



AUDIT REPORT
ON THE ACCOUNTS OF
DISTRICT COUNCIL AND MUNICIPAL
COMMITTEES
SHANGLA

AUDIT YEAR 2014-2015

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AA	Administrative Approval
AP	Advance Para
ADP	Annual Developmental Plan
CMD	Chief Minister Directives
CSR	Composite Schedule of Rates
DAC	Departmental Accounts Committee
DG	Director General
DDO	Drawing and Disbursing Officer
DDI	District Development Incentive
DADP	District Annual Developmental Plan
FMD	Finance Minister Directives
HDPE	High Density Poly Ethylene
GFR	General Financial Rules
LCB	Local Council Board
LGO	Local Government Ordinance
MC	Municipal Committee
MFDAC	Memorandum for Departmental Accounts Committee
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC-I	Planning Commission One
PLA	Personal Ledger Account
PUGF	Provincial Unified Group of Functionaries
PHE	Public Health Engineering
RDA	Regional Directorate of Audit
SDA	Special Drawings Account
TKPP	Tameer-E- Khyber Pakhtunkhwa Programme
TDC	Tehsil Development Committee ⁸
UAs	Union Administrations
UCs	Union Councils
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 (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 Committee, District Shangla 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 control 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 (MCs) and Union Councils (UCs). Its Regional Directorate of Audit Swat has audit jurisdiction of District Councils, Municipal Committees and UAs of five Districts i.e. Swat, Shangla, Dir Lower, Dir Upper and Chitral.

The Regional Directorate has a human resource of 09 officers and staff, constituting 1,878 man days and a budget of about Rs10.162 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 Swat carried out audit of the accounts of Municipal Committee Alpuri and District Council Shangla for the Financial Year 2013-14 and the findings included in the Audit Report.

District Council and Municipal Committee District Shangla conduct their operations 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 of the Municipal Committees and the Deputy Commissioner is the Principal Accounting Officer of the District Council. Financial provisions of the Act describe the Local Government as District Councils, Municipal Committees and Union Councils Local Fund and Public Account for which Annual Budget Statement is authorized by the Secretary LG&RRD Government of Khyber Pakhtunkhwa, Peshawar in the form of budgetary grants.

a. Scope of audit

Out of total expenditure of District Council and Municipal Committee, District Shangla, for the Financial Year 2013-14, auditable expenditure under the jurisdiction of RDA was Rs 36.383 million. Out of this, RDA Swat audited an expenditure of Rs25.468 million which, in terms of percentage, was 70% of

auditable expenditure. Sample size selected in the audited formations ranged between 15% to 30%.

The receipts of District Council and Municipal Committee Shangla, for the financial Year 2013-14, were Rs91.103 million. Out of this, RDA Swat audited receipts of Rs91.103 million which, in terms of percentage, was 100 % of auditable receipts.

The total expenditure and receipt of District Council and Municipal Committee, District Shangla, for the financial year 2013-14 were Rs127.486 million. Out of this, RDA Swat audited the expenditure and receipt of Rs116.571 million. The audit was carried out on test check basis

b. Recoveries at the instance of audit

Recovery of Rs 7.138 million was pointed out during the audit. However, no recovery was effected till finalization of this report. Out of the total recoveries, Rs 6.332 million were 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 Committee, District Shangla, 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

On pointation of audit, the management of the District Council and Municipal Committee Shangla agreed to conduct physical verification of the Government assets. The management also agreed to deposit various Government

dues into Government Treasury. Audit stressed upon reconciliation of receipts and expenditure with the respective accounts office to which the department agreed.

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 MC Alpuri and District Council Shangla. Neither rules for internal audit have been framed nor internal audit report as required was provided to audit.

f. Key Audit Findings

- i. Non-production of record of Rs 60 million was noted in one case¹.
- ii. Irregularities & non-compliance of Rs14.695 million were noted in six cases.²
- iii. Weak internal control of Rs10.551 million were noted in two cases.³

Audit paras for the audit year 2013-14 involving procedural violations including internal control weaknesses and irregularities not considered worth reporting to the PAC were included in Annex-1 (MFDAC).

¹ 1.2.1.1

² 1.2.2.1, 1.2.2.2, 1.2.2.3 & 1.3.1.1, 1.3.1.2, 1.3.1.3

³ 1.2.3.1 & 1.3.2.1

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. Strenuous efforts need to be made by the departments to recover long outstanding dues.
- iii. All sectors of MC and 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. Inquiries need to be held to fix responsibility for losses, irregular payments and wasteful expenditure.

SUMMARY TABLES AND CHARTS

Table 1: Audit Work Statistics

(Rs in million)

S. No	Description	No.	Budget
1	Total Entities (PAO) in Audit Jurisdiction	02	202.071
2	Total formations in audit jurisdiction	02	202.071
3	Total Entities (PAO) Audited	02	127.486
4	Total formations Audited	02	127.486
5	Audit and Inspection Reports	02	127.486
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	Asset management	-
2	Financial management	5.275
3	Internal controls	3.088
4	Violation of rules	16.883
5	Others	60.000
Total		85.246

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

S. No	Description	Expenditure on Acquiring Physical Assets Procurement	Civil Works	Receipts	Others	Total for the year 2013-14	Total for the year 2012-13
1	Outlays Audited	--	1.654	91.103	34.729	127.486	61.500
2	Amount Placed under Audit Observation /Irregularities of Audit	--	73.307	0.188	11.751	85.246	88.945
3	Recoveries Pointed Out at the instance of Audit	--	6.332	0.188	0.618	7.138	14.53
4	Recoveries Accepted /Established at the instance of Audit	--	--	--	0.618	0.618	--
5	Recoveries Realized at the instance of Audit	--	--	--	--	--	--

Table 4: Table of 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	21.540
2	Reported cases of fraud, embezzlement, thefts 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 control systems.	1.388
5	Recoveries and overpayment, representing cases of established overpayment or misappropriations of public monies	0.618
6	Non-production of record	60.000
7	Others, including cases of accidents, negligence etc.	1.700
Total		85.246

Table 5: Cost-Benefit Ratio**(Rs in million)**

Sr. No	Description	Amount
1	Outlays Audited	127.486
2	Expenditure on Audit	0.370
3	Recoveries realized at the instance of Audit	00
	Cost-Benefit Ratio	1:0

CHAPTER-1

1.1 District Council & Municipal Committee District Shangla

1.1.1 Introduction

District Shangla has two tehsils i.e. Alpuri and Puran. There is a District Council and one 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 Shangla has one Drawing and Disbursing Officer (DDO) i.e. Chief Coordination Officer & Chief Municipal Officer is the DDO of Municipal Committee. According to 1998 population census the population of District Shangla is 434,563.

1.1.2 Comments on Budget and Accounts (variance analysis)

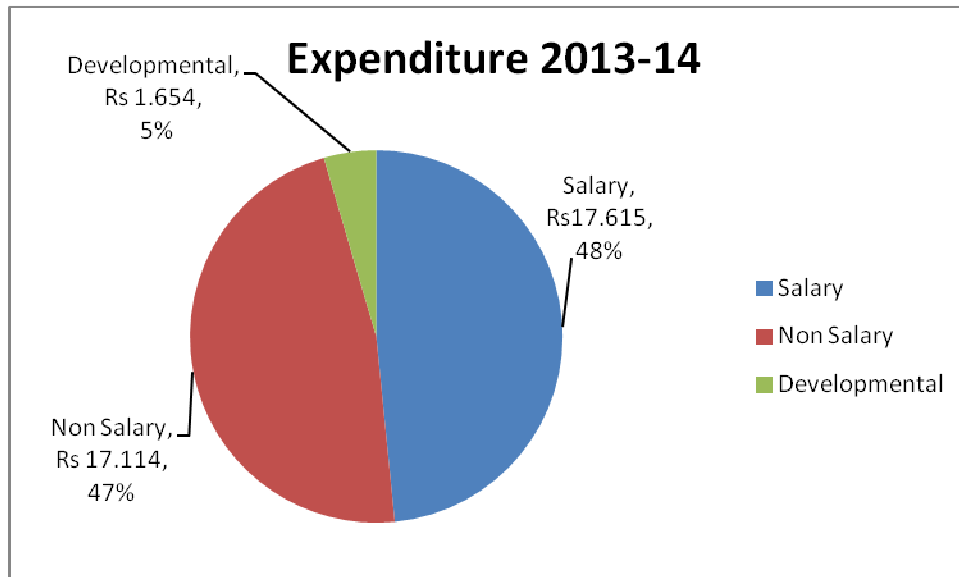
A budget of Rs 110.969 million was allocated, against which an expenditure of 36.383 million was incurred by the District Council and Municipal Committee Shangla, with 74.586 million saving during 2014-15. Receipts of Rs 95.308 million were budgeted, however, the actual receipts for the Financial Year 2013-14 were Rs 91.103 million.

(Rs in million)

2013-14	Budget	Expenditure	Excess / Savings	%age
Salary	28.866	17.615	-11.251	4.333
Non Salary	27.329	17.114	-10.215	37.377
Developmental	54.774	1.654	-53.12	96.980
Total	110.969	36.383	-74.586	67.213
Receipts	91.103	91.103	-	-
Grand Total	202.072	127.486	-	-

The huge savings of Rs 74.586 million 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 Shangla under the LGA 2012, have not yet been discussed in PAC.

MUNICIPAL COMMITTEE ALPURI

1.2 Audit Paras Municipal Committee Alpuri

1.2.1 Non Production of Record

1.2.1.1 Non Production of Record – Rs 60.000 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.

Chief Municipal Officer Municipal Committee Alpuri executed a work “Up-gradation of Titwalan Road” through a contractor with estimated cost of Rs 60,000,000 under ADP No.769 (2012-13) but relevant record i.e. agreement file, tender documents, AA etc was not produced to audit for verification.

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

When pointed out in July 2014, management stated that detailed reply would be furnished after scrutiny of record. However, no reply was furnished.

Request for convening of the DAC meeting was made on 2nd 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 January 2015.

Audit recommends fixing responsibility on the persons at fault under intimation to audit.

AP # 11 (2013-14)

1.2.2 Irregularity & non compliance

1.2.2.1 Loss due to non adjustment of income tax – Rs 4.206 million

According to Finance Department Khyber Pakhtunkhwa letter NO.SO(Dev-II) FD/12-6/12-13 dated 20.06.2013, addressed to the Secretaries of the C& W, Irrigation, PHE and Local Government Department, the CSR includes Income Tax which is in built in the item rates and the same rates are paid without adjustment of the non deductible Income Tax in the tax exempted areas resulting into overpayment by the amount equal to deductible Income Tax.

Chief Municipal Officer Municipal Committee Alpuri executed developmental schemes of the estimated cost of Rs 70,105,200 during financial year 2013-14 and paid Composite Scheduled Rates which include 6% income tax. Adjustment of such tax was required in the bills of the project leaders & contractors as estimates were prepared on CSR which resulted in loss of Rs 4,206,312. Detail is as under:

Source of fund	Expenditure (Rs)	6% Income tax (Rs)
TKPP	1,000,000	60,000
CCBs	1,410,200	84,612
30% ADP Share	2,445,000	146,700
District ADP	3,750,000	225,000
Special Grant (Titwalan Road)	60,000,000	3,600,000
PADP	1,500,000	90,000
Total	70,105,200	4,206,312

Non adjustment of income tax was occurred due to violation of rules, which resulted in loss to Government.

When pointed out in July 2014, management stated that detail reply would be furnished after scrutiny of record. However, no reply was furnished.

Request for convening DAC meeting was made on 2nd 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 January 2015.

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

AP # 08 (2013-14)

1.2.2.2 Non execution of schemes involving advance payment –Rs 425,000

According to CPWA Code, secured advance @75% of the material should be paid to contractor with prior approval of competent authority. Secured advance against perishable items of work is not allowed.

Chief Municipal Officer Municipal Committee Alpuri paid Rs 425,000 to project leaders as 25% advance during 2011-12 & 2012-13 against the estimated cost of Rs 1,700,000 for six (6) schemes. The works were not started till July, 2014 as evident from the office record. Neither the works were completed nor advance payment recovered. Detail at annexure-3.

Advance payment was occurred due to weak financial controls, which resulted in non execution of schemes.

When reported in July 2014, management stated that detail reply would be furnished after scrutiny of record. However, no reply was furnished.

Request for convening of the DAC meeting was made on 2nd 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 January 2015.

Audit recommends action against the persons at fault.

AP# 07 (2013-14)

1.2.2.3 Loss due to less recovery of auction money- Rs 188,085

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 Alpuri, auctioned the contracts of General Bus Stand Alpuri and Tax on Transfer of Immovable Property for Rs 1,750,000 during 2013-14 and realized Rs 1,561,915 and the remaining amount of Rs 188,085 was left outstanding.

Less recovery of outstanding charges was occurred due to weak financial control, which resulted in loss to Government.

When pointed out in July 2014, management stated that detail reply would be furnished after scrutiny of record. However, no reply was furnished.

Request for convening DAC meeting was made on 2nd 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 January 2015.

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

AP # 15 (2013-14)

1.2.3 Internal Control Weaknesses

1.2.3.1 Irregular cash payments in violation of rules –Rs 9.933 million

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

Chief Municipal Officer Municipal Committee Alpuri incurred expenditure of Rs 9,933,278 on salary and non salary components during financial year 2013-14 and cash disbursements were shown instead of payments by means of Cheques in violation of relevant rules referred to above. Due to disbursements through cash, actual payments to the concerned could not be verified. Detail is as under:

S.No	Salary expenditure (Rs)	Non Salary expenditure (Rs)	Total expenditure (Rs)
01	5,985,901	3,947,376	9,933,278

Cash disbursements were made due to violation of rules, which resulted in irregular payments.

When reported in July 2014, management stated that detail reply would be furnished after scrutiny of record. However, no reply was furnished.

Request for convening DAC meeting was made on 2nd 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 January 2015.

Audit recommends fixing responsibility on the persons at fault under intimation to audit.

AP# 17 (2013-14)

DISTRICT COUNCIL SHANGLA

1.3 Audit Paras District Council Shangla

1.3.1 Irregularity & non compliance

1.3.1.1 Irregular advance payment without approval – Rs 5.275 million

According to CPWA Code, secured advance @75% of the material should be paid to contractor with prior approval of competent authority. Secured advance against perishable items of work is not allowed.

Chief Coordination Officer District Council Shangla paid Rs 5,275,000 to different contractors in the developmental schemes on account of material at site during 2013-14 without approval of the competent authority. Audit held that undue favour was extended to the contractors by making advance payment instead of work done. Detail at annexure-4.

Irregular payment occurred due to non observance of codel formalities, which resulted in irregular payments.

When reported in July, 2014, mmanagement stated that the payment was made to the contractors on supply of material i.e. supply of pipe. The amount of supply would be adjusted/ recovered in the final bill. Reply was not tenable as no progress was intimated.

Request for convening of the DAC meeting was made on 30th October 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 January 2015.

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

AP # 20 (2013-14)

1.3.1.2 Loss due to non adjustment of income tax – Rs 2.126 million

According to Finance Department Khyber Pakhtunkhwa letter NO.SO(Dev-II) FD/12-6/12-13 dated 20.06.2013, addressed to the Secretaries of the C& W, Irrigation, PHE and Local Government Department, the CSR includes Income Tax which is in built in the item rates and the same rates are paid without adjustment of the non deductible Income Tax in the tax exempted areas resulting overpayment by the amount equal to deductible Income Tax.

Chief Coordination Officer Shangla executed developmental schemes of the estimated cost of Rs 35,442,510 during financial year 2013-14 and paid Composite Scheduled Rates which includes 6% income tax. Adjustment of such tax was not made in the bills which resulted in loss of Rs 2,126,551. Detail is given in the annexure-5.

Non adjustment of income tax was occurred due to violation of rules, which resulted in loss to Government.

When pointed out in July 2014, management stated that the recovery would be made. However, no progress was intimated.

Request for convening of the DAC meeting was made on 30th October 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 January 2015.

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

AP # 23 (2013-14)

1.3.1.3 Irregular expenditure on maintenance & repair - Rs 1.2 million

According to Para 12 of General Financial Rules Vol I, a 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

Chief Coordination Officer District Council Shangla incurred expenditure of Rs 1,200,000 on residence of Deputy Commissioner out of M&R fund during 2013-14. Audit observed that:

- i. The building was not in the jurisdiction of the District Council, therefore the expenditure was irregular.
- ii. The advertisements were made for Rs 200,000 while Rs 1,200,000 was incurred.
- iii. Advertisement was made for M&R of Zilla Council while the expenditure was incurred on residence of the Deputy Commissioner.

Irregular expenditure was incurred due to weak financial controls.

When reported in August, 2014, Management stated that Deputy Commissioner was also the Administrator of the District Council Shangla. As per LGA 2013, account-iv had already been abolished and the District Council was the funding source. Revised AA had already been granted by the competent authority. Reply was not convincing as expenditure was made in violation of the advertisement.

Request for convening of the DAC meeting was made on 30th October 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 January 2015.

Audit recommends action against the person (s) at fault under intimation to audit.

AP# 29 (2013-14)

1.3.2 Internal control weaknesses

1.3.2.1 Non deduction of professional tax– Rs 0.618 million

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

Value	Professional tax (Rs)
a. For value exceeding Rs10,000 but not exceeding Rs0.5 million	3,600
b. For value exceeding Rs0.5 million but not exceeding Rs1 million	4,000
c. For value exceeding Rs1 million but not exceeding Rs2.5 million	6,000
d. For value exceeding Rs2.5 million but not exceeding Rs10 million	18,000
e. For value exceeding Rs10 million but not exceeding Rs25 million	25,000
f. For value exceeding Rs25 million but not exceeding Rs50 million	30,000
g. For value exceeding Rs50 million and above	100,000

Chief Coordination Officer District Council Shangla executed 170 developmental schemes of Rs 70,000,000 through contractors during financial year 2013-14 but professional tax of Rs 618,200 were not deducted due to which Government sustained loss. Detail is given below:

Source of fund	Allocation	No. of Schemes	Professional tax (Rs)
CMD 2013-14 ADP No.771 (Abdul Muneem)	10,000,000	49	173,500
District ADP 2012-13	10,000,000	20	80,000
DDI (Abdul Muneem)	10,000,000	19	69,500
CMD 2013-14 ADP No.771(Abdul Muneem)	20,000,000	38	134,000

CMD 2013-14 ADP No.775 Muhammad Rashad Khan	10,000,000	26	95,200
CMD 2013-14 ADP No.775 Muhammad Rashad Khan	10,000,000	18	66,000
Total	70,000,000	170	618,200

Non deduction of professional tax was due to violation of rules which resulted in loss to the Government.

When pointed out in July 2014, Management stated that the recovery would be made. However, no progress was intimated.

Request for convening of the DAC meeting was made on 30th October 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 January 2015.

Audit recommends recovery and action against the person(s) at fault under intimation to audit.

AP # 21 (2013-14)

ANNEXURES

Annexure-1

Detail of MFDAC Paras

(Rs in million)

S.No	AP No	Caption		Amount (Rs)
1	1	MC Alpuri	Irregular execution of works through project committees- Rs3.855 million	3.855
2	2	-do-	Irregular payment to CCBs-Rs1,410,200	1.41
3	3	-do-	Overpayment of Rs225,632	0.226
4	4	-do-	Execution of personal schemes- Rs2.445 million	2.445
5	5	-do-	Irregular expenditure on account of retaining wall Rs300,000	0.3
6	6	-do-	Loss to government due to Non-recovery of penalty – Rs280,750	0.280
7	9	-do-	Overpayment of Rs4,427,403to contractor	4.427
8	10		Non deduction of professional tax from contractors – Rs112,000	0.112
9	12	-do-	Overpayment due to payment on composite rates for HDPE pipes	0.659
10	13	-do-	Irregular expenditure without agreement and Technical Sanction – Rs8.605million	8.605
11	14	-do-	Unverified expenditure of POL and repair of vehicles Rs2.017 million	2.017
12	16	-do-	Loss to Government due to non-deduction of 3% Tax – Rs45,000	0.045
13	18	-do-	Unjustified payment of final bill of CMD from security account	0.104
14	19	District Council	Irregular Execution of developmental schemes worth	25.442
15	24	-do-	Unverified expenditure of POL and repair of vehicles Rs2.849 million	2.849
16	25	-do-	Loss to Government due to non deduction of 3% Tax – Rs107,758	0.108
17	26	do	Loss to government due to non-deposit of Stamp Duty- Rs123,150	0.123

18	27	-do-	Irregular cash payments in violation of rules –Rs21.922 million	21.922
19	28	-do-	Unauthorized execution of repair works out of District ADP	0.48
20	30	-do-	Irregular expenditure on account of road clearance of flood affected road Rs1,439,600	1.439

Audit Impact Summary

S.No	Rules/System/Procedure	Audit Impact
1	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.	DAC meetings could not be convened due to which audit impact is not visible.
2	According to Rule 12 (1) of Chapter- IV of the Khyber Pakhtunkhwa Local Councils Accounts Rules 1980, where the Local Fund is kept in a treasury or bank no payment exceeding Rs 500 shall be made except by means of a Cheque.	-do-
3	According to Para (ix) of the Model Terms & Conditions for the contracts notified by the Government of Khyber Pakhtunkhwa Local Government Department vide No. AO-II/LCB/6-11/2013 dated 20/03/2013, the successful bidder within seven days of the acceptance of his bid shall enter into an agreement within specified period. In case, the contractor/firm does not enter into an agreement or does not deposit the advances within specified period, the contract shall stand cancelled and loss if any shall be recouped at the risk & cost of the contractor and recoverable under the land revenue act, along with blacklisting the contractor/firm	-do-
4	According to Finance Department Khyber Pakhtunkhwa letter NO.SO(Dev-II) FD/12-6/12-13 dated 20.06.2013, addressed to the Secretaries of the C& W, Irrigation, PHE and Local Government Department, the CSR includes Income Tax which is in built in the item rates. On the contrary, full CSR rates are paid without deduction of the Income Tax in the tax exempted areas resulting in overpayment by the amount equal to deductible Income Tax.	-do-

Detail of non-execution of work/non recovery of 25% advance

Name of Scheme	Location	E/Cost (Rs)	Payment made (Rs)
Const of Kacha Road Behar Sar	BahloulKhel	500,000	125,000
DWSS Langbar		150,000	37,500
Pavement of street Langbar	Bunir Wall	50,000	12,500
DWSS chakisar Saraf Koroon	Chakisar	300,000	75,000
DWSS Kotkay	Aloch	500,000	125,000
Installation of HP Kotkay	Aloch	200,000	50,000
Total		1,700,000	425,000

Detail of advance payment

Name of Scheme	Name of Contractor	E/Cost	Expenditure
DWSS Mian Haji Koroona	Nasir Ahmed & Sons	100,000	100,000
DWSS Gul Rehman Talib Koroona	Nasir Ahmed & Sons	100,000	100,000
DWSS Dawa Khan Koroona	Nasir Ahmed & Sons	100,000	100,000
DWSS Khan Afsar Korona	Nasir Ahmed & Sons	500,000	500,000
DWss Shahpur	Nasir Ahmed & Sons	500,000	500,000
DWSS Daamorhai	Nasir Ahmed & Sons	1,000,000	1,000,000
DWSS Sandovi Colloy	Taif Construction	250,000	25,000
DWSS Kabal Gram		600,000	600,000
DWSS Ghargo Babro	Fazal Karam	300,000	300,000
DWSS Bahri karam Korona	Barat khel Conts	400,000	400,000
DWSS Awari Aman Ghani Korona	Taif Const	500,000	500,000
DWSS Baba Korona	Taif Const	400,000	400,000
DWSS Dard	Taif Const	250,000	250,000
DWSS Aro Bacha Chawga	fazal Karim	200,000	200,000
DWSS Arakh Chawga	Taif Const	300,000	300,000
Total			5,275,000

PDP#1.3.1.2

Annexure-5

Detail of income tax

Source of fund	Allocation	Expenditure (Rs)	6% Income tax (Rs)
CMD 2013-14 ADP No.771 (Abdul Muneem)	10,000,000	3,809,250	228,555
District ADP 2012-13	10,000,000	10,000,000	600,000
DDI (Abdul Muneem)	10,000,000	6,003,956	360,237
CMD 2013-14 ADP No.771(Abdul Muneem)	20,000,000	11,828,535	709,712
CMD 2013-14 ADP No.775 Muhammad Rashad Khan	10,000,000	2,355,958	141,357
CMD 2013-14 ADP No.775 Muhammad Rashad Khan	10,000,000	1,444,811	86,689
Total	70,000,000	35,442,510	2,126,551