furnished after consultation of record. However, no reply was furnished till finalization of this report.

Request for convening DAC meeting was made in November 2016, which could not be convened till finalization of this report.

Audit recommends investigation in the matter for taking action against the person(s) at fault besides immediate recovery from them.

AP 27 (A/C-I-2015-16)

1.2.2.6 Irregular execution of work without contract agreement – Rs 2.326 million

According to Para 89(c) of the CPWD code the agreement with the contractor selected must be in writing and should be precisely and definitely

express, it should state the quantity and quality of work to be done and the terms upon which the payment will be made.

XEN C&W Division, Mansehra executed different developmental works under re-construction of non-strategy earth quack affected schools in district Mansehra without signing contract agreements during 2015-16. The expenditure without signing contract agreement was irregular. Detail is given at annexure- 3

Execution of works without signing contract agreement occurred due to non-compliance of rules which resulted in irregular expenditure.

When reported in November 2016, management stated that detailed reply would be furnished after consultation of record. The reply was not convincing as agreements should have been made with the contractors.

Request for convening DAC meeting was made in November 2016, which could not be convened till finalization of this report.

Audit suggests investigation in the matter for fixing responsibility on the person(s) at fault besides.

AP 19 (A/C-I-2015-16)

**1.2.2.7 Irregular Payment on account of consultancy charges –
Rs 24.174 million**

According to the agreement with consultant, he will be bound to follow the TORs of Agreement and payment will be subject to submission of the required reports.

XEN C&W Division, Mansehra paid Rs 24,174,026 to consultants for feasibility study, design and supervision of developmental schemes during 2015-16. Audit observed that these reports were not available in the local office.

S. No	Name of Consultant	Task assigned	Amount paid (Rs)
1.	DMC	Feasibility Study of Roads	7,007,963
2.	DMC	Feasibility Study of Bridges	6,920,063
3.	Shaz Consultants	Feasibility Study of Balakot Hospital	7,000,000
4.	Shaz Consultants	Feasibility Study of GDC Shinkiari	3,246,000
		Total:	24,174,026

Moreover, the following important reports were also not available: -

1. Initial Environmental Examination reports approved by EPA
2. Detail survey reports of the projects
3. Field laboratory tests and investigation reports.

When reported in November 2016, management stated that detailed reply would be furnished after consultation of record. However, no reply was furnished till finalization of this report.

Request for convening DAC meeting was made in November 2016, which could not be convened till finalization of this report.

Audit recommends that high level inquiry may be conducted for fixing responsibility on the person(s) at fault.

AP 17 (A/C-I-2015-16)

1.2.3 Internal Control weakness

1.2.3.1 Non-recovery of HRA from employees residing in Government accommodation – Rs 1.034 million

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

District Health Officer Mansehra did not deduct House Rent Allowance amounting to Rs 1,033,752/ during 2015-16 from 30 employees who were residing in Government accommodation as mentioned in annexure – 5.

House Rent Allowance was not recovered due to weak internal control which resulted in loss to Government.

When reported in August 2016, management replied that HRA would be recovered from the employees and progress would be shown to audit. No further action was reported till finalization of this report.

Request for convening DAC meeting was made in September 2016, which could not be convened till finalization of this report.

Audit suggests immediate recovery of HRA under intimation to audit.

AP 15 (A/C-IV-2015-16)

1.2.3.2 Loss to Government due to non-recovery of water charges – Rs 38.381 million

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

XEN PHE Division Mansehra received Rs 1,891,836 on account of water charges against a total demand of Rs 40,272,886 during 2015-16, resulting in less recovery of Rs 38,381,050.

A special post of Assistant Social Organizer was created in the PHE Division Mansehra for enhancement of recovery, however, arrears on account of water charges were increased from Rs 38,937,543 to Rs 40,272,886 during 2015-16. Payment of pay & allowances of the Assistant Social Organizer was therefore held wastage of public money.

Less recovery on account of water charges and wasteful expenditure occurred due to weak internal control, which resulted in loss to Government.

When reported in August 2016, management stated that efforts would be made to recover the outstanding amount. Reply was not convincing as separate post was created for increasing the pace of recovery, however, arrears kept increasing instead of any improvement.

Request for convening DAC meeting was made in September 2016, which could not be convened till finalization of this report.

Audit suggests action against person(s) at fault besides making arrangements for increasing recovery under intimation to audit.

AP 6 (A/C-I-2015-16)

1.2.3.3 Non-deposit of unspent balances of closed accounts –Rs 17.523 million

Para 304 (a) CPWA Code provides that all the personal accounts in the ledger should be examined to see that balances do not remain outstanding for a long time without justification.

Para 399 (3) of CPWA code states that balances unclaimed for more than three complete accounting year should be credited to Government as lapsed deposits.

In the office of XEN C&W Division, Mansehra, unspent balances of Rs 17.523 million were lying in deposit III for more than three years during 2015-16, however the same were not credited to government revenue as detailed in annexure- 6.

When reported in November 2016, management stated that detailed reply would be furnished after consultation of record. However, no reply was given till finalization of this report.

Request for convening DAC meeting was made in November 2016, which could not be convened till finalization of this report.

Audit suggests immediate crediting of the amount to Government revenue besides fixing responsibility on the person(s) at fault besides.

AP 36 (A/C-I-2015-16)

1.2.3.4 Double payment on account of office rent – Rs 1.008 million

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

XEN C&W Division, Mansehra awarded contract of feasibility study, design and supervision of 2 schemes to M/s DMC Consultants in 2014-15. It was observed that rent of office building was paid simultaneously from both the schemes, which resulted in loss of Rs 1,008,000 as detailed below:

S. No	Name of Consultant	Name of Contractor	Duration		Period (Months)	Rate/month (Rs)	Amount (Rs)
			From	To			
1.	M/s DMC	Feb. Study of Roads	July 2014	June 2016	24	42,000	1,008,000
2.	M/s DMC	Feb. Study of Bridges					

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

When reported in November 2016, management stated that detailed reply would be furnished after verification of record. Reply was not convincing as overpayment was made to consultants which needs immediate recovery.

Request for convening DAC meeting was made in November 2016, which could not be convened till finalization of this report.

Audit recommends inquiry for fixing responsibility on the person(s) at fault besides immediate recovery of double paid amount.

AP 18 (A/C-I-2015-16)

1.2.3.5 Non-supply of medicines and non-imposition of penalty – Rs 1.029 million

As per Director General Health Services, Government of Khyber Pakhtunkhwa letter No 191-200/MCC dated 17-02-2016, the Selection (Purchase) Committee of Government MCC can black list or forfeit call deposit of the manufacturer/importers for non-supply, short supply and substitute supply.

As per Director General Health Services, Government of Khyber Pakhtunkhwa letter No 191-200/MCC dated 17-02-2016, upon delay in supply from forty-six days, a lump sum total penalty amounting to seven percent of the total amount of supply order issued to the supplier, shall be deducted.

District Health Officer Mansehra issued supply orders to various firms for supply of medicines worth Rs 942,423 in the month of June, 2016. However, the medicines were not supplied till August, 2016. Moreover, various other suppliers also could not supply medicines during stipulated period of time where total 7% penalty amounting to Rs 86,886 was not recovered as mentioned in annexure – 7.

Audit observed that the medicines have not been supplied till the date of audit. However, neither the firms were blacklisted nor their call deposit forfeited.

Overpayment occurred due to weak internal control which resulted in loss to Government

When reported in November 2016, management stated that detailed reply would be furnished after verification of record. The reply was not convincing as overpayment was made to consultants which needs immediate recovery.

Request for convening DAC meeting was made in November 2016, which could not be convened till finalization of this report.

Audit recommends inquiry for fixing responsibility on the person(s) at fault besides immediate recovery of double paid amount.

AP 19 & 21 (A/C-IV-2015-16)

ANNEXURES

Annexure-1

Detail of MFDAC Paras

(Rs in million)

S. No	AP No.	Gist of Para	Amount
1.	07	Irregular expenditure on account of purchase of tyres and engine	0.558
2.	09	Irregular expenditure on account of purchase of Laptops/ electronic equipments	0.575
3.	10	Irregular auction of store items	0.11
4.	02	Loss to Government due not deduction of replacement parts of M&R of water supply schemes	0.351
5.	03	Non imposition of penalty	0.356
6.	17	Unjustified Expenditure on account of Diet Charges	0.9
7.	14	Unauthorized positing on detailment basis.	1.727
		Total:	4.577

Annexure-2
DP No 1.2.2.2

Detail of subletted schemes

(Rs in million)

S.No	Name of Scheme	Name of contractor	Expenditure	Security Deposit
1.	WSS Loonr Kara	Auranzeb Khan & Sons	9.505	0.760
2.	WSS Gujran	Auranzeb Khan & Sons	9.995	0.800
3.	WSS Gudwai Jabba	Sohail Iqbal	1.992	0.159
4.	WSS Tungli	Babu Khanzada & Brothers	3.142	0.251
5.	WSS Gujar Gali	Asar Shah	10.000	0.800
6.	WSS UC Tanda	Syed Munir Hussain Shah	2.000	0.160
		Total	36.634	2.930

Annexure-3
DP No 1.2.2.6

Detail of schemes without agreements

(Rs in million)

S.No	Name of scheme	Contractor	Amount
1	GGPS Banda Bolola U/C Karnol.	M/S Nadeem Khan & Co.	17.280
2	GGPS Barchar U/C Balilian.	M/S Ahmad Nawaz Khan.	17.264
3	GGPS Barkote U/C Kaghan.	M/S Muhammad Haroon.	17.223
4	GGPS Basala U/C Bhogarmang.	M/S Umer Shah & Co.	17.280
5	GGPS Battal Naran U/C Kaghan.	M/S Usman Construction Co.	17.280
6	GGPS Bhoraj U/C Jaloo.	M/S Sher Muhammad Khan.	14.894
7	GGPS Bata Kundi U/C Kaghan.	M/S Abdur Rauf Khan & Co.	14.351
8	GGPS Chmail U/C Karori.	M/S Muhammad Saeed.	17.176
9	GGPS Changer U/C Sawan Mera	M/S Pakhal Construction Co.	17.280
10	GGPS Chanial U/C Parhinna.	M/S Tanawal Construction Co.	17.280
11	GGPS Cheenay Pairan U/C Pairan.	M/S Syed Azam Shah & Sons.	17.301
12	GGPS Chinar kot U/C Ichrian.	M/S SMS & Co.	17.280
13	GGPS Dalbani U/C Sum.	Mir Muahmmad Khan & Sons	17.209
14	GGPS Dehran U/C Bailian.	Umar Khitab Khan	16.838
15	GGPS Dhaman Phulra U/C Phulra.	Badi-uz-Zaman	15.203
16	GGPS Dharyal U/C Sum.	Muhammad Ayaz Khan	17.280
17	GGPS Dhok U/C Karor.	Faqir Muhamamd & Co.	17.331
18	GGPS Dong Dogian U/C Muhandri	Pearl Hazara Construction Co.	17.244
19	GGPS Doodah Kot U/C Jaloo.	Shabir Siran Construction Co.	17.104
20	GGPS Garhala U/C Behali.	Muhammad Umar Khan & Sons	17.280
21	GGPS Garian U/C Hangri.	Muhammad Zahid Paris.	15.528
22	GGPS Gul Dheri U/C Kaghan.	Gul Haider & Sons	17.071
23	GGPS Hastan U/C Parhinna.	Abdur Rashid & Sons.	17.274
24	GGPS Jaloora Syedan U/C Sat Bani.	Asar Shah	16.601
25	GGPS Jamal Marri U/C Muhandri.	Hameed-ur-Rehman Contractor	17.248
26	GGPS Jinkiari U/C Lassa Thakral.	Sakhi Sultan & Sons	17.269
27	GGPS Kander U/C Phulra.	Ikhlaq Ahmad Khan	17.280
28	GGPS Kotli Sheikh Abad U/C Jaloo.	Sohail Iqbal Awan	17.216
29	GGPS Kund Sachan U/C Kaghan.	Syed Munir Hussain Shah	15.552
30	GGPS Loonr U/C Ganool.	Muhammad Zahid Paris.	17.244
31	GGPS Lunda Pairan U/C Pairan.	Babu Khanzada & Brothers	17.280
32	GGPS Malhar U/C Karori.	Qasim Khan & Co.	16.880
33	GGPS Mukhlala U/C Karori.	Sher Afzal Construction	17.280
34	GGPS Pambel U/C Kaghan.	Shahbaz Brothers	17.280
35	GGPS Parhina Nawa Sher U/C Parhina.	Abdur Rashid & Sons.	17.274
36	GGPS Pir Sahaba U/C Behali.	Ijaz Ahmad & Brothers	17.279

37	GGPS Pludran U/C Kaghan.	Kaghan Engineer Constn: Co.	17.280
38	GGPS Rehar U/C Behali.	Pir Munawar Shah	17.226
39	GGPS Shalahia U/C Sawan Mera.	Rustam Khan & Co.	17.267
40	GGPS Sarian U/C Jaloo.	Sohail Iqbal Awan	17.280
41	GGPS Seri Bandi U/C Muhandri.	Shabbir Ahmad Swati	17.124
42	GGPS Sawan Mera U/C Sawan Mera.	Tanawal Star Builder	17.280
43	GGPS Sehra Gali U/C Sher Garh.	Syed Ghufraan Shah & Sons	17.197
44	GGPS Shah Kot Sawan Mera U/C Sawan Mera.	Abdul Raqeeb Khan & Brothers	17.252
45	GGPS Shangram Kawai U/C Kawai.	Sang-e-Paris Constn: Co.	17.278
46	GGPS Shogran U/C Kawal.	Riaz Muhamamd & Sons	17.280
47	GGPS Sosal Jhangir U/C Shaukat Abad.	Aziz & Co. Pattan	15.557
48	GGPS Thakra U/C Karori.	Umar Khitab Khan	17.198
49	GGPS Trangray Bala U/C Trangri Sabir Shah.	Pakhil Construction Co.	17.263
50	GGCMS Chair U/C Pairan.	Muhammad Qayyum & Co.	15.551
51	GGCMS Faqir Abad Tajal U/C Trangri Sabir Shah.	Noor-ul-Islam	17.267
52	GPS Angar Ban U/C Nikka Pani.	Asad Bashir	17.279
53	GPS Badhal U/C Karori.	Asad Bashir	17.279
54	GPS Badhan U/C Dhodial.	Raja Muhamad Nawaz	17.280
55	GPS Bagga U/C Mohandari.	Pearl Hazara Construction Co.	17.265
56	GPS Bagwai U/C Darband.	Muhammad Raffique & Brothers	17.280
57	GPS Bai Baryal U/C Shanaya.	Asar Shah	17.280
58	GPS Bajibang U/C Karori.	Syed Ghufraan Shah & Sons	17.280
59	GPS Bajna U/C Shergarh.	Amjad Islam & Brothers	17.280
60	GPS Bandi Khan Khail U/C Phulra.	Muhammad Adnan Khan	17.280
61	GPS Bar Wala U/C Bandi Shungli.	Ghuralm Rasool Tanoli	17.280
62	GPS Bara Bala U/C Shanaya.	New Qureshi Construction	17.248
63	GPS Bareela U/C Sawan Maira.	Pakhil Construction Co.	17.280
64	GPS Bat Doga U/C Shanaya.	Muhammad Saddique	17.280
65	GPS Battangi U/C Phulra.	Abaseen Developers & Builder	17.280
66	GPS Besool U/C Bhogarmang.	Khan & Brothers	17.280
67	GPS Bhatian U/C Ghanool.	Haji Sultan & Sons	17.264
68	GPS Butti U/C Shergarh.	Umer Khitab Khan	17.280
69	GPS Chakli Pansial U/C Shanaya.	Gul Nawab Zar	17.280
70	GPS Chamial U/C Karori.	Muhammad Saeed	17.274
71	GPS Chamrasi U/C Bandi Shungli.	Ghulam Rasool Tanoli Builder	17.279
72	GPS Chatta U/C Bandi Shungli.	Abdul Raqeeb Khan & Brothers	17.203
73	GPS Danda Kholian U/C Karori.	Zahid Bashir	17.279
74	GPS Dharmang U/C Dhodial.	Muhammd Tahir Khan & Co.	17.280
75	GPS Dhosum U/C Hilkot.	Hilkot Construction Co.	17.278
76	GPS Dongi Sari U/C Kaghan.	Muhammad Irshad & Co.	17.280
77	GPS Gali Satbani U/C Satbani.	Syed Munir Hussain Shah	17.280

78	GPS Gali Sohal U/C Shohal Mazullah.	Riaz Muhamamd & Sons	17.280
79	GPS Gara Dola U/C Kawai.	Nisar Muhammad Khan	17.279
80	GPS Ghakar Harian U/C Shergarh.	Shah Nazar Khan	17.280
81	GPS Ghazikot Phulra U/C Phulra.	Hilkot Construction Co.	17.280
82	GPS Giddo Bagla U/C Shanya.	Roase Construction Co.	17.280
83	GPS Gojrao U/C Phulra.	Abdur Rashid & Sons.	17.274
84	GPS Jabbian U/C Perhinna.	Muhammad Irshad & Co.	17.256
85	GPS Jamal Mari U/C Kaghan.	Hameed-ur-Rehman Contractor	17.275
86	GPS Jisgran Bala U/C Lissan Nawab.	Alla-ud-Din Khan & Zia-ud-Din Khan & Co.	17.279
87	GPS Kaloo Basti U/C Karori.	Sher Afzal Construction	17.280
88	GPS Kalwal U/C Phulra.	Gul Haider & Sons	17.280
89	GPS Kandar U/C Phulra.	Banseer Construction Co.	17.280
90	GPS Kangran U/C Shohal Mazullah.	Asif Khan & Sons Balakot	17.280
91	GPS Kappar DHO U/C Ichrian.	SMS & Co.	17.280
92	GPS Katha REESO U/C Hungran.	Abdulah Jan	17.280
93	GPS Khamian Bala U/C Lissan Nawab.	Muhammad Qayyum & Co.	17.265
94	GPS Khan Dheri U/C Shinkiari.	Mir Muahmmad Khan & Sons	17.212
95	GPS Kharyala U/C Karori.	Muhammad Saeed	17.258
96	GPS Khan Bala U/C Chattar Plan.	Sardar Ali Jan	16.890
97	GPS Kholo U/C Ghanool.	Muhammad haroon	17.268
98	GPS Khumarian U/C Shergarh.	Ahmad Nawaz Khan	17.274
99	GPS Kiyara U/C Darband.	Sarwar Gul & Co.	17.273
100	GPS Kochatti U/C Shergarh.	Umar Shah & Co.	17.280
101	GPS Kohali U/C Kawni.	Aziz & Co. Pattan	17.280
102	GPS Kthra Syedan U/C Lissan Nawab.	Mehboob Ali Afridi	15.552
103	GPS Kund Banda Gayan U/C Shoukat Abad.	Inayatullah Developers & Associates	15.550
104	GPS Loonir U/C Ghanool.	Gul Zar Khan	17.280
105	GPS Lorgran U/C Sawan Maira.	Amjad Islam & Brothers	17.280
106	GPS Maira Hajam U/C Lissan Nawab.	Muhammad Adnan Khan	17.280
107	GPS Manjhini U/C Shanaya.	Sohail Iqbal Awan	17.280
108	GPS Mehran U/C Darband.	Qasim Khan & Co.	17.278
109	GPS Moh U/C Shanaya.	Zahid Bashir	17.279
110	GPS Nadi Hari Wala U/C Hungrai.	Muhammad Saddique	15.536
111	GPS Naka Kawai U/C Kawai.	Syed Shah Pir & Co.	15.552
112	GPS Namshera U/C Karori.	Mehboob Ali Afridi	17.280
113	GPS Narooli U/C Shergarh.	Umar Shah & Co.	15.521
114	GPS Nazral Khand U/C Shanaya.	Shafqat Shareen	17.278
115	GPS Num Nakka U/C Mohandari.	Pearl Hazara Construction Co.	17.279
116	GPS Ochri U/C Mohandari.	Sakhi Sultan & Sons	17.280

117	GPS Paprang U/C Ghanool.	Naseer Khan Construction Co.	15.989
118	GPS Paway U/C Perhinna.	Abdur Rahmand & Co.	15.554
119	GPS Saloona U/C Ichrian.	SMS & Co.	15.438
120	GPS Pander U/C Sandasar.	Abdur Rauf Khan & Co.	15.000
121	GPS Seri Balolian U/C Karori.	J. Khan & co.	17.278
122	GPS Seri Manoor U/C Mohandari.	Pearl Hazara Construction Co.	17.119
123	GPS Shanaya Pain U/C Shanaya.	Asar Shah	17.280
124	GPS Shungli U/C Bandi Shungli.	Asad Bashir	17.279
125	GPS Sinjli U/C Sawan Maira.	Ikhlaq Ahmad Khan	15.501
126	GPS Shoni Baatta Kindi U/C Kaghan.	Abdul Rauf Khan & Co.	15.304
127	GPS Sokal U/C Shanaya.	Muhammad Fareed	16.415
128	GPS Upper Khola U/C Ghanool.	Usman Construction Co.	15.458
129	GHS Batdoga.	SMS & Co.	13.970
130	GHS Seri Gorla.	Muhammad Rehman Khel Consn:	15.557
131	GHS Timber Khola.	Umar Shah & Co.	12.603
132	GHS No. 3 Mansehra.	Banseer Construction Co.	33.817
133	GGMS Banda Gee Such.	Muhammad Anwar Abbasi & Co.	10.493
134	GGMS Bali Mang.	Idrees Khan & Brothers	9.980
135	GGMS Mang.	Qasim Builder & Co.	9.441
136	GGMS Bela Sucha.	Sang-e-Paris Constn: Co.	9.981
137	GGMS Mongan Machi Pole.	Malik Fayyaz Taj	9.922
138	GGMS Bai Bala (Chattar Plain).	Syed Naeem Hussain Shah	9.760
139	GGMS Agla Gran.	Pearl Hazara Construction Co.	9.846
140	GMS Naka Jared.	Pearl Hazara Construction Co.	9.846
Total:			2,326.861

Annexure-4
DP No1.2.3.1

**Detail of staff in possession of government accommodation and also drawing
House Rent Allowance**

S.No	Name of employee	Designation	Monthly HRA Rate (Rs)
1.	Mohammad Ayub	JPHCT	1,306
2.	Mohammad Ayub	JPHCT	1,306
3.	Mohammad Sidique	CCO	1,059
4.	Amjid Hussain	JPHCT	1,306
5.	Tanveer Ahmed	Sanitary Petrol	972
6.	Chanzeb	Driver	1,099
7.	Asif Hussain	Driver	1,059
8.	Waseem	Sweeper	891
9.	Abdur Rasheed	Naib Qasid	972
10.	Abid Hussain	Driver	1,099
11.	Fozia	Dai	891
12.	Naseem Kausar	PHCT	1,476
13.	Shabana	PHCT	1,306
14.	Waseem	PHCT	1,306
15.	Aslam	Sweeper	891
16.	Shams ul haq	Chowkidar	891
17.	Bilal Ahmed	Medical Officer	2,955
18.	Abdullah	Medical officer	2,955
19.	Sobia	Charge nurse	1,818
20.	Nazir	Medical officer	2,955
21.	Khasta Aman	Driver	1,099
22.	Amjad	PHCT	1,476
23.	Mohsin	PHCT	1,476
24.	Sharif	Chowkidar	910
25.	Jamila Khatoon	PHCT	1,476
26.	Mohammad Riaz	PHCT	1,476
27.	Zainab	PHCT	1,306
28.	Azam	Chowkidar	910
29.	Sadiq Afridi	PHCT	1,476
30.	Tariq	Medical officer	2,955
		Total	43,073
		Yearly recovery for two years	43,073x12x2=1,033,752

Annexure-5
DP No 1.2.3.3

Detail of retention of money in Deposit III

S.No	Item No	Transaction date	Particulars	Amount (Rs)
1.	3/4	5/2012	Received from Up-Grading & Reconstruction of PFI Field Station, Shinkiari for Forestry Research, Education and Training.	43,007
2.	4/5	8/2012	Received from Director Optical Fiber Development Islamabad for the work Demand Bill of "Optical Fiber Connectivity MSAG form Akbar Khan road to Lari Adda Distt: Mansehra.	142,004
3.	5/6	10/2012	Received from District Account Officer Mansehra Release of fund for the work Repair for Primary, Middle, High & Higher Secondary Schools under PFC awards for the year 2010-11 & 2011-12.	146,317
4.	6/7	02/2013	Received from Syed Sajjad Hussain Shah Govt. Contractor for the work "Up-Gradation of 99 Primary School to Middle status in NWFP (6 in District Mansehra) SH: - GPS Malik Pur (I/E).	117,772
5.	8/9	4/2013	Recived for Business Manager PTCL for the work Laying of PTCL cable at Hamsharian Bherkund Oghi Road.	100,000
6.	9/10	4/2014	Received from Senior Civil Judge Mansehra for the work "Repair of Bunglaow No. 5 & 8 District mansehra vide Cheque No. 0849621 dated 28/3/14.	704,235
7.	10/11	4/2014	Received from District & Session Judge Mansehra for the work "Repair & Maintenance of Judiciary Office Building Mansehra" vide cheque No. 0849579 dated 27/03/2014 & No. 0850766 dated 07/05/2014 & Ch. No. 1269087 dt: 23/5/16.	2,567,026
8.	11/13	5/2014	Received for District & Session Judge Mansehra for the work Repair & Maintenance of Residential Buildings District Judiciary Mansehra vide Cheque No. 0850765 dated 07/05/2014.	570,677
9.	12/14	6/2014	Received from Deputy Commissioner Mansehra letter No. 6551 / DC (M) dated 25/06/2014 for the work (1) FC Ground Oghi. (2) Ravery Hut Ground Jarid Tehsil Balakot. (3) Sherpur Ground. (4) Kamal Ban Ground. (5) Govt. High School Afzal Abad Ground.	723,560
10.	13/15	6/2014	Received from Deputy Commissioner Mansehra letter No. 6551 / DC (M) dated 25/06/2014 for the	514,500

			work (1) Repair of Bridge Seri. (2) Repair of Bridge Shekaran Manoor. (3) Repair of Bridge Badal Garan.	
11.	14/16	10/2014	Received from Director Livestock Experiment Station Jaba District Mansehra Letter No. 1709 / LES cheque No. 1030437 dated 19/09/2014 for the work Repair of Animals Sheds in LES Jaba & Office of Director Livestock Experiment Station Jaba.	300,936
			Total:	5,930,034

Annexure-6**DP No 1.2.3.5****Detail of non-supply of medicines and non-imposition of penalty****(Rs in million)**

S.No	Name of Firm	Supply order Date	Amount
1.	M/S Glaxo smith Kaline Pakistan Limited Karachi	17.6.2016	279,648
2.	M/S Glaxo smith Kaline Pakistan Limited Karachi	10.06.2016	206,850
3.	M/S Arsons Lahore	10.06.2016	34,700
4.	M/S Zafa Pharmaceuticals Karachi	04.03.2016	421,225
Total – A			942,423

(Rs in million)

S.No	Name of Supplier	Gross Amount	Due date	Days delayed	% of Penalty	Amount
1.	M/S Medi Pak Ltd	298,800	4.03.2016	86	7%	20,916
2.	M/S Glaxo smith Kaline Pakistan Limited Karachi	279,648	17.07.2016	68	7%	19,575
3.	M/S Glaxo smith Kaline Pakistan Limited Karachi	206,850	11.07.2016	75	7%	14,480
4.	M/S Arsons Lahore	34,700	11.07.2016	75	7%	2,430
5.	M/S Zafa Pharmaceuticals Karachi	421,225	03.04.2016	172	7%	29,485
Total – B						86,886
Grand Total (A+B)						1,029,309