



**AUDIT REPORT
ON THE ACCOUNTS OF
TEHSIL MUNICIPAL ADMINISTRATIONS
IN DISTRICT BATTAGRAM**

KHAYBER PAKHTUNKHWA

AUDIT YEAR 2016-17

AUDITOR GENERAL OF PAKISTAN

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS.....	i
PREFACE	ii
SUMMARY TABLES & CHARTS.....	iii
I: Audit Work Statistics.....	iv
II: Audit Observations classified by Categories.....	v
III: Outcome Statistics.....	vi
IV: Irregularities pointed out.....	viii
V: Cost benefit Ratio.....	viii
1. CHAPTER 1.....	1
1.1 Tehsil Municipal Administrations in District Battagram.....	1
1.1.1 Introduction.....	1
1.1.2 Comments on Budget and Accounts (variance analysis)	2
1.1.3 Brief comments on the status of Compliance with PAC/ZAC Directives.....	2
1.2. Tehsil Municipal Administrations, District Battagram.....	3
1.2.1 Irregularity and Non-Compliance.....	4
1.2.2 Internal Control Weakness.....	6
1.3 Tehsil Municipal Administration, Alla.....	10
1.3.1 Irregularity and Non-Compliance.....	11
1.3.2 Internal Control Weakness.....	14
Annex-1 Statement showing detail of MFDAC Paras.....	16
Annex-2 Detail of non-imposition of penalty.....	17
Annex – 3 Detail of Advances.....	18
Annex-4 Detail of rent of shops TMA Battagram.....	19
Annex – 5 Mobile Towers.....	22
Annex-6 Detail of Items not approved in BOQ & PCI.....	26

ABBREVIATIONS AND ACRONYMS

AP	Advance Para
BOQ	Bill off Quantity
CPWD Code	Combined Public Works Department Code
DC	Deputy Commissioner
DAC	Departmental Accounts Committee
DDO	Drawing and Disbursing Officer
DWSS	Drinking Water Supply Scheme
GFR	General Financial Rules
HDPE	High-Density Poly Ethylene
KKH	Karakoram Highway
LGA	Local Government Act
LGE&RDD	Local Government Election and Rural Development Department
MFDAC	Memorandum for Department Accounts Committee
NHA	National Highway Authority
NOC	No Objection Certificate
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC-I	Planning Commission Proforma1
P&D	Planning and Development
PFC	Provincial Finance Commission
RDA	Regional Directorate Audit
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer

Preface

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

The report is based on audit of the accounts of TMAs in District Battagram for the financial Year 2015-16. The Directorate General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit on test check basis during 2016-17 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. Relatively less significant issues are listed in the **Annex-1** of the Audit Report. The Audit observations listed in the **Annex-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 observation will be brought to the notice of Public Accounts Committee through the next year's Audit Report.

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

The observations included in this Report have been finalized in the light of discussion with the management, however department did not submit written replies. DAC meetings were not 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 37** of Khyber Pakhtunkhwa Local Government Act 2013, to be laid before appropriate legislative forum.

Islamabad

Dated:

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General Audit, District Governments, Khyber Pakhtunkhwa carries out the audit of all Tehsil Municipal Administrations and Town Municipal Administrations. The Regional Directorate of Audit Abbottabad, on behalf of the DG District Governments Audit, Khyber Pakhtunkhwa carries out the audit of Six District Governments, TMAs and VCs/NCs of six districts i.e Abbottabad, Mansehra, Haripur, Battagram, Kohistan and Tor Ghar respectively.

The Regional Directorate of Audit Abbottabad has a human resource of 10 officers and staff with a total of 2250 mandays. The annual budget amounting to Rs 16.237 million was allocated to the RDA during financial year 2016-17. The directorate is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of programs and projects.

Tehsil Municipal Administrations, Battagram and Allaiin District Battagram conduct their operations under Khyber Pakhtunkhwa Local Government Act 2013. Each TMA has one Principal Accounting Officer (PAO) as provided in Rule 8 (1P) of the Khyber Pakhtunkhwa Tehsil and Town Municipal Administration Rules of Business 2015. Financial provisions of the Act establish a local fund for each Tehsil and Town Administration for which Annual Budget Statement is authorized by the Tehsil/Town Council in the form of budgetary grants.

a. Scope of Audit

The Total Expenditures of the Tehsil Municipal Administrations, Battagram and Allai District Battagram for the financial year 2015-16 was Rs 136.247 million. Out of this, RDA Abbottabad audited an expenditure of Rs 81.748 million which, in terms of percentage, was 60% of auditable expenditure.

The total receipts of TMAs District Battagram for the Financial Year 2015-16, were Rs 157.827 million. RDA Abbottabad audited entire receipts of Rs 157.827 million which, in terms of percentage, was 100% of auditable receipts.

The Total expenditure and receipts of TMAs District Battagram for the financial year 2015-16 were Rs 294.074 million. Out of this, RDA Abbottabad audited expenditure and receipts of Rs 239.575 million

b. Recoveries at the instance of audit

Recovery of Rs 16.131 million was pointed out during the audit. However, no recovery was affected till finalization of this report.

c. Audit Methodology

Audit was conducted after understanding the business processes of TMAs, District Battagram with respect to their functions, control structure, prioritization of risk areas by determining their significance 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 during scrutiny and substantive testing in the field.

d. Audit Impact

Audit pointed out various irregularities of serious nature. Cases related to weak internal were also pointed out to which management has been sensitized. In certain cases management has taken action which may further be verified. 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 of TMAs.

Key audit findings of the report;

- i. Irregularity & Non-compliance were noticed in 5 cases amounting to Rs 88.91 million¹.
- ii. Internal Control Weakness were noticed in 7 cases amounting to Rs 17.593 million².

f. Recommendations

- i. Corrective actions need to be taken to stop the practice of violation of rules and regulations while spending the public money.
- ii. Strenuous efforts need to be made by the departments to recover long outstanding dues on account of water charges
- iii. Government money received should immediately be deposited into treasury.
- iv. Penalties should be imposed, recovered and deposited into Government treasury.
- v. Inquiries need to be held to fix responsibility for losses, irregular payments and wasteful expenditure.
- vi. All sectors of TMAs 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

¹ Para 1.2.1.1, 1.2.1.2, 2.1.1.1, 2.1.1.2, 2.1.1.3

² Para 1.2.2.1, 1.2.2.2, 1.2.2.3, 1.2.2.4, 1.2.2.5, 2.1.2.1, 2.1.2.2

SUMMARY TABLES & CHARTS

I: AUDIT WORK STATISTICS

(Rs in million)

S.No	Description	No.	Budget
1.	Total Entities (PAOs) in Audit Jurisdiction	02	294.074
2.	Total formations in audit jurisdiction	02	294.074
3.	Total Entities(PAOs) Audited	02	239.575
4.	Total formations Audited	02	239.575
5.	Audit & Inspection Reports	02	239.575
6.	Special Audit Reports	-	-
7.	Performance Audit Reports	-	-
8.	Other Reports	-	-

II: 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	88.9
3.	Weak Internal controls	17.593
4.	Others	0
	Total	106.503

III: 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	-	92.143	157.827	44.104	294.074	74.643
2.	Amount Placed under Audit Observation / Irregularities of Audit	0	37.25	9.573	59.68	106.503	18.097
3.	Recoveries Pointed Out at the instance of Audit	0	6.558	9.573	0	16.131	6.183
4.	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-
5.	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

Note:- The outcome figures reported for the year 2014-15 pertain to the Municipal Committees audited last year. Since PAOs are the same therefore, these amounts have been included here to show cumulative effect against the PAOs.

IV: 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	88.910
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3.	Accounting Errors (accounting policy departure from NAM ³ , 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.	17.593
5.	Recoveries and overpayment, representing cases of established overpayment or misappropriations of public monies	
6.	Non-production of record	-
7.	Others, including cases of accidents, negligence etc.	-
	Total	106.503

V: COST BENEFIT RATIO**(Rs in million)**

S.No	Description	Amount
1.	Outlays Audited (item 1 of Table 3)	294.074
2.	Expenditure on audit	0.153
3	Recovery at the instance of audit	0
	Cost-Benefit Ratio	1:0

³ The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are IPSAS (cash)

1. CHAPTER - 1

1.1 TEHSIL MUNICIPAL ADMINISTRATIONS, DISTRICT BATTAGRAM

1.1.1 INTRODUCTION

District Battagram has two TMAs, TMA Battagram and TMA Allai. Each TMA office is managed by a Tehsil Municipal Officer. Each TMA has its own Tehsil Officer (Finance), Tehsil Officer (Infrastructure) and Tehsil Officer (Regulation). The functions and powers of Tehsil municipal administration shall be to:

- (a) Monitor and supervise the performance of functionaries of Government offices located in the Tehsil and hold them accountable by making inquiries and reports to the district government or, as the case may be, Government for consideration and action;
- (b) Prepare spatial plans for the Tehsil including plans for land use and zoning and disseminate these plans for public enquiry;
- (c) Execute and manage development plans for improvement of municipal services and infrastructure;
- (d) Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including for agriculture, industry, commercial markets, shopping centers; residential, recreation, parks, entertainment, passenger and freight transport and transit stations;
- (e) Enforce municipal laws, rules and bye-laws;
- (f) Prevent and remove encroachments;
- (g) Regulate affixing of sign-boards and advertisements;
- (h) Provide, manage, operate, maintain and improve municipal services;
- (i) Prepare budget, long term and annual municipal development programmes;
- (j) Maintain a comprehensive data base and information system on services in the Tehsil municipal record and archives and provide public access to it on nominal charges;
- (k) Collect taxes, fines and penalties provided under this Act;

- (l) Organize sports, cultural, recreational events, fairs and shows;
- (m) Organize cattle fairs and cattle markets;
- (n) Co-ordinate and support municipal functions amongst village and neighborhood councils;
- (o) Regulate markets and services, issue licenses, permits, grant permissions and impose penalties for violation thereof;
- (p) Manage municipal properties, assets and funds;
- (q) Develop and manage schemes, including site development in collaboration with district government;

1.1.2 COMMENTS ON BUDGET AND ACCOUNTS (VARIANCE ANALYSIS)

The budget and expenditure position of Tehsil Municipal Administrations in District Battagram for the year 2015-16 is as under:

(Rs in million)

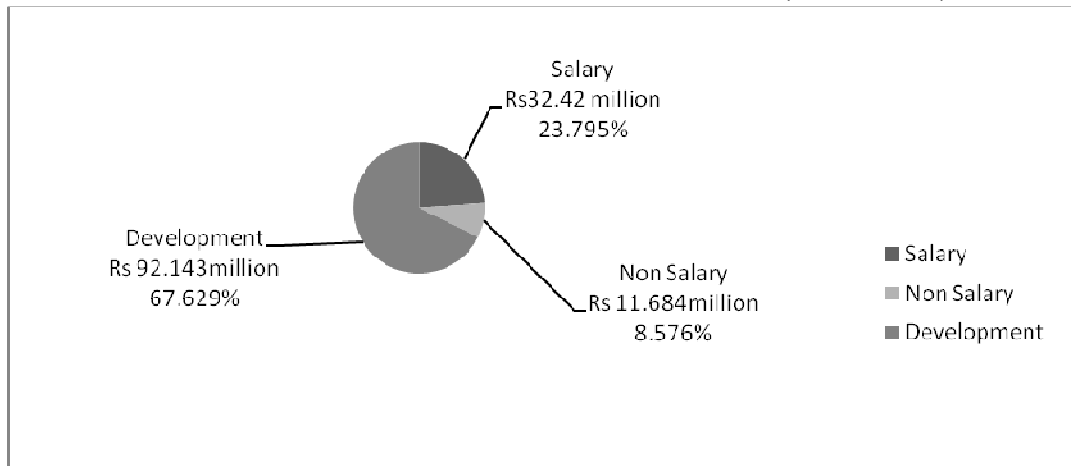
Period	Particulars	Budget	Expenditure	Excess/(Saving)	%age
2015-16	Salary	43.232	32.420	(10.812)	25.01
	Non Salary	16.700	11.684	(5.016)	30
	Developmental	353.606	92.143	(278.680)	78
	Total	413.538	136.247	(294.508)	71.22

Period	Particulars	Budget	Realized	Excess/Less	%age
2015-16	Receipts	248.562	157.827	90.735	36.50

The savings of Rs 294.508 million indicate weakness in the capacity of these local institutions to utilize allocated budget.

Expenditure 2015-16

(Rs in million)



1.1.3 BRIEF COMMENTS ON THE STATUS OF COMPLIANCE WITH PAC/ZAC DIRECTIVES

The Audit Reports pertaining to Financial Years 2009-10 to 2014-15 on accounts of Tehsil Municipal Administration/Municipal Committees have not been discussed in PAC/ZAC. The Provincial Assembly Khyber Pakhtunkhwa has returned the Audit Reports during February, 2017 with the remarks that the same may be examined by respective Accounts Committees as provided under Khyber Pakhtunkhwa Local Government Act, 2013.

1.2 Tehsil Municipal Administration, Battagram

1.2.1 Irregularity and Non-Compliance

1.2.1.1 Wasteful Expenditure on account of Public Park- Rs 2.00 million

According to para 10(i) of GFR Vol-I 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 of expenditure of his own money.

Tehsil Municipal Officer, Battagram awarded contract for the construction public of park to M/S Shams Tabraiz on estimated cost of Rs 2,000,000 during 2015-16. The park was constructed at KKH road side for which no NOC was obtained from NHA, neither mutation of land was available. In the absence of NOC form competent forum and the mutation of land, the entire expenditure was wasteful.

Wasteful expenditure incurred due to negligence of management which resulted not only in loss to Government.

The irregularity was pointed out to the management in March 2017, management stated that the park was constructed on the property of Provincial Government. The reply was not cogent as no mutation of land, NOC from NHA or approval from Provincial Government was found on record. Request for convening DAC meeting was made in March 2017, however meeting of DAC could not be convened till finalization of this report.

Audit recommends investigation, and action against the persons responsible.

AIR No. 01/TMA Btg/2015-16

1.2.1.2 Unauthorized payment on account of Audit fee- Rs 866,911

According to section 14(1) of Khyber Pakhtunkhwa Finance Act 2013 The Auditor General of Pakistan shall annually audit the accounts of the

authority. There is no provision of Audit fee for Local Fund Audit in Finance Act 2103.

Tehsil Municipal Officer, Battagram paid an amount of Rs. 866,911 to Director Local Fund on account of Audit Fee without having any provision in the rules.

Unauthorized payment occurred due to negligence and to adjust some unknown personal interests. This state of affairs indicates high financial indiscipline of the department.

The irregularity was pointed out to the management in March 2017, management stated that the payment was made as per Provincial Government's instructions. Reply was not cogent as no rules/Government instructions were available on record. Request for convening DAC meeting was made in March 2017, however meeting of DAC could not be convened till finalization of this report.

Audit recommends investigation and action against the responsible persons besides recovery from them

AIR No. 04/TMA Btg /2015-16

1.2.2 Internal Control Weakness

1.2.2.1 Overpayment to contractor – Rs 1.057 million

Para 23 of GFR Vol-I requires that every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

Tehsil Municipal Officer, Battagram awarded contract of scheme “Const of link road Shoukat Abad Gijbori” to M/S Saeed & Brothers. The contractor offered rate of Rs. 1,933,043 however, the local office issued work order for an amount of Rs. 2,319,877. Moreover, the final payment was made for an amount of Rs. 3,000,000 which resulted in loss of Rs 1,066,957.

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

The irregularity was pointed out to the management in March 2017, management stated that detailed reply will be submitted after checking the relevant record. Reply was not cogent as payment should have been made as per offer submitted by the contractor. Request for convening DAC meeting was made in March 2017, however meeting of DAC could not be convened till finalization of this report.

Audit recommends investigation, fixing responsibility and action against the responsible persons besides immediate recovery of the overpaid amount.

AIR No. 02/TMA Btg /2015-16

1.2.2.2 Loss due to unauthorized execution of works contrary to Technical Sanction Rs 2.969 million

Para 23 of GFR Vol-I requires that every Government Officer should realize fully and clearly that he will be held personally responsible for any loss

sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer.

Tehsil Municipal Officer, Battagram awarded contracts of various developmental schemes during 2015-16. The schemes were Technically Sanctioned for Providing of HDPE Pipes. The local office was required to make payment for supply of pipes only after deducting labourcharges, however, full payment was made which resulted in loss to Government as briefed below:

S#	Name of Contractor	Name of Scheme	Estimated Cost	Items as per TS	Quantity	Paid Rate	Labour Rate	Rate Required	Loss
1	Mushtaq Yusaf	DWSS in U/C Shamlai	2,300,000	Providing of HDPE Pipe 20 mm dia	13719 Meter	158/m	88.06 /m	69.94/m	959,507
				Providing of HDPE Pipe 25 mm dia	914 Meter	165/m	88.06 /m	76.94/m	70,323
2	Mushtaq Yusaf	DWSS Battamori, Kuzabanda	2,395,624	Providing of HDPE Pipe 20 mm dia	13414 Meter	160/m	88.06 /m	71.94/m	965,003
				Providing of HDPE Pipe 25 mm dia	1524 Meter	170/m	88.06 /m	81.94/m	124,877
3	Shayan Construction	DWSS U/C Thakot&Rajdhari	1,893,584	Providing of HDPE Pipe 20 mm dia	11310 Meter	158/m	88.06 /m	69.94/m	791,021
				Providing of HDPE Pipe 25 mm dia	609.75 Meter	184/m	88.06 /m	95.94/m	58,499
Total									2,969,230

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

The irregularity was pointed out to the management in March 2017,, management stated that detailed reply will be submitted after checking the relevant record. Reply was not tenable as payment should have been made as per

items of work as mentioned in Technical Sanction. Request for convening DAC meeting was made in March 2017, however meeting of DAC could not be convened till finalization of this report.

Audit recommends immediate recovery of overpaid amount besides investigation for fixing responsibility against the responsible persons.

AIR No. 03/TMA Btg /2015-16

1.2.2.3 Non-recovery of penalty on late completion of schemes – Rs 1.298 million

Clause-2 of the conditions of the Contract Agreement clearly provides that the contractor has to pay compensation @ 1% per day or maximum 10% of the estimated cost for delay in completion of work.

Tehsil Municipal Officer, Battagram executed various developmental schemes with an estimated cost of Rs 12,982,100 during the year 2015-16. These schemes could not be completed within stipulated period of time nor penalty @10% amounting Rs. 1,298,210 was imposed and recovered from the contractors. Detail is given at annexure – 2.

Audit observed that non-imposition of penalty occurred due to providing favor to contractors and weak internal control which resulted in loss to public exchequer.

The irregularity was pointed out to the management in March 2017, management stated that the penalty has already been deducted from the contractors at the time of final payment. However, penalty from the ongoing schemes would be deducted. Reply was not cogent as no documentary evidence was provided till finalization of this report. Request for convening DAC meeting was made in March 2017, however meeting of DAC could not be convened till finalization of this report.

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

1.2.2.4 Non-adjustment of advances – Rs 5.125 million

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

Tehsil Municipal Officer, Battagram paid temporary advances amounting to Rs 5,124,935 to the TMA staff during the year 2015-16 for carrying out various functions of the organization. However, the said amount was not recovered nor got adjusted from the employees. Detail is given at annexure – 3.

Audit observed that non-adjustment of advances occurred due to negligence and weak internal control which resulted in loss to the Government.

The irregularity was pointed out to the management in March 2017, management stated that adjustment has been made and voucher will be shown to audit. Reply was not convincing as no progress was shown till finalization of this report. Request for convening DAC meeting was made in March 2017, however meeting of DAC could not be convened till finalization of this report.

Audit recommends adjustment/recovery of advances and action against the persons at fault.

1.2.2.5 Non-collection of revenue - Rs 4.448 million

According to Government of Khyber Pakhtunkhwa LGE&RDD notification No SO(B)LG&RDD/Misc/2008 dated 15/11/2008 maximum flat rate of not more than Rs 20,000 to Rs 30,000 annually may be levied by the civic bodies for installation of BTS Towers.

Tehsil Municipal Officer, Battagram failed to collect revenue pertaining to the rents of shops and cabins amounting Rs 1,447,950 and receipts of Rs. 3,000,000 from cellular companies of mobile towers at the rate of Rs 20,000 per

annum during the year 2015-16. Detail is given at annexure-4 and 5. No serious efforts regarding recovery of outstanding were made.

Non-recovery of revenue was occurred due to weak financial management, which resulted in loss to Government.

The irregularity was pointed out to the management in March 2017, management stated that the recovery has already been made, balance if any would be recovered under intimation to audit. Reply was not convincing as no progress was shown till finalization of this report. Request for convening DAC meeting was made in March 2017, however meeting of DAC could not be convened till finalization of this report.

Audit recommends immediate recovery of outstanding rent of shops/cabins and strict disciplinary action against the person (s) at fault.

AIR No. 09&10/TMA Btg /2015-16

1.3 Tehsil Municipal Administration, Allai

1.3.1 Irregularity and Non-Compliance

1.3.1.1 Non-utilization of PFC fund- Rs 56.351 million

According to Government of Khyber Pakhtunkhwa, Local Council Board Letter No. AO/LCB/TMA/ALLAI(BUDGET)2016 dated 27/09/2016 that:

1. An amount of Rs 42.066 million reflected as remaining amount of 30% PFC share 2015-16 on the income side of the budget which is not to be released by finance department.
2. The current year 30%PFC share be reduced up to 86.61 million from 101.895 million.

Tehsil Municipal Administration, Allai was released a sum of Rs 42.066 million on 16.10.2015 and 03.11.2015 for the first two quarters against 30% PFC for the year 2015-16 with the directives to utilize the same in accordance with the guidelines issued by P&D.

Management could not utilize the funds due to which Rs 42.066 million for the year 2015-16 were withheld and the funds for the financial year 2016-17, were reduced to the extent of Rs 14.285 million under this head. This resulted in loss to the local Council worth Rs 56.351 million.

The irregularity was pointed out to the management in March 2017, management stated that that the Provincial Government released 50% of the fund in 2105-16 which could not be utilized however detailed reply would be furnished later on. No progress was reported till finalization of this report. Request for convening DAC meeting was made in March 2017, however meeting of DAC could not be convened till finalization of this report.

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

AIR No. 01/TMA Allai/2015-16

1.3.1.2 Irregular execution of work and expenditure without technical sanction Rs - 28.692

According to Government of Khyber Pakhtunkhwa LGE&RDD notification No.ACI/LCB/ESTT/3-5/2005 dated 22/11/2005, scale wise powers of Engineers to accord Technical sanction as under:

- i) Engineers in BPS-18 upto Rs 4,000,000
- ii) Engineers in BPS-17 upto Rs 1,500,000
- iii) Engineers in BPS-16 upto Rs 500,000
- iv) Engineers in BPS-11 upto Rs 300,000

TMA Allai incurred expenditures of Rs 28.692 million on developmental schemes without obtaining Technical Sanction in violation of above mentioned rules.

The Technical sanction of all the developmental schemes was accorded by Assistant Tehsil Officer (Infrastructure) BPS-16 which was beyond his competency.

The irregularity was pointed out to the management in March 2017, management stated that detail reply will be furnished after consulting record, reply is not cogent as no proper justification was provided till finalization of advance Para. Request for convening DAC meeting was made in March 2017, however meeting of DAC could not be convened till finalization of this report.

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

AIR No. 16/TMA Allai/2015-16

1.3.1.3 Irregular expenditure - Rs 1.0 million

According to Government of Khyber Pakhtunkhwa Notification No ACI /LCB/ESTT: /3-5/2005 dated 22.11.2005 that Technical sanction upto Rs 500,000 will be accorded by Engineer BPS-16.

According to Government of Khyber Pakhtunkhwa Local Government and Rural Development Department Local Council Board letter No.Engr/TS/LCB/1-33/2015 Dated Peshawar 9th March 2015 that those Developmental Schemes not covered under the Technical Sanction power of engineer incharge of the concerned council must be submitted for Technical sanction to Local Council Board complete in all respect.

TMA Allai incurred an expenditure of Rs.1, 000,000 on a work “PCC Road Main Bahadar Koroona without obtaining Technical Sanction from Local Council Board Instead it was accorded by Assistant Tehsil Officer (Infrastructure) BPS-16.

The irregularity was pointed out to the management in March 2017, management stated that detail reply will be furnished after consulting original record. No progress was reported till finalization of Advance Para. Request for convening DAC meeting was made in March 2017, however meeting of DAC could not be convened till finalization of this report.

Audit suggests investigation and fixing responsibility on the persons at fault.

AIR No. 10/TMA Allai/2015-16

1.3.2 Internal Control Weakness

1.3.2.1 Loss due to non-auction/collection of revenue contracts – Rs 1.462 million

According to Para 8 read with Para 26 of GFR, it is the duty of the Departmental Controlling Officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

Tehsil Municipal Officer, Allai advertised the auction of 2% property tax for the year 2015-16. Three contractors participated in the process and Mr. Ammer Hussain offered the highest bid of Rs 3,020,000 which was not accepted/approved and the tax was collected departmentally. Consequently, a sum of Rs 2,557,861 was realized and the local Government was put in to loss of Rs 462,139 as detailed below:

S/No.	Particulars	Amount
1	Bid offer by contractor	3,020,000
2	Realization departmentally	2,557,861
Loss to Government		462,139

Similarly, License Fee contract was advertised for Rs 1,000,000 during the financial year 2015-16. As per auction notice the contractors were directed to deposit Rs 20,000 as earnest money. The contract could not auction due to non-participation of contractors, however departmental recovery on this account was also not made.

Loss to local Government of Rs 1,462,139 resulted due to weak financial management.

The irregularity was pointed out to the management in March 2017, management stated that detailed reply will be given after consulting the relevant record. No progress was reported till finalization of this report. Request for

convening DAC meeting was made in March 2017, however meeting of DAC could not be convened till finalization of this report.

Audit recommends Inquiry and action against the person(s) at fault besides recovery government dues.

AIR No.02&09/TMA Allai /2015-16

1.3.2.2 Overpayment of Rs 1.234 million

Para 19 (iv) of GFR Vol-I provides that the terms of a contract once entered into should not be materially varied without the previous consent of the authority competent to enter into the contract as so varied. No payments to contractors by way of compensation, or otherwise, outside the strict terms of the contract are in excess of the contract rates may be authorized without the previous approval of the ministry of finance.

TMA Allai made excess payment in various works for Rs.1,233,512 than BOQ, PC-I and TS during 2015-16 as per detail given in annexure – 6.

The irregularity was pointed out to the management in March 2017, management stated that detail reply will be furnished after consulting the record. Reply was not cogent as excess payment than BOQ/PC-I/TS was not allowed as per rules. Request for convening DAC meeting was made in March 2017, however meeting of DAC could not be convened till finalization of this report.

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

AIR No.11&12/TMA Allai /2015-16

ANNEXURES

ANNEX-1

Statement showing detail of MFDAC Paras

(Rs in million)

S.No	AIR No	Caption	Amount
Tehsil Municipal Administration Battagram			
1	05	Unauthorized deduction of contingency charges	0.198
2	08	Non-deduction of professional tax	0.113
Tehsil Municipal Administration, Allai			
3	04	Illegal retention of various tax	0.304
4	05	Loss due to non-imposition of penalty	0.021
5	06	Illegal deduction and retention of 1% contingency charges	0.381
6	15	Irregular payment without rate analysis	0.696
Total:			1.713

ANNEX- 2**Para 1.2.2.3****Detail of non-imposition of penalty**

S.#	Name of Scheme	Name of Contractor	Date of work order	Required Date of Completion	Date of completion	Delay	E/Cost	Penalty @ 10 % (Rs)
1	Pavement of path sewerage line Bansir U/C Shamlai	Shayan Construction	25-03-2016	24-09-2016	28-11-2016	2 months	1,893,932	189,393
2	Construction of R/Wall Grave Yard ShamlaiBaji	MushtaqYusaf	25-03-2016	24-06-2016	25-08-2016	2 months	200,000	20,000
3	Construction of Topka to Danga Road U/C Shamlai	Shayan Construction	25-03-2016	24-09-2016	Work in Progress	-	996,422	99,642
4	Construction of Culvert/Causeway Trangar	MushtaqYusaf	25-03-2016	24-07-2016	25-08-2016	1 month	494,119	49,412
5	Construction of Road GohriShamlai	MushtaqYusaf	25-03-2016	24-08-2016	Work in Progress	-	797,698	79,770
6	Beautification of Battagram City	Jaleel Engineering		15-04-2016	30-06-2015		2,999,929	299,992
7	Const of link road Shoukat Abad Gijjbori			30-06-2015	29-06-2015		3,000,000	300,000
8	PCC road Rajmera			30-06-2015	12-01-2016		600,000	60,000
9	Const of RCC bridge Tapka			10-01-2016	17-10-2016		2,000,000	200,000
Total							12,982,100	1,298,209

Detail of Advances

S.No	Name of Employee	Detail of Advance	Date	Amount(Rs)
1	Faqir Muhammad	House building Advance	25/06/2015	124,800
2	AD Battagram	Repair of vehicle	2/7/2105	600,000
3	Mr Naveed S/E	Repair of vehicle	2/7/2105	200,000
4	Jan Muhammad	Repair of vehicle	30/6/2016	50,000
5	Sartaj PA to TMO	Training advance	11/12/2015	575,000
6	Sartaj PA to TMO	Training advance	15/12/2015	900,000
7	Sartaj PA to TMO	Training advance	12/12/2015	875,000
8	Sartaj PA to TMO	Training advance	23/12/15	600,000
9	Sartaj PA to TMO	Training advance	30/12/2015	1,200,000
10	Sartaj PA to TMO	Training advance	24/2/2016	135,000
Total				5,124,935

Annex-4

Para1.2.2.5

DETAIL OF RENT OF CABINS & SHOPS TMA BATTAGRAM

S No	Name of Leases	Date of Approval	Rent per Month	Arrear up to 30-06-2015	Demand for 2015-16	Amount Received	Balance
1	Jan Muhammad	1/7/2013 30-06-	1800	3200	24800	21200	3600
2	Bahram	--do--	1200	1000	15400	13000	2400
3	Sharif Ullah	--do--	1600	11200	30400	11200	19200
4	Faiz Muhammad	--do--	1700	4500	24900	24900	NIL
5	Altaf	--do--	1650	6000	25800	12600	13200
6	Amjid	--do--	1800	NIL	21600	19800	1800
7	Ahmad Gul	--do--	1800	NIL	21600	19800	1800
8	MuhamamadQayum	--do--	1800	NIL	21600	19800	1800
9	Sabir	--do--	1800	NIL	21600	19800	1800
10	FareshGulab	--do--	1650	3000	22800	16200	6600
11	Taj Ali	--do--	1300	NIL	15600	15600	NIL
12	Zabir	--do--	2200	6600	33000	28600	4400
13	Akhtar Nawaz	--do--	2000	1700	25700	23700	2000
14	Yousaf	--do--	2200	10000	36400	18800	17600
15	Yousaf	--do--	1200	9000	23400	11400	12000
16	Ghulam Jan	--do--	1500	NIL	18000	12000	6000
17	DostiRehman	--do--	1500	13200	31200	16200	15000
18	Akhtar Munair	--do--	1650	1500	21300	14700	6600
19	Hanif Khan	--do--	1200	12000	26400	4000	22400
20	Sultan	--do--	1600	3000	22200	17400	4800
21	Fath Muhammad	--do--	1300	2000	17600	2000	15600
22	Muhammad Arif	--do--	1300	10000	25600	10000	15600
23	Rohan Zareen	--do--	1500	8100	26100	17100	9000
24	Muhammad Pervaz	--do--	1300	6600	22200	22200	NIL
25	Muhammad Naeem	--do--	1300	5500	21100	12000	9100
26	Khurshaid	--do--	1300	12000	27600	6000	21600
27	Muhammad Imran	--do--	1000	900	12900	10900	2000
28	Noor Islam	--do--	1100	2700	15900	12600	3300
29	Jafir	--do--	1500	1350	19350	8850	10500
30	Younas	--do--	1300	2200	17800	13900	3900

31	Anwar Ali	--do--	1700	7500	27900	17700	10200
32	Khawaja	--do--	1400	3500	20300	17500	2800
33	Mousa	--do--	1700	NIL	20400	17000	3400
34	Ali Muhammad	--do--	1600	5100	24300	19500	4800
35	Dost Muhammad	--do--	1700	5300	25700	20600	5100
36	Noor Muhammad	--do--	1700	3500	33900	13500	20400
37	Muhammad rafiq	--do--	1500	NIL	18000	15000	3000
38	Gul Afzal	--do--	1400	12600	29400	12600	16800
39	Khayal Muhammad	--do--	1700	6000	26400	16200	10200
40	Bashir	--do--	1430	7800	24960	15020	9940
41	Ayaz	--do--	1500	6000	24000	12000	12000
42	Taj Muhammad	--do--	1000	7200	19200	7200	12000
43	Karim Shah	--do--	1000	8000	20000	12000	8000
44	Khalil	--do--	1100	NIL	13200	13200	NIL
45	Abdul Wahab	--do--	1300	1200	1600	10300	6500
46	GoharAman	--do--	1700	3000	23400	14900	8500
47	Syed Wahab Shah	--do--	1700	1500	21900	20200	1700
48	Shehzada	--do--	1700	7500	27900	19400	8500
49	Muhammad Umar	--do--	1700	3000	23400	16600	6800
50	Marwan	--do--	1200	1000	15400	7000	8400
51	Niaz Ali	--do--	1200	6000	20400	6000	14400
52	HidayatUllah	--do--	1500	15600	33600	NIL	33600
53	Gul Zada	--do--	1400	7200	24000	7200	16800
54	Ata Ur Rehman	--do--	800	NIL	9600	NIL	9600
55	Muhammad Pervaz	--do--	1500	7800	25800	16300	9500
56	Taj Muhammad	--do--	1200	Nil	14400	13200	1200
57	Gul Muhammad	--do--	1650	12000	31800	26850	4950
58	Nazir	--do--	1500	NIL	18000	12000	6000
59	SarZamin	--do--	1400	7500	24300	7500	16800
60	Muhammad Ismail	--do--	1500	9100	27100	NIL	27100
61	Tasleem	--do--	1500	NIL	18000	15000	3000
62	Aaman Gul	--do--	1600	2800	22000	22000	NIL
63	Imran	--do--	1200	1800	16200	12600	3600
64	Abdul Hakim	--do--	1000	NIL	12000	9000	3000
65	Zakira Hussain	--do--	1200	NIL	14400	14400	NIL
66	NisarUIHaq	--do--	1200	NIL	14400	14400	NIL
67	Wajid Iqbal	--do--	1200	Nil	14400	10800	3600
68	Wajid Iqbal	--do--	1000	NIL	12000	3000	9000
69	Shair Muhammad	--do--	1400	6000	22800	14600	8200
70	Wali Muhammad	--do--	1400	6000	22800	11600	11200

71	Seed Ur Rehman	--do--	2400	2200	31000	26200	4800
72	Gulamjan	--do--	1700	Nil	20400	13600	6800
73	DostiRehman	--do--	2200	15000	41400	14000	27400
74	BakhtMunair	--do--	2200	8500	34900	23900	11000
75	Abdul Waheed	--do--	1600	NIL	19200	4500	14700
76	Muhammad Shaif	--do--	1600	9600	28800	14500	14300
77	Salauddain	--do--	1800	14800	36400	14800	21600
78	Liyaqat Ali	--do--	1800	15000	36600	12000	24600
79	Bawar Khan	--do--	1700	9100	29500	18200	11300
80	BakhtZareen	--do--	2200	4000	30400	26000	4400
81	Arhsid Ali	--do--	1800	19200	40800	7000	33800
82	M. Naeem	--do--	2200	NIL	26400	13200	13200
83	Khurshaid	--do--	1700	18000	38400	18000	20400
84	M. Imran	--do--	1500	1300	19300	16300	3000
85	Noor Ul Islam	--do--	1500	3900	21900	15900	6000
86	SadiqUllah	--do--	2200	20000	46400	33600	12800
87	Tahir Din	--do--	2200	20000	46400	22200	24200
88	Amrooz	--do--	1800	1600	23200	19600	3600
89	Syed Umar Shah	--do--	1800	1600	23200	19600	3600
90	Khawaja Muhammad	--do--	2100	5700	30900	26700	4200
91	Mousa	--do--	2200	NIL	26400	22000	4400
92	Ali Bahdar	--do--	2200	6000	32400	25800	6600
93	Dost Muhammad	--do--	2200	8000	34800	27800	6600
94	Noor Muhammad	--do--	2200	18000	44400	15000	29400
95	Muhammad Rafiq	--do--	1900	Nil	22800	19000	3800
96	Gul Afzal	--do--	1850	18400	40600	18400	22200
97	Khayal Muhammad	--do--	2200	8000	34400	21200	13200

98	Muhammad Bashir	--do--	1900	15300	38100	19040	19060
99	Ayaz	--do--	2200	14000	40400	25000	15400
100	Taj Muhammad	--do--	1500	NIL	18000	3000	15000
101	Karim Shah	--do--	1500	9600	27600	2000	25600
102	Khalil	--do--	1400	NIL	16800	16800	NIL
103	GoharAman	--do--	2200	4000	30400	19400	11000
104	Syed Qabool Shah	--do--	1600	1000	20200	12200	8000
105	Syed Wahab Shah	--do--	2200	2000	28400	26200	2200
106	Shehzada	--do--	2200	6000	32400	6000	26400
107	Muhammad Umar	--do--	2200	8000	34400	NIL	34400
108	Faiz Muhammad	--do--	2200	12000	38400	NIL	38400
109	Shafi Ur rehman	--do--	2200	12000	38400	12000	26400
110	Niaz Ali	--do--	2200	12000	38400	12000	26400
111	HidayatUllah	--do--	2200	22000	48400	NIL	48400
112	Syed Karim Shah	--do--	1000	NIL	12000	NIL	12000
113	Gul Zada	--do--	1900	6800	29600	6800	22800
114	Pervaiz	--do--	1550	16800	35400	28100	7300
115	Khan Muhammad	--do--	1200	4500	18900	17700	1200
116	Gul Muhammad	--do--	2100	9500	34700	24200	10500
117	Muhammad Nazir	--do--	1900	20400	43200	41300	1900
118	SarZamin	--do--	1900	20400	43200	NIL	43200
119	Muhammad Ismail	--do--	1900	15300	38100	NIL	38100
120	Tasleem	--do--	2200	8000	34400	23400	11000
121	Aman Gul	--do--	1800	3100	24700	24700	NIL
122	Imran	--do--	1550	4200	22800	19700	3100

123	Ali Jan	--do--	1500	3700	21700	11200	10500
124	Abdul Hakim	--do--	1500	1300	19300	8800	10500
125	Shah Ahmad	--do--	1700	9000	29400	3400	26000
126	Shoukat Ali	--do--	1700	4500	24900	21500	3400
127	BakhtMunair	--do--	1200	1000	15400	11800	3600
128	Hamid Khan	--do--	1200	NIL	14400	9600	4800
129	Naveed	--do--	1400	4400	21200	8600	12600
SHOPS TMA BATTAGRAM							
1	Habib Ur Rehan	1/7/2013 30-06- 2016	2300	2000	29600	29600	NIL
2	Shafi Ur Rehman	--do--	2300	2000	29600	29600	NIL
3	Saleh Rehman	--do--	2300	2000	29600	29600	NIL
4	Fazal Karim	--do--	2300	2000	29600	29600	NIL
5	Abdul Satar	--do--	2300	2000	29600	29600	NIL
6	Saleh Rehan	--do--	1500	1300	19300	19300	NIL
7	Mujeeb Ur Rehan	--do--	1500	1300	19300	19300	NIL
8	SafdarRehman	--do--	1500	1300	19300	19300	NIL
9	Muhammad Fayaz	--do--	2300	2000	29600	27300	2300
Total			230080	800150	3559510	2111560	1447950

Annex-5

Para1.2.2.5

Mobile Towers

S.#	Name of tower Company	Date of Approval	Location	Amount per annum	Period in years	Amount outstanding
1	Telenor	05-07-2008	BTS Site at Thakot	20,000	8	160,000
2	PTCL Tower	03-07-2009	BTS at Rangeen Abad Battagram	20,000	7	140,000
3	PTCL Tower	30-07-2009	Oghaz Banda Battagram	20,000	7	140,000
4	Telenor	27-03-2008	Dehri Malang Khan Battagram	20,000	8	160,000
5	Telenor	23-11-2009	Nelishang Matta Battagram	20,000	7	140,000
6	Ufone	18-11-2008	GedhriCharbagh Battagram	20,000	8	160,000
7	Ufone	18-11-2008	AshotarThakot Battagram	20,000	8	160,000
8	Warid	06-01-2006	Kaspul Battagram	20,000	10	200,000
9	Paketel	05-05-2008	BST Ajmera Battagram	20,000	8	160,000
10	Ufone	18-11-2008	Batamori Battagram	20,000	8	160,000
11	Warid	21-07-2009	Ajmera Battagram	20,000	7	140,000
12	Warid	30-09-2008	ShingliBala Battagram	20,000	8	160,000
13	ZongPaketel	71-07-2008	Ajmera Battagram	20,000	8	160,000
14	Warid	30-12-2016	Shamshad Battagram	20,000	1	20,000
15	Warid	30-12-2016	Maria CargariThakot Battagram	20,000	1	20,000
16	Warid	30-12-2016	GuliBahghNelishang Battagram	20,000	1	20,000
17	Ufone	Non Approved	Paimal Sharif	50,000	-	50,000
18	Mobilink	Non Approved	GhatSharshotarThakot Battagram	50,000	-	50,000
19	Ufone	Non Approved	Peshora Battagram	50,000	-	50,000
20	Ufone	Non Approved	Ajmera Battagram	50,000	-	50,000
21	Ufone	Non Approved	Danda Battagram	50,000	-	50,000
22	Mobilink	Non Approved	Danda Battagram	50,000	-	50,000
23	Mobilink	Non Approved	Kuza Banda Battagram	50,000	-	50,000
24	Mobilink	Non Approved	Shalkhay Battagram	50,000	-	50,000
25	Mobilink	Non Approved	ShamsabadAjmera Battagram	50,000	-	50,000

26	Mobilink	Non Approved	Jahangair Abad Battagam	50,000	-	50,000
27	Mobilink	Non Approved	Trand Battagram	50,000	-	50,000
28	Mobilink	Non Approved	Matta Medain Battagram	50,000	-	50,000
29	Mobilink	Non Approved	DehriBahdar Khan Battagram	50,000	-	50,000
30	Mobilink	Non Approved	Gijbori Battagram	50,000	-	50,000
31	Mobilink	Non Approved	AjmeraBattageam	50,000	-	50,000
32	Mobilink	Non Approved	Tamai Battagram	50,000	-	50,000
33	Mobilink	Non Approved	Kotgalla Battagram	50,000	-	50,000
34	Ufone	Non Approved	SawalMairaChohanBattageam	50,000	-	50,000
Total						3,000,000

ANNEXURE – 6
PARA1.3.2

Detail of Items not approved in BOQ & PCI

S.No	Name of Schem	Item of Work	Approved Qty in BOQ/PC-I	Paid Qty	Rate	Excess Payment
1	P CC Road Main BahadarKorrora	RRM (1:6)	Nil	27.18	5,943	161,542
2	PCC link road Sakargah	RRM 1:6	Nil	113.95	5,943	677,250
	Total					838,792

Item not approved in BOQ & TS

Name of work	Item of Work	Approved Qty in BOQ/PC-I	Paid Qty	Excess Qty	Rate	Excess Payment
Construction of Link Road BakhalZarinKoroona	Excavation in different Soil: Shingle Gravel	1248.58	1518.18	270.8	400	108,320
Construction of Link Road Musa Tangai	Excavation in different Soil: Shingle Gravel	1890.71	2607.5	716.79	400	286,400
	Total					394,720