



**AUDIT REPORT
ON
THE ACCOUNTS OF
LOCAL GOVERNMENTS
DISTRICT TANK**

AUDIT YEAR 2019-20

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AD	Assistant Director
AIR	Audit and Inspection Report
APPM	Accounting Policies and Procedures Manual
AG	Accountant General
BHUs	Basic Health Units
BISE	Board of Intermediate & Secondary Education
CPWA Code	Central Public Works Accounts Code
DAC	Departmental Accounts Committee
DAC	District Accounts Committee
DDC	Departmental Development Committee
DDA	Dera Development Authority
DG	Director General
DEO	District Education Officer
DHO	District Health Officer
DO	District Officer
DPS	District Performance Scorecard
DRAP	Drug Regularity Authority of Pakistan
GFR	General Financial Rules
E& SE	Elementary & Secondary Education
FTR	Federal Treasury Rules
KPIs	Key Performance Indicators
KPPRA	Khyber Pakhtunkhwa Public Procurement Rules Authority
LCB	Local Council Board
LGE & RDD	Local Government, Election & Rural Development Department
LGA	Local Government Act
MB	Measurement Book
MDGs	Millennium Development Goals
MFDAC	Memorandum for Departmental Accounts Committee
P&D	Planning and Development
PD	Project Director
PAC	Public Accounts Committee
PAO	Principal Accounting Officer

PTC	Parents Teachers Council
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
TAC	Tehsil Accounts Committee
TS	Technical Sanction

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 require the Auditor General of Pakistan to conduct audit of the receipts and expenditure of Local Governments of each District of the Khyber Pakhtunkhwa.

The report is based on audit of the accounts of offices of District Government, Tehsil Municipal Administrations, Assistant Director Local Government Elections and Rural Development Department, Village Councils and Neighborhood Councils in district Tank for the financial year 2018-19. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2019-20 on test check basis with a view to report significant findings to the relevant stakeholders. The main body of the audit report includes systemic issues and significant audit findings. Relatively less significant issues are listed in Annex-1 of the Audit Report. The audit observations listed in Annex-1 shall be pursued with the Principal Accounting Officers at the DAC level. In all cases where Principal Accounting Officers do not initiate appropriate action, the audit observations will be brought to the notice of appropriate forum 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.

Some the observations included in this report were finalized in the light of written replies of the departments where in the most the departments did not submit written replies till finalization of this report. DAC meeting were also not convened despite 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:

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit District Governments, Khyber Pakhtunkhwa carries out audit of Local Governments in 27 Districts of Khyber Pakhtunkhwa. Regional Directorate of Audit (RDA) D.I.Khan, on behalf of the DG Audit District Governments, Khyber Pakhtunkhwa carried out the audit of Local Governments of two districts namely D I Khan and Tank.

The office is mandated to conduct regularity audit (Financial attest audit and compliance with authority audit), performance audit and special studies.

Local Governments of District Tank consist of three tiers which perform their operations under Khyber Pakhtunkhwa Local Government Act 2013. Financial provisions of the Act described the Local Consolidated Fund and Public Account for which annual Budget Statement is approved by the respective councils in the form of budgetary grants. Top Tier- the District Government comprises one Principal Accounting Officer (PAO) i.e. Deputy Commissioner for the District Government, who is officer in charge of 10 devolved departments including AD Local Government Election & Rural Development Department. The second Tier- Tehsil Municipal Administrations have one PAO i.e. Tehsil Municipal Officer for each administration. There are four Tehsils Administrations in district Tank. The third Tier-village and neighborhood Councils have AD LGE & RDD as Principal Accounting Officer for these councils. There are 70 VCs/NCs in district Tank.

a. Scope of audit

This office is mandated to conduct audit of 82 formations working under 03 PAOs. Total expenditure and receipts of these formations were Rs. 2,537.396 million and Rs. 121.706 million respectively for the financial year 2018-19.

Audit coverage relating to expenditure for the current audit year comprises 13 formations of 03 PAOs having a total expenditure of Rs. 2,074.60 million for the financial year 2018-19. In terms of percentage, the audit coverage for expenditure is 81.76 % of auditable expenditure.

Audit coverage relating to receipts for the current audit year comprises 13 formations of 03 PAOs having a total receipt of Rs. 121.706 million for the financial year 2018-19. In terms of percentage, the audit coverage for receipts is 100% of auditable receipts.

In addition to this compliance audit report, Directorate of District audit conducted Financial Attest audits, Performance audits and special studies for which reports are being published separately.

b. Recoveries at the Instance of Audit

As a result of audit, a recovery of Rs. 59.326 million was pointed out in this report. No recovery against these figures was reported.

c. Audit Methodology

Audit was conducted after understanding the business processes of Local Governments Tank with respect to their functions, control structure and key controls. This helped auditors in understanding the systems, procedures, environment of 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

As a result of Audit no substantial impact was noticed as the management did not convene the DAC meeting. The departments were failed to implement corrective measures in shape of financial management and to establish effective internal control system. Therefore irregularities noticed during the current audit were of identical nature as pointed out during the preceding years.

e. Comments on Internal Control and Internal Audit department

INTOSAI defines the internal control structure as the plans and action of an organization, including management's attitude, methods, procedures and other measures that provide reasonable assurance that the following objectives are achieved:

- a. Assets are safeguarded against loss due to waste, abuse, mismanagement, errors, and fraud and other irregularities;
- b. Laws regulations and management directives are complied with.
- c. Reliable financial and management data is maintained and fairly disclosed in timely reported.

In most of the offices the internal controls were override by the management specifically in the appointments, violation of procurement rules and less deduction of taxes and non-recovery of government receipts etc. 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 Local Governments Tank.

f. Key Audit Findings of the Report

- i. Non compilation/Consolidation of Accounts of Local Governments- Rs.120.365 million¹
- ii. Misclassification of developmental expenditure of Rs. 109.133 million²
- iii. Non-Production of record was noticed in one case amounting to Rs.111.168 million³
- iv. Irregularities were noticed in 12 cases amounting to Rs. 136.773 million⁴
- v. Value for money and service delivery issues were noticed in two cases amounting to Rs. 2.666 million⁵
- vi. Others, including cases of accidents, negligence etc. were noticed in eight cases amounting to Rs. 105.403 million⁶

Minor irregularities/ internal control weakness pointed out during the audit are being perused separately with the authorities concerned, as detailed in Annex-1.

¹ Para 1.2.1

² Para 1.2.2

³ Para: 3.5.1.1

⁴ Para: 2.5.1.1 to 2.5.1.8, 3.5.2.1 to 3.5.2.3 and 4.5.1.1

⁵ Para 2.5.2.1 and 4.5.2.1

⁶ Para 2.5.3.1 to 2.5.3.3, 3.5.3.1 to 3.5.3.3 and 4.5.3.1 to 4.5.3.2

Recommendations

- i. Action may be taken against those responsible for not producing record before audit.
- ii. Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money.
- iii. Strenuous efforts need to be made by the departments to recover long outstanding dues on account of water charges.
- iv. Deduction of taxes on supplies and contracts need to be ensured. .
- v. Lapsed deposits need to be timely credited into treasury.
- vi. Departments need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc. to ensure that lapses of the kind reported in this audit report are pre-empted and fair value for money is obtained from public spending.

Chapter-1

Public Financial Management

1.1.1 Sectoral Analysis

Introduction

After promulgation of Local Government Act, 2013, Local Government elections were held in 2015, which resulted in formation of three tiers of government in each district of Khyber Pakhtunkhwa. Consequent upon, District Government, Tehsil Municipal Administrations and Village/Neighborhood Councils were established in District Tank. In the light of LGA 2013, District Tank is headed by Deputy Commissioner who is Principal Accounting Officer of the budget grant allocated to the 10 offices devolved at district level. Similarly, Tehsil Municipal Administration is headed by Tehsil Municipal Officer who is the Principal Accounting Officer for the Tehsil Municipal Administration whereas Assistant Director LGE & RDD is the Principal Accounting Officers for Village/Neighborhood Councils.

In District Tank, Funds amounting to Rs. 2,794.82 million were allocated to 88 formations working under 03 PAOs. Out of which, expenditure of Rs.2,537.39 million was made resulting into saving of Rs. 257.424 million. Receipts of Rs. 121.706 million were collected through these formations during the financial year 2018-19. Audit coverage relating to expenditure for the current audit year comprises 13 formations of 03 PAOs having a total expenditure of Rs.2,074.571 million for the financial year 2018-19. In terms of percentage, the audit coverage for expenditure is 81.76% of auditable expenditure. Similarly, audit coverage for receipts is 100%.

According to Section 36(3) of Local Government Act 2013, the District Accounts Officer was required to consolidate accounts of Local Government on quarterly and annual basis. However, District Accounts Officer, Tank did not reflect Rs. 120.365 million into the consolidated financial statement of Local Government, Tank. Similarly, the development expenditure of Rs. 109.133

million was presented under operating expenses, whereas, this should have been presented under the head “Physical Assets and Civil Works”.

District Government, Tank was found lagging behind in many areas envisioned as integral component of the Local Government in the Khyber Pakhtunkhwa Local Government Act 2013. The District Government could not establish & maintain Public Fund account as required under section 30 of LGA 2013. Similarly, it also failed to prepare, present and approve the budget estimates of receipts from district council for District Government Tank as required under section 34 of LGA 2013. The receipts collected as taxes/fees/rents under section 42 of LGA-2013 were also not credited to the District Fund. Most importantly, Finance Department, Khyber Pakhtunkhwa could not provide District Account Office, Tank with prescribed format and necessary trainings to compile the accounts of TMAs and Village/Neighborhood councils and then reflect the same in the consolidated financial statement of the district, which resulted in disclaimer of its accounts by the Auditor General of Pakistan. Moreover, Internal Audit function could not be established as provided in sub section 4 of section 37 of LGA 2013, as internal auditors were not posted in the District and Tehsil Councils. In addition, Asset management by District Government was yet another area it could not address as required under section 38 of the LGA 2013.

The Local Governments provided services in the following sectors.

Education

The education sector is one of the major sectors devolved at district level. Statistics show that there are 421 primary, 27 middle, 25 secondary and 09 higher secondary schools in District Tank. The estimated Teacher Student Ratio is 1:56 at primary, 1:74 at middle, 1:45 at secondary and 1:44 at the level of higher secondary schools. District Tank literacy rate is 39% the Gross Enrollment Rate (GER) is 47%, and the Net Enrollment Rate (NER) is 42% at the primary level. On budgetary front, District Education office, Tank succeeded in spending 85.03% of District ADP and 93.40% of non-salary budgets.

District Education Offices in Tank enrolled 69,452 in boys schools while 45,352 students were enrolled in female Government schools. Similarly, annual average of teacher's attendance rate and student attendance rate as per independent Monitoring Unit (IMU) data were approximately 93% & 88% respectively. Furthermore, 71% schools in district Tank were provided with all basic facilities like classrooms, water supply, group latrine, boundary walls and electrification. However, administrative visits of DEO, DDEO and SDEO were 56%.

Health

Health is another important sector of District Tank with a total of 31 health facilities spread across the district among which 17 BHUs, 07 CDs, 04 MCHs, 03 RHC.

The Department of Health has established an "Independent Monitoring Unit" for continuous monitoring of the performance of health facilities through its field based Data Collection Assistants and District Monitoring Officers. Department twice examines data collected through various sources to improve efficiency and effectiveness in the business processes of service delivery.

On mother and child health care front, 4,542 babies were born in health centers/ lab investigations and diagnostic facilities were also fully utilized as 89,524 lab tests, 52,745 X-rays, 21,547 ultrasounds and -11,258 ECGs were done in both primary and secondary health centers in district Tank. Figures of immunization are also very impressive as 24,563 pregnant women received TT-2 vaccines, 17,564 kids under 12 months received full immunization. 9,352 families were provided family planning services. Human resource data from facility records revealed that these health centers were amply provided with medical officers and paramedics as only very few positions were found vacant. As these centers were frequently visited by patients for medical treatment and other lab investigations etc.

Social Welfare

In social Welfare and Women Empowerment sector, budgetary allocations were focused on providing social cushion to the deprived and

marginalized segments of society especially, women and children. In the proposed development plan, the department had continued to proceed with its ongoing projects which included schemes for the wellbeing and safeguarding of destitute women, orphans, beggars, drug addicts and special persons.

There is no welfare home for beggars/orphans in district Tank. Rehabilitation center for drug addicts has 5 beds and it had treated 12 patients during the year. Furthermore, various vocational and industrial trainings were provided by the Social Welfare Department. However, keeping in view the spread of drug use and incidence of poverty, the efforts made by Social Welfare office are not likely to bring about any visible improvement in the short or long run unless more resources are diverted to this sector.

Municipal Services

Tehsil Councils District Tank were found lagging behind in many areas envisioned as integral component of the Local Government in the Khyber Pakhtunkhwa Local Government Act 2013. The Local Government could not establish & maintain Tehsil Public Fund Account as required under the section 30 of LGA. Similarly, the Tehsil Account Officers were not appointed in TMAs and the accounts of receipts and expenditure were not maintained in such form and in accordance with such principles and methods as the Auditor General of Pakistan prescribed as required under section 36 of LGA. Financial Statements, Finance Account and Appropriation Accounts of the TMAs were not prepared accordingly. Most importantly, Finance Department, Khyber Pakhtunkhwa could not provide District Account Office, Tank with prescribed format and necessary trainings to compile the accounts of TMAs and then reflect the same in the consolidated financial statement of the district, which resulted in disclaimer of its accounts by the Auditor General of Pakistan. Moreover, Internal Audit function could not be established as provided in sub section 4 of section 37 of LGA 2013, as internal auditors were not posted in the TMAs to support the Council. In addition, Asset management by tehsil councils was yet another area it could not address as required under section 38 of the LGA 2013.

1.2 Audit Paras

1.2.1 Non compilation/Consolidation of Accounts of Local Governments- Rs. 120.365 million

Criteria

According to section 36(3) of Local Government Act 2013, the District Accounts Officer shall, quarterly and annually consolidate the accounts of Local Governments in the district separately for receipts from the Government and Local resources and send a copy to the Government, Accountant General and Nazim District Council.

Condition

During certification audit of the accounts of the District Accounts Office Tank for the financial year 2018-19, audit observed incompleteness and incorrect presentation of the financial statements as the DAO failed to consolidate into the quarterly and annual accounts of the district, the government and local resources, as required under section-36(3) of the Local Government Act, 2013. Receipts and expenditure of Rs. 120.365 million and Rs. 144.421 million respectively, of the TMAs are not reflected in accounts.

Same is the case with the receipts and expenditure of the VCs/NCs, the figures of which were not available at the time of audit.

Cause

Provisions of the Local Govt Act 2013 by Local Government in District Tank were not complied.

Implication

Due to non-consolidation of accounts of TMAs and VCs/NCs the financial statements of local government remained incomplete which led to disclaimer of audit opinion.

DAC Decision

Para stands till correction of these omissions.

Recommendation

Necessary action needs to be taken for the consolidation of Local Government Accounts into District Accounts.

1.2.2 Misclassification of developmental expenditure of Rs. 109.133 million

Criteria

According to Para 4.1.1.3 and of APPM the accounting treatment details the record which needs to be maintained for complete and accurate recording of expenditure and receipts. Moreover the New Accounting Model based on double entry book keeping requires that every development expenditure which creates physical asset should have a corresponding effect during booking of expenditure.

Condition

During certification audit of the accounts of the DAO Tank for the financial year 2018-19, audit observed that the statement of cash receipts and payment did not show the correct position as the development expenditure of Rs.109.133 million was presented under operating expenses, whereas, this should have been presented under the head “Physical Assets and Civil Works”.

Cause

The District Officer Finance and Planning Tank budgeted all the developmental expenditure under the head A 03970- others, meant for operating expenses. Resultantly expenditure was also booked by the DAO under the same head of accounts.

Implication

Due to misclassification in budgeting the expenditure was also misclassified under a irrelevant head of account. This action resulted into overstatement of expenditure and understatement of physical assets, thus rendering the financial statement as not presenting the true and fair picture.

DAC Decision

Para stands till correction of this omission.

Recommendation

The budgeting practices of the district govt. be rectified in future to enhance the truthfulness and reliability of the financial statements.

Chapter-2

District Government

2.1 Introduction:

Under the Khyber Pakhtunkhwa Local Government Act 2013, activities of District Government are managed through offices of Deputy Commissioner and District Officers. Each department of the Districts is headed by a District Officer (DO). According to the Rules of Business of District Government 2015, work of the district departments is distributed among the officers, branches, and/or sections in the District departments. Deputy Commissioner is the Principal Accounting Officer for all the devolved departments of the district which includes District Officers Agriculture, Education, Health, Fisheries, Population Welfare, LGE & RDD, Sports, Animal Husbandry, Soil Conservation and Cooperative Society & Social Welfare.

According to section 13 of the Khyber Pakhtunkhwa Local Government Act 2013 the authority and responsibilities of the District Government have been given as under:

(1) The authority of district government shall comprise the operation, management and control of offices of the departments which are devolved to it; provided that district government shall exercise such authority in accordance with general policy of Government.

(2) Every order in district government shall be expressed to be made in the name of the district government and shall be executed by a duly authorized officer.

(3) The District Government shall be responsible to the people and the Government for improvement of governance and delivery of services within the ambit of authority devolved to it.

Detail of Audit Planned formations expenditure and receipts

(Rs. in million)

Sr No	Description	Total Nos.	Audited	Expenditure audited FY 2018-19	Revenue /Receipts audited FY 2018-19
1	Formations	10	4	1,811.515	Nil

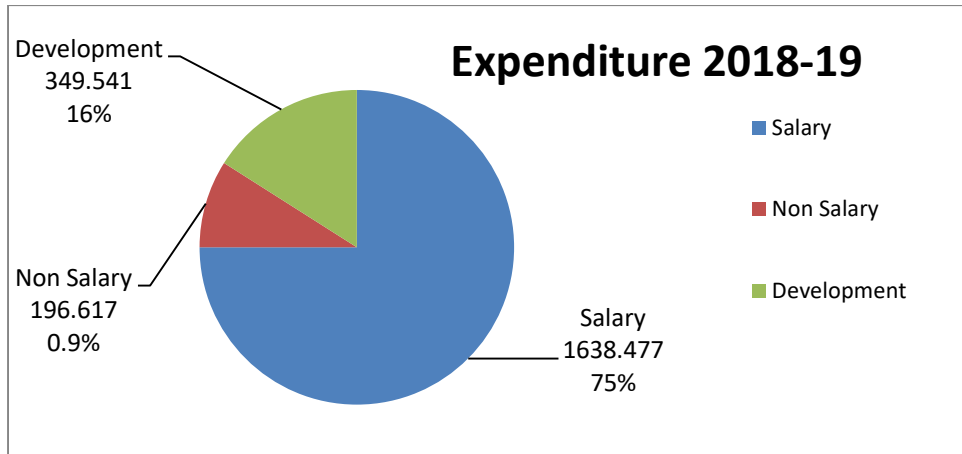
2.2 Comments on Budget and Accounts (Variance Analysis):

(Rs. in million)

District Government Tank				
2018-19	Budget	Actual Expenditure	Excess/(Saving)	%age
Salary	1738.1835	1638.477	(99.71)	(5.74)
Non salary	208.58202	196.617	(11.97)	(5.74)
Development	486.69138	349.541	(137.15)	(28.18)
Total	2433.457	2184.635	(248.82)	(10.23)

The savings of Rs. 248.82 million indicate inefficiency in the capacity of Local Government Departments to utilize the amount allocated.

(Rs. in million)



2.3 Classified Summary of Audit Observations

Audit observations amounting to Rs. 102.115million were raised in this audit report. This amount also includes recoverable of Rs. 2.827 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S #	Classification	Amount
1	Irregularities	-
A	HR/Employees related irregularities	8.925
B	Procurement related irregularities	47.966
2	Value for money and service delivery issues	1.309
3	Others, including cases of accidents, negligence etc.	43.915
Total		102.115

2.4 Comments on the status of compliance with District Accounts Committee Directives

The audit reports pertaining to following years have been submitted to the Governor of Khyber Pakhtunkhwa. Detail of DAC meetings are given below:

Sr. No.	Audit Year	DAC 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
12	2016-17	Not Convened
13	2017-18	Not Convened
14	2018-19	Not Convened

2.5 AUDIT PARAS

2.5.1 Irregularities

HR/Employees related irregularities

2.5.1.1 Doubtful payment to Temporary Rod Kohi Staff-Rs. 2.972 million

According to Rule-8 of Delegation of Financial Powers, 2018, Sanctioning of employment of Work Charged Establishment will subject to (a) Provision shall exits in the sanctioned estimates/PC-I; (b) Permissible only when the order to commence work has been received and shall be hired only for such particular work; (c) Services shall be dispensed with as soon the work is completed and shall not be transferred to current budget or carried on from work to work.

Deputy Commissioner, Tank paid Rs. 2,972,263 out of head of Repair/ Construction of Rod Kohi Irrigation in District Tank on account of salaries to 18 officials who were appointed on temporary basis for the year 2016-17 & 2017-18 during 2018-19. No repair work was carried out by the Agriculture Engineering Department during 2018-19 besides no such provision of temporary staff was available in PC-I. Payment was made through DDO instead of bank transfer.

Un-authorized payment occurred due to non-compliance of rules which resulted in loss to Govt.

When pointed out in August 2018, the management replied that staff was recruited on temporary basis and provision was available in PC-I of scheme. However, as per approved PC-I there is no provision of temporary staff which needs justification.

Request for convening of DAC meeting was made during August 2019 but DAC meeting could not be convened till finalization of this Report.

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

AIR No.05 (2018-19)

2.5.1.2 Wasteful expenditure on pay & allowances-Rs. 6.953 million

According to Rules 74I (c & d) of KP District Govt. Budget Rules, 2016 no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage & public money should be not be utilized for the benefit of particular person or section of the community.

Deputy Commissioner, Tank paid Rs. 5,953,160 as pay & allowances to 8 No. Computer Operators w.e.f 17-3-2017 to 30-6-2019 appointed on 17-3-2017 in Centers of Land Computerization whereas the buildings of said Centers were under construction and the staff had no operations. Detail is as under.

S.No.	Name of Computer Operator	Personal No.	Salaries Paid up to 30-6-2019 (Rs.)
1.	Sheikh ArshadAyoub	698791	747,170
2.	Imran Khan	759208	741,120
3.	ArshadHameed	757203	747,170
4.	IrfanAzam	849296	747,170
5.	Saleem Khan Kundi	849294	747,170
6.	SaleemUllah	849297	741,120
7.	Hafiz AkhtarZaman	688528	741,120
8.	HidayatUllah	728746	741,120
Total			5,953,160

Irregularity occurred due to weak internal control which resulted into loss to Government. Public resources were misused.

When pointed out in August 2018, the management replied that Computer Operators were recruited after creation of posts by the Finance Department and they were posted in different sections till functioning of Service Delivery Centers of Land Computerization.

Request for convening of DAC meeting was made during September 2019, but DAC meeting could not be convened till finalization of this Report.

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

AIR No.03 (2018-19)

Procurement related irregularities

2.5.1.3 Irregular payment on account of purchase of medicine- Rs.11.652 million

According to section 41 of LGA 2013 states that every official or servant of Local Government or member of Local Council and ever person charge with administration of Local Government shall be personally responsible for any loss or waste, financial or otherwise of any property belonging to Government.

According to Para-290 of CTR Vol-I, no money should be drawn in advance from Government Treasury unless required for immediate disbursement or to prevent the lapse of budget grant.

District Health Officer, Tank drew Rs. 11,652,498 from government treasury and kept in the designated bank account. The funds were drawn from Government Treasury by submitting AC bills along with vouchers endorsing the fake certificates of receipt of medicines. The concerned firms, however failed to supply the medicines. Detail is as under.

S.No.	Date of Drawl	Name of Suppler	Amount (Rs.)
1.	12.06.2019	CirimPharma	357,600
2.	12.06.2019	ReckitPharma	399,698
3.	12.06.2019	CibexPvt Ltd	477,500
4.	12.06.2019	Stallion Pharma	1,149,200
5.	12.06.2019	Getz Pharma	3,037,500
6.	12.06.2019	M/S StanleyPharma	2,980,000
7.	12.06.2019	GSK Pakistan	2,084,000
8.	12.06.2019	Macter	1,167,000
Total			11,652,498

Irregularity occurred due weak internal control which resulted into unauthorized drawl of public money.

When pointed out in July 2019, the management replied that detail reply would be given in due course of time. However, in the absence of detailed reply the veracity of expenditure could not be authenticated.

Request for convening of DAC meeting was made on 31-12-2018. DAC meeting could not be convened till finalization of this Report.

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

AIR No.07 (2018-19)

2.5.1.4 Un-authorized Purchase of vehicle for Assistant Commissioner, Tank-Rs. 7.86 million

According to Minutes of Meeting of Transport Committee of Administration Department held on 12-10-2015 (a) Case for Purchase of vehicle may be moved after obtaining NOC from the Administration Department and (b) all the Department must ensure that the entitled officers should use vehicles of engine capacity according to their entitlement i.e. Officer in BS-17 of 800CC, Officer in BS-18 of 1000CC, Officer in BS-19 & 20 of 1300CC.

According to Local Government Department letter No.SO(B)LG/NOC/Vehicle/ AC-Tank/1818 dated 8-4-2019, the new proposed purchase of vehicle should be in accordance with the entitlement of the officer concerned authorized by the Transport Committee.

Deputy Commissioner, Tank purchased Toyota Fortuner 2800 CC for Assistant Commissioner, Tank which was held unauthorized as Assistant Commissioner, Tank being an officer of BPS-17, is not entitled for Higher Engine Capacity vehicle of 2800 CC. Moreover, NOC was not obtained from the Administration Department besides case for purchase of vehicle was forwarded through Local Government Department instead of through Administrative Department i.e. Revenue & Estate Department.

Irregularity occurred due to weak internal control which resulted in misuse of the public resources.

When pointed out in August 2018, the management replied that purchase of vehicles was made through open tender after observing all the codal formalities and necessary sanction was obtained from the competent authority. However, the officer concern is not competent to use higher capacity vehicle without NOC of the competent authority.

Request for convening of DAC meeting was made on 31-12-2018. DAC meeting could not be convened till finalization of this report.

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

AIR No.01 (2018-19)

2.5.1.5 Non-transparent expenditure on purchase of Sewing Machines-Rs. 2.545 million

According to Khyber Pakhtunkhwa Public Procurement Regulatory Authority (KPPRA) vide Notification No. SO (FR)/FD/9-7/2013 dated 03-02-2014, all tenders shall be advertised in Print Media, appearing in at least one National English and one Urdu Newspaper with Nationwide circulation along with advertisement the same either on the procuring entity or authority website.

District Officer Social Welfare, Tank purchased Sewing Machines & Wheel Chairs for Rs. 2,545,980 out of District ADP during 2018-19 without adopting open tender system. No sanction was obtained from the Competent Authority

Irregularity occurred due to weak internal control which resulted in loss to government.

When pointed out in July 2019, the management replied that all the purchases were made after fulfillment of all codal formalities i.e. constitution of purchase committee issuance of NIT, agreement etc. However, in case of missing of documents the record will be produced to audit.

Request for convening of DAC meeting was made in August 2019. DAC meeting could not be convened till finalization of this Report.

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

AIR No.06 (2018-19)

2.5.1.6 Irregular expenditure on purchase of machinery - Rs. 1.518 million

According to KPPRA Rules-2014, the procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods over the value of Rs. 100,000.

Deputy Commissioner, Tank incurred Rs. 1,518,321 on purchase of new machinery items i.e., Split Air Conditioners, Stabilizers, Micro Wave ovens and LED TVs whereas budget was allotted under head “Repair of Machinery & Equipment” besides Open Tender System was also not adopted. Moreover, Cheques were prepared in the name of DDO instead of suppliers besides no proof of payment was available on record and thus creating a doubt about actual supply of items or payment. Moreover, items so purchased were also not entered in relevant Stock Register. Detail is given in Annex-2.

Irregularity occurred due to lack of internal control which resulted in loss to Government.

When pointed out in August 2019, the management replied that items purchased were necessary for office operation and expenditure was incurred after calling quotations.

Request for convening of DAC meeting was made during September, 2018. DAC meeting could not be convened till finalization of this Report.

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

AIR No.08 (2018-19)

2.5.1.7 Irregular purchase of furniture-Rs. 24.391 Million

According to KPPRA Rules-2014, the procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods over the value of Rs. 100,000.

The Inspection Report of the furniture should be signed by the Deputy Commissioner, DO (F&P), DFO, IDO and the DEO of the District as per format of the Inspection report to certify the quality and quantity of the furniture received.

District Education Officer (Male/Female), Tank purchased furniture for Rs. 24,391,710 during 2018-19 without calling open tender besides Inspection Report of supply completion of furniture dully signed by the members & Chairman of District Purchase Committee was also not available on record.

The irregularity was occurred due to non-observing the procurement rules. However, Govt deprived of economical rates and also the quality of the items without technical committee report became dubious.

When pointed out in August 2019, the management replied that tender process of previous year was followed.

Request for convening of DAC meeting was made September 2019. DAC meeting could not be convened till finalization of this Report.

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

AIR No.02&14 (2018-19)

2.5.2 Value for money and service delivery issues

2.5.2.1 Loss to Government due to ignoring Lowest Rates –Rs. 1.309 million

According to Clause-6 (3) of KPPRA Rules-2014, the lowest offer from the Qualified Bidders shall be accepted for award of the contract and will be considered the best evaluated bid.

District Education Officer (Female), Tank awarded a contract to M/S Burhan Brothers @ Rs. 6,990 for supply of 2-Seater Desk Bench at higher rates as M/S Khan Traders, Taunsa Sharif offered @ Rs. 5,830 for the same item, as worked out below.

S/No	Item Name	Lowest Rate (Rs.)	Highest rate (Rs.)	Difference (Rs.)	Quantity	Loss (Rs.)
01	2 Seater Desk Bench	5,830	6,990	1,160	1,129	1,309,640

Loss to Government occurred due to weak financial controls.

When pointed out in August 2019, the management replied that purchase was made through purchase committee. M/S Burhan Brothers was successful bidder with 67/100 marks. Reply was not convincing as the lowest bidder was ignored without mentioning any reason. Govt was put to loss.

Request for convening of DAC meeting was made on 31-12-2018. DAC meeting could not be convened till finalization of this Report.

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

AIR No.13 (2018-19)

2.5.3 Others, including cases of accidents, negligence etc.

2.5.3.1 Non-completion of Electrification Schemes-Rs. 40.00 million

According to Administrative Approval accorded by the DC, Tank on 21-9-2017 & 13-5-2019, (a) Work should not be commenced until technical sanction is obtained from the Competent Authority; (b) Weekly & Monthly Progress Reports of schemes should be submitted on due dates; (c) Completion Report should be submitted on prescribed format soon after completion of schemes in all respects.

Deputy Commissioner, Tank paid Rs. 40,000,000 to PESCO, Tank for execution of electrification schemes during 2017-18. The schemes were not completed despite a lapse of more than one & half year besides Technical Sanction was not obtained from the Competent Authority. Moreover, Non-duplication Certificates of schemes were also not submitted by the PESCO (Construction). Detail is as under.

S.No.	Name of Scheme	Cheque No. & Date	Amount (Rs.)
1.	ADP No.857/170358 Priority Projects in KPK, Installation of Transformers & LT/HT Poles in different UCs in PK-69.	No.1449828 dated 11-1-2018	27,302,000
2.	ADP No.857/170358 Priority Projects in KPK, Installation of Transformers & LT/HT Poles in different UCs in PK-69.	No.1449709 dated 29-12-2017	12,698,000
Total			40,000,000

Irregularity occurred due to weak internal control which resulted in delay of completing the schemes.

When pointed out in August 2019, the management replied that SDO PESCO (Construction), was contacted time and again to complete the schemes on targets dates.

Request for convening of DAC meeting was made on 31-12-2018. DAC meeting could not be convened till finalization of this Report.

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

AIR No.04 (2018-19)

2.5.3.2 Non-transparent expenditure out of PDMA fund-Rs. 2.646 million

According to section 41 of LGA 2013 states that every official or servant of Local Government or member of Local Council and every person charge with administration of Local Government shall be personally responsible for any loss or waste, financial or otherwise of any property belonging to Government.

Deputy Commissioner, Tank incurred Rs. 2,646,000 on following works out of PDMA Fund during 2018-19. Heavy machinery was hired on higher rates through quotations. Moreover, Rs. 863,200 were shown incurred on restoration of drinking Water Supply System for Tank City whereas the same assignment was the responsibility of either PHE Department or TMA while PDMA Funds could only be utilized for disaster or in emergency situation. Moreover, Payment to contractors were not made though Crossed Cheque.

S.No.	Nature of Work	Cheque No. & Date	Expenditure (Rs.)
1.	Hiring of heavy machinery for work on Tank Zam during heay rain.	No.34795868 dated 17-4-2019	1,782,800
2.	Restoration of Irrigation and Drinking Water Supply System associated with Tank Zam.	No.34795871 dated 21-5-2019	863,200
Total			2,646,000

Irregularity occurred due non-compliance of rules which resulted in loss to Government.

When pointed out in August 2019, the management replied that expenditure was incurred after calling quotations and according to the Guidelines issued by the PDMA. However, the funds were used for other than to cope with emergency situation which leads to mis-classification.

Request for convening of DAC meeting was made during September, 2018. DAC meeting could not be convened till finalization of this Report.

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

AIR No.14 (2018-19)

2.5.3.3 Doubtful Expenditure under head Fair & Exhibition-Rs. 3.598 million

According to section 41 of LGA 2013 states that every official or servant of Local Government or member of Local Council and every person charge with bidding as the principal method of procurement for the procurement of goods over administration of Local Government shall be personally responsible for any loss or waste, financial or otherwise of any property belonging to Government.

According to KPPRA Rules-2014, the procuring entity shall use open competitive the value of Rs. 100,000.

Deputy Commissioner, Tank shown incurred Rs. 3,598,000 under head “Exhibition Fairs and Seminars” during 2018-19 on quotation and payment was made through DDO instead of vendors without obtaining APR. Detail given in Annex-3.

Irregularity occurred due to weak internal control which resulted into loss to Government.

When pointed out in August 2019, the management replied that expenditure was incurred on celebrating national events like 23th.March, 14th. August and 25th. December as notified. However the expenditure was incurred without observing codal formalities.

Request for convening of DAC meeting was made on 31-12-2018. DAC meeting could not be convened till finalization of this Report.

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

AIR No.02 (2018-19)

Chapter-3

Tehsil Municipal Administration

3.1 Introduction:

District Tank has one Tehsil i.e. Tank. The office of a Tehsil Municipal Administration is managed by the Tehsil Municipal Officer. He is assisted by a Tehsil Officer (Finance), a Tehsil Officer (Regulation) and a Tehsil Officer (Infrastructure).

According to section 22 of Local Government Act, 2013 the functions and powers of TMAs are briefly given as under:

- (a) Monitoring and supervising the performance of functionaries of Government offices located in the Tehsil,
- (b) Land management in the Tehsil, provision of municipal services, execution and management of development plans for improvement of municipal services and infrastructure.
- (c) Enforcing municipal laws, rules and bye-laws, Preventing and removing encroachments, regulate affixing of sign-boards and advertisements;
- (d) Financial management of the Tehsil such as, Preparation of budget and annual municipal development programmes, collection of revenue such as taxes, penalties, fines etc. manage municipal properties, assets and funds, and liaise with the district government in all these matters.
- (e) Maintaining 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;
- (f) Organizing sports, cultural, recreational events, fairs, cattle fairs and cattle markets;

- (g) Co-ordinate and support municipal functions amongst village and neighborhood councils;
- (h) Regulate markets and services, issue licenses, permits, grant permissions and impose penalties for violation thereof;

Detail of Audit Planned formations expenditure and receipts

(Rs. in million)

Sr No	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue /Receipts audited FY 2018-19
1	Formations	01	01	122.213	121.706

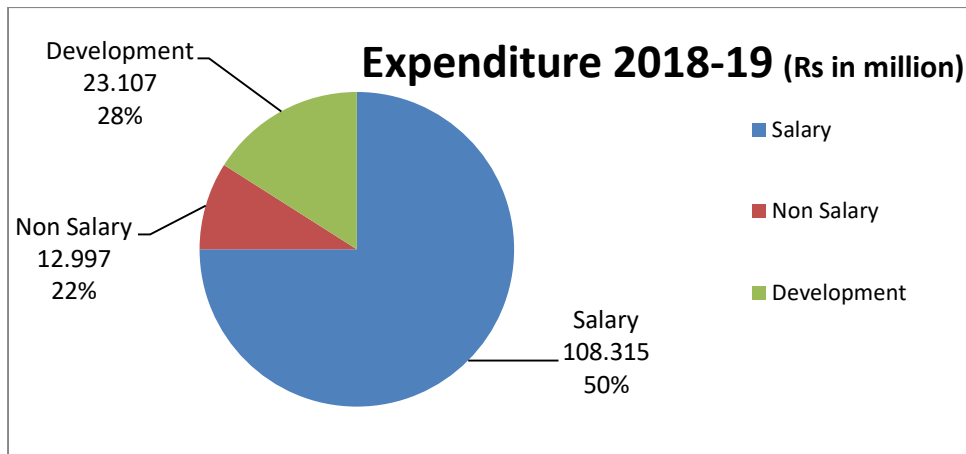
3.2 Comments on Budget and Accounts (Variance Analysis):

(Rs. in million)

TMA				
2018-19	Budget	Actual Expenditure/Receipts	Excess/(Saving)	%age
Salary	108.8475	108.315	(0.53)	(0.49)
Non salary	13.0617	12.997	(0.06)	(0.50)
Development	30.4773	23.107	(7.37)	(24.18)
Total	152.387	144.421	(7.97)	(5.23)
Receipts		121.706		

The savings of Rs. 7.97 million indicate inefficiency in the capacity of Local Government Departments to utilize the amount allocated

(Rs. in million)



3.3 Classified Summary of Audit Observations:

Audit observations amounting to Rs. 241.699 million were raised in this audit report. This amount also includes recoverable of Rs. 55.142 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs in million)

S #	Classification	Amount
1	Non production of record	111.168
2	Irregularities	0
A	Procurement related irregularities	76.798
3	Others, including cases of accidents, negligence etc.	53.733
Total		241.699

3.4 Comments on the status of compliance with Tehsil Accounts Committee Directives:

The audit reports pertaining to following years have been submitted to the Governor of Khyber Pakhtunkhwa. Detail of TAC meetings are given below:

Sr. No.	Audit Year	TAC meeting
1.	2002-03	N/A
2.	2003-04	N/A
3.	2005-06	N/A
4.	2006-07	N/A
5.	2007-08	N/A
6.	2008-09	N/A
7.	2009-10	N/A
8.	2010-11	N/A
9.	2011-12	N/A
10.	2012-13	Not convened
11.	2013-14	Not Convened
12.	2016-17	Not Convened
13.	2017-18	Not Convened
14.	2018-19	Not Convened

3.5 Audit Paras

3.5.1 Non Production of Record

3.5.1.1 Non-production of record-Rs. 111.168 million

According to section 14(b) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, no such information nor any books or other documents, to which the Auditor General has a statutory right of access, may be withheld from the Director General Audit.

TMO Tehsil Municipal Administration, Tank paid Rs. 111,688,200 to various contractors during 2018-19 but record including tender documents, contractors' bills, MBs and PC-Is was not produced to audit despite of several requests.

Non production of record occurred due to weak internal control.

When pointed out in October, 2019, the management did not respond to audit observation. However, the veracity of expenditure could not be authenticated.

Request for convening of DAC meeting was made on 29-10-2019. DAC meeting could not be convened till finalization of this Report.

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

AIR No.21 (2018-19)

3.5.2 Irregularities

Procurement related irregularities

3.5.2.1 Loss due to award of contracts on higher rates of schemes- Rs.7.78 million

Rule-14 (2)(b)(ix) of the Procurement of Goods Works and services rules 2014 lays down that the bid found to be the lowest evaluated bid shall be accepted.

TMO Tehsil Municipal Administration, Tank awarded various contracts by ignoring lower available rates and the lowest bidders on baseless reasons. Detail given in Annex-4

Irregularity occurred due to weak financial and administrative controls which put the government to loss.

When pointed out in October, 2019, the management did not respond to audit observation. However, the veracity of expenditure could not be authenticated.

Request for convening of DAC meeting was made on 29-10-2019. DAC meeting could not be convened till finalization of this Report.

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

AIR No.22 (2018-19)

3.5.2.2 Loss due to re-auction of contracts -Rs 7.148 million

According to Para-8 & 29 of Model Terms & Conditions of Contracts by Local Government Department vide letter No.AO-II/LCB/6-11/2013 dated 20-12-2013, the successful bidder does not deposit the advances or does not enter into an agreement 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 Land Revenue Act, along with blacklisting of the contractor.

TMO Tehsil Municipal Administration, Tank auctioned various contracts during 2018-19 but after elapsed of 04 months, the contractors refused to run the contracts. The contracts were re-auctioned on low rates than the previous rates and thus resulted into loss of Rs. 7,147,504.

The irregularity occurred due to weak financial and administrative controls which put the government to loss.

When pointed in October, 2019, the management did not respond to audit observation. However, in the absence of detail reply the matter cannot be justified.

Request for convening of DAC meeting was made on 29-10-2019. DAC meeting could not be convened till finalization of this Report.

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

AIR No.16 (2018-19)

3.5.2.3 Unauthorized expenditure on salaries out ADP funds- Rs.61.871million

According to Finance Department letter No.BO (PFC- III)FD/1-5/TMA-ADP/2018-19 dated 26-9-2018, amount ADP funds shall be utilized only for the execution of development schemes/ activities after observance of all codel formalities.

TMO Tehsil Municipal Administration, Tank paid Rs.100,607,440 out of the PLA for the year 2018-19 for payment of pay & allowances. Record revealed that Rs. 38,736,000 was released by the provincial Govt. under the head Octroi Share during 2018-19 and thus as sum of Rs. 61,871,440 was paid Tehsil ADP funds which was against the Finance Department Notification.

Irregularity occurred due to non-observance of the financial rules resulted in the financial mismanagement.

When pointed out in October, 2019, the management did not respond to audit observation. However, the veracity of expenditure could not be authenticated.

Request for convening of DAC meeting was made on 29-10-2019. DAC meeting could not be convened till finalization of this Report.

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

AIR No.07 (2018-19)

3.5.3 Others, including cases of accidents, negligence etc.

3.5.3.1 Loss to TMA on rent of property-Rs19.74 million

According to Para-2 of Local Govt. Department No. AO-V/LCB/4-1/99 dated 21 July 1999, the occupant of the property will be given an option to keep the property @ 70% of market rate besides the Local Council will assess the rate of annual lease money for each unit at the prevailing market rate in the locality”.

TMO Tehsil Municipal Administration, Tank has 170 shops and 19 Nos. plots on various locations in Tank. The leases periods have been expired since long. The management has neither re-auctioned the said spots nor the increase in the rents have been made. Some of the spots have been illegally occupied since long. This resulted a heavy loss of Rs.19,740,158 as only Rs. 244,803 was collected against an admissible rent of Rs.19,984,961. Detail is given in Annex-5.

The irregularity occurred due the non-seriousness of the management towards public assets and Govt was put to loss.

When pointed out in October, 2019, the management did not respond to audit observation. However, in the absence of departmental reply the matter cannot be justified.

Request for convening of DAC meeting was made on 29-10-2019. DAC meeting could not be convened till finalization of this Report.

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

AIR No.10 (2018-19)

3.5.3.2 Loss due to less deposit of 2% Property Tax-Rs. 17.243 million

According to section 5 (1-C) of Local Government budget rules 2016 states that each controlling officer must ensure that all sums due to Government or regularly and promptly assessed, realized and duly credited in the Government treasury.

TMO Tehsil Municipal Administration, Tank collected Rs. 21,005,254 as 2% Property Tax during 2018-19 whereas the DC, Tank collected Rs. 38,249,087 as 2% mutation fee during the same period and thus the dealing hands of TMA has deposited less amount of Rs17,248,833 as per detail given below.

2% Property Tax collected by the DC Tank (Rs)	2% Property Tax by TMO, Tank (Rs)	Loss (Rs)
38,249,087	21,005,254	17,243,833

Irregularity occurred due to lack of internal control, which resulted in loss to Government.

When pointed out in October, 2019, the management did not respond to audit observation. However, in the absence of departmental reply the matter cannot be justified.

Request for convening of DAC meeting was made on 29-10-2019. DAC meeting could not be convened till finalization of this Report.

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

AIR No.01 (2018-19)

3.5.3.3 Non-deduction of Sales Tax on services- Rs. 16.75 million

According to Rules at S# 26 of Notification No.F-16 (4) KPRA/Notification/WH/2383 dated 31-08-2015, 15% Sale Tax on Services will be recovered from the persons engaged in contractual execution of work or contracting services rendered by the contractors of buildings etc.

TMO Tehsil Municipal Administration, Tank paid Rs. 111,688,200 to contractors for execution of various development works during 2018-19 but Provincial Sales Tax on Services of Rs. 16,753,230 was not deducted from the bills.

Irregularity occurred due to weak financial control which put the government to loss.

When pointed out in October, 2019, the management did not respond to audit observation. However, in the absence of departmental reply the matter cannot be justified.

Request for convening of DAC meeting was made on 29-10-2019. DAC meeting could not be convened till finalization of this Report.

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

AIR No.24 (2018-19)

Chapter-4

AD LGE &RDD

4.1 Introduction

Assistant Director Local Government, Election and Rural Development Department in District Tank have 70 VCs/NCs. Each VC/NC has a Secretary. Assistant Director Local Government Election & Rural Development Department is Drawing and Disbursing Officer (DDO) for his office and PAO for VCs/NCs of District Tank.

According to section 29 of the Khyber Pakhtunkhwa Local Government Act 2013 the authority and responsibilities of the District Government have been given as under:

Functions and Powers of Assistant Director, LGE&RDD includes:

- i. Providing secretarial support to the Council, matters relating to Local Government Commission
- ii. Coordination and supervision of village and neighbourhood councils
- iii. Matters related to local taxes, grants, budget of village and neighbourhood councils
- iv. Coordination of activities relating to local council elections, population census and surveys in the district
- v. Rural Development Works including water supply, rural access roads, embankment and drainage works
- vi. Overseeing registration of births, deaths and marriages in village and neighbourhood councils
- vii. Review, evaluation and assessment of local government system, processes and procedures in the district particularly at the village and neighbourhood level
- viii. Collection, compilation and dissemination of primary data Training and research in the areas of local governance

Functions and Powers of the Village Council or Neighborhood Council includes:

- i. Monitoring and supervision of the performance of functionaries of all government offices located in the area of the respective village council or neighbourhood council, including education, health, public health engineering, agriculture, livestock, police and revenue, and hold them accountable by making inquiries and reports to the Tehsil municipal administration, district government or, as the case may be, the Government for consideration and action;
- ii. Providing effective forum for out of court amicable settlement of disputes and, for this purpose, constitute panels of members as conciliators;
- iii. Registration of births, deaths and marriages;
- iv. Implementation and monitoring of village level development works;
- v. Improving water supply sources, maintain water supply distribution system and take measures to prevent contamination of water;
- vi. Maintenance of village level infrastructure, footpaths, tracks, streets, playgrounds, graveyards, funeral places, eid-gah, parks, public open spaces and community centres.
- vii. Identifying development needs of the area for use by municipal administration and district government in prioritizing development plans;
- viii. Making arrangements for sanitation, cleanliness, disposal of garbage and carcasses, drainage and sewerage system;
- ix. Displaying land transactions in the area for public information;
- x. Mobilizing community for maintaining public ways, public streets, culverts, bridges and public buildings, de-silting of canals and other development activities;
- xi. Organizing cattle fairs and agriculture produce markets;
- xii. Organizing sports teams, cultural and recreational activities;
- xiii. Organizing watch and ward in the area;
- xiv. Promoting plantation of trees, landscaping and beautification of public places;
- xv. Regulating grazing areas, establish cattle ponds and provide protection against stray animals and animal trespass;

- xvi. Considering and approving annual budget presented by the respective Nazim, village council or Neighbourhood Council;
- xvii. Facilitating formation of voluntary organizations for assistance in functions assigned to it;
- xviii. Facilitating the formation of co-operatives for improving economic returns and reduction of poverty;
- xix. Electing an Accounts Committee and review its recommendations on the annual statement of accounts and audit reports; and
- xx. Reporting cases of handicapped, destitute and of extreme poverty to Tehsil Government.

Detail of Audit Planned formations expenditure and receipts

(Rs. in million)

Sr No	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue /Receipts audited FY 2018-19
1	Formations	75	8	118.636	NII

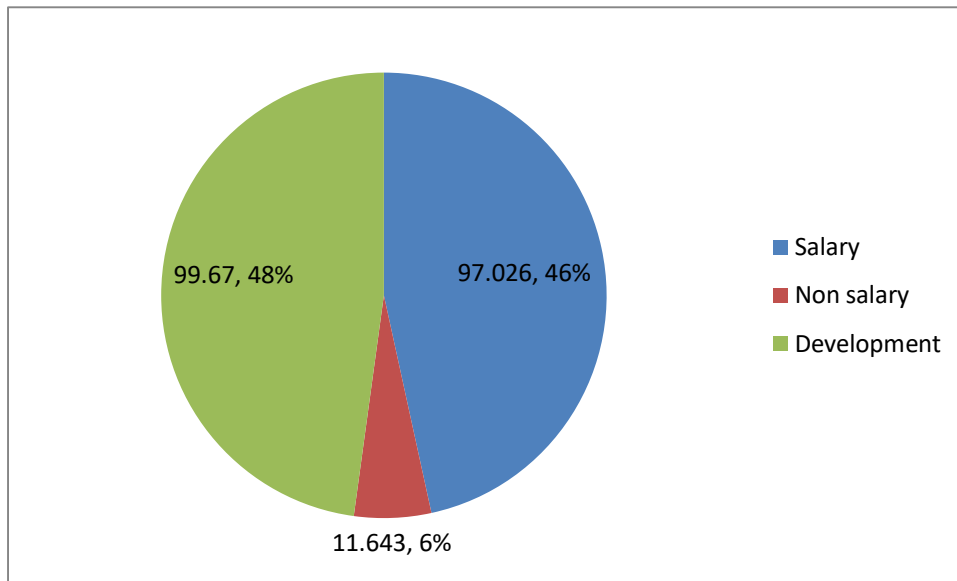
4.2 Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

AD LGE&RDD				
2018-19	Budget	Actual Expenditure/Receipts	Excess/(Saving)	%age
Salary	97.593	97.026	(0.57)	(0.58)
Non salary	11.711	11.643	(0.07)	(0.58)
Development	99.67	99.67	-	-
Total	208.974	208.339	(0.63)	(0.30)
Receipt				

EXPENDITURE 2018-19

(Rs. in million)



4.3 Classified Summary of Audit Observations

Audit observations amounting to Rs12.196 million were raised in this audit report. This amount also includes recoverable of Rs1.357 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount (Rs)
1	Irregularities	-
A	Procurement related irregularities	3.084
2	Value for money and service delivery issues	1.357
3	Others, including cases of accidents, negligence etc.	7.755
Total		12.196

4.4 Comments on the status of compliance with Village/Neighborhood Accounts Committee Directives

The audit reports pertaining to following years have been submitted to the Governor of Khyber Pakhtunkhwa. Detail of VAC/NAC meetings are given below:

Sr. No.	Audit Year	VAC/NAC meeting
1.	2002-03	N/A
2.	2003-04	N/A
3.	2005-06	N/A
4.	2006-07	N/A
5.	2007-08	N/A
6.	2008-09	N/A
7.	2009-10	N/A
8.	2010-11	N/A
9	2011-12	N/A
10	2012-13	N/A
11	2013-14	Not Convened
12	2016-17	Not Convened
13	2017-18	Not Convened

4.5 AUDIT PARAS

4.5.1 Irregularities

Procurement related irregularities

4.5.1.1 Loss due to ignoring lowest rate in award of contracts of schemes –Rs. 3.084 million

As per Chapter III (14) (2) (b) (ix) of KP Public Procurement Regulatory Authority Act, 2012 of Procurement of Works, the bid found to be the lowest evaluated bid shall be accepted.

Assistant Director Local Government Department, Tank awarded various contracts out of District ADP of during 2018-19 by over sighting the lowest bidders and declaring them as Non-responsive on Comparative Statements due to non-submission of Tender Forms, Call Deposits and Additional CDs whereas actually such documents were submitted by the bidders This practice resulted into loss of Rs 3,084,023 as per detail given in Annex-6.

Irregularity occurred due to non-observance of the financial rules which the government to loss.

When pointed out in December 2019, the management replied that contracts were awarded to third lowest bidder as other contractors were Non-responsive due to non-submission of documents and thus no loss was occurred. However, the reply was not convincing as contracts were deliberately awarded to highest bidder ignoring lowest bidders by declaring them Non-responsive.

Request for convening of DAC meeting was made on 29-11-2019. DAC meeting could not be convened till finalization of this Report.

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

AIR No.19 (2018-19)

4.5.2 Value for money and service delivery issues

4.5.2.1 Overpayment due to execution of excess quantity over & above the BOQ-Rs. 1.357 million

According to Para 2.58 of B&R Code, payment should be made for quantities and rates mentioned in the Bill of Quantity/ Technical Sanction.

Assistant Director Local Government Department, Tank overpaid Rs.1,357,953 due to excess payment of various item than approved in BOQ in various schemes executed out of District ADP during 2018-19. Detail is given in Annex-7.

Overpayment was made due to weak internal control which resulted loss to Government.

When pointed out in November 2019, the management replied that the recovery will be made after consultation of record. However, no progress was shown by the department in this regard.

Request for convening of DAC meeting was made on 29-11-2019. DAC meeting could not be convened till finalization of this Report.

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

AIR No.9,11,13 (2018-19)

4.5.3 Others, including cases of accidents, negligence etc.

4.5.3.1 Irregular expenditure on installation of Pressure Pumps- Rs. 6.039 million

According to section 41 of LGA 2013 states that every official or servant of Local Government or member of Local Council and every person charge with administration of Local Government shall be personally responsible for any loss or waste, financial or otherwise of any property belonging to Government.

According to Government of Khyber Pakhtunkhwa circular No. Chief/COORD/P&D/01/05/GPS/-2015 dated 10-05-2016, GPS coordinates should be included in the PC-I and no project shall be processed for consideration/ approval of competent development forum.

Assistant Director Local Government Department, Tank incurred Rs.6,039,511 on installation of Hand/ Pressure/ Submersible Pumps in District Tank during 2018-19 as per given in detail in Annex-8). The expenditure seemed doubtful and wasteful on the following grounds;

- i. The amount was shown incurred on installation of hand/ pressure/ submersible pumps in the home of various individuals, not for community of the area which was highly unauthorized.
- ii. Exact location of Pumps were neither mentioned in administrative approval nor in Technical Sanction besides Global Positioning Coordinates (GPS) were also not mentioned in any document as required under the letter referred above.
- iii. Measurement Books were not produced to verify the quantity of work executed at site.
- iv. The submersible/pressure pumps were installed in remote area and thus could not be verified due to non-mentioning of their exact location.
- v. The installation of submersible/pressure pumps were not acknowledged by the community.

- vi. Proper handing/taking to any Government Department for operation & maintenance was not made.

Irregularity was occurred due to weak internal control which resulted in misuse of the public resources.

When pointed out in October 2019, the management replied that the scheme was executed as per approved PC-I and BOQ and scheme was physically executed at site. However no codal formalities were observed on execution on scheme which needs proper justification.

Request for convening of DAC meeting was made on 29-11-2019. DAC meeting could not be convened till finalization of this Report.

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

AIR No.18 (2018-19)

4.5.3.2 Doubtful expenditure on installation of Pressure/HandPumps- Rs.1.716 million

According to section 41 of LGA 2013 states that every official or servant of Local Government or member of Local Council and every person charge with administration of Local Government shall be personally responsible for any loss or waste, financial or otherwise of any property belonging to Government.

Assistant Director Local Government Department, Tank incurred expenditure of Rs1,716,182 on installation of Hand /Pressure Pumps and Solar Bores in village Nandor Amam Khel Tank during 2018-19. It was observed that same were shown installed inside the homes of people, whereas people of area submitted written statements on Judicial Stamp Papers that no Pressure/Hand Pumps were installed in their homes and thus execution of schemes seemed doubtful.

Non-execution of scheme occurred due to weak internal control which resulted into doubtful expenditure.

When pointed out in December 2019, the management replied that inquiry i.e. physical verification of schemes at site will be conducted and factual position will be communicated to audit in due course of time. However, no progress was shown till the finalization of this report.

Request for convening of DAC meeting was made on 29-11-2019. DAC meeting could not be convened till finalization of this Report.

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

AIR No.05 (2018-19)

ANNEXURES

Annex-1

MFDAC PARAS

S.No	AIR No.	Department	Subject	Amount (million)
1	03	DO Social Welfare	Loss to Govt. due to non-deduction of Income tax.	0.197
2	04	DO Social Welfare	Doubtful expenditure of TA/DA	0.124
3	05	DO Social Welfare	Doubtful expenditure on POL of vehicle	0.073
4	06	DO Social Welfare	Irregular expenditure on rent of office building	0.217
5	07	DO Social Welfare	Irregular expenditure on purchase of IT equipment.	0.081
6	13	DC Tank	Irregular expenditure on advertisement charges	0.244
7	15	DC Tank	Non-recovery of Income tax on work executed out of PDMA	0.198
8	16	DC Tank	Irregular payment to irrigation staff out of PDMA fund	0.150
9	17	DC Tank	Doubtful payment out of PDMA fund	0.100
10	03	DEO (Female)	Loss due to non-deduction of Income tax	0.336
11	06	DEO (Female)	Unauthorized payment of conveyance allowance	0.300
12	07	DEO (Female)	Overpayment on account of Pay	0.366
13	10	DEO (Female)	Loss due to non-collection of Income tax	0.143
14	11	DEO (M)	Loss due to non-deposit of auction money	0.000
15	12	DEO (M)	Irregular appointment of staff	0.000
16	17	DEO (M)	Loss due to doubtful auction of class rooms and building material	0.000
17	15	DEO (M)	Loss due to non-deduction of stamp duty.	0.158
18	02	TMO Tank	Unauthorized Expenditure	0.354
19	03	TMO Tank	Non maintenance of saving account	0.000
20	05	TMO Tank	Unauthorized Expenditure	0.400
21	14	TMO Tank	Unauthorized Expenditure	0.227
22	15	TMO Tank	Overpayment	0.133
23	19	TMO Tank	Non deduction of conveyance allowance	0.214
24	04	DHO Tank	Unauthorized Expenditure	0.337
25	05	DHO Tank	Irregular Expenditure	0.337
26	08	DHO Tank	Non deduction of Income tax	0.052

Annex-2
Para 2.5.1.6

Detail Showing Irregular expenditure due to Mis-classification

S.No.	Cheque No. & Date	Items Purchased	Amount (Rs)
1.	No.0841514 dated 18-1-2019	3 Led TVs	172,500
2.	No.0841514 dated 18-1-2019	2 No. 1.5 Ton Split AC	190,000
3.	No.0842158 dated 17-4-2019	Cooking Range	33,500
4.	No.0842662 dated 6-11-2018	UPS, 2 Battery	62,621
5.	No.0841634 dated 14-2-2019	Micro Wave Oven	19,000
6.	No.0841634 dated 14-2-2019	Battery & 10000W Stabilizer	32,500
7.	No.0917678 dated 26-6-2019	2 No. 1.5 Ton Split AC	202,000
8.	No.0917680 dated 26-6-2019	2 No. 1.5 Ton Split AC	230,000
9.	No.0917643 dated 26-6-2019	2 No. 1.5 Ton Split AC	230,000
10.	No.09176574 dated 26-6-2019	2 No. Stabilizers 10000 W	92,000
11.	No.09176574 dated 26-6-2019	2 No. Stabilizers 10000W	69,000
12.	No.09176574 dated 26-6-2019	5 No. Air Coolers	93,200
13.	No.0917693 dated 26-6-2019	2 No. Stabilizers 10000 W	92,000
Total			1,518,321

Annex-3
Para 2.5.3.3

Detail Showing Doubtful Expenditure under head Fair & Exhibition

S.No.	Cheque No. & Date	Amount (Rs)	Remarks
1.	No.842213 dated 25-04-2019	228,500	-
2.	No.842213 dated 25-04-2019	94,500	Cheque was prepared in the name of DDO Cheque.
2.	No.0842084 dated 03-04-2019	327,750	-
3.	No.0662924 dated 27-9-2018	498,320	Cheque was prepared in the name of DDO Cheque.
4.	No.0842707 dated 13-11-2018	326,680	Cheque was prepared in the name of DDO Cheque.
5.	N.0842860 dated 12-12-2018	424,930	Cheque was prepared in the name of DDO.
7.	No.0841663 dated 15-2-2019	47,900	Cheque was prepared in the name of DDO Cheque.
8.	No.0841663 dated 15-2-2019	47,750	Cheque was prepared in the name of DDO Cheque.
9.	No.0841663 dated 15-2-2019	95,500	Cheque was prepared in the name of DDO Cheque.
10.	No.08411621 dated 11-2-2019	165,750	-
11.	No.08411621 dated 11-2-2019	131,100	-
12.	No.0841843 dated 5-3-2019	108,800	-
13.	No.0917689 dated 05-6-2019	225,000	Cheque was prepared in the name of DDO Cheque.
Total		3,598,000	

Annex-4
Para 3.5.2.1

Detail Showing Loss to Govt

S.No	Name of Work	Rate offered	Rate accepted	Cost of work	Loss
1	Installation of solar system and construction of PCC street UC Jatatar	25.25% below	10% below	10,00,000	152,500
2	Installation of 4inch diapvc pipe Sheikh uttar	27.27% below	10% below	15,00,000	259050
3	Installation of pressure pumps and water tanks amakhel	36% below	13.5% below	7,00,000	157,500
4	Construction of protection bund, pressure pumps UC AMAKhel	25.1% below	10% below	4,80,000	72,480
5	Construction of water Tanks installation of pressure pumps Work No 8	39.99% below	15.61% below	32,00,000	780,160
6	Installation of street light solar plates UC Mulazai	39.99% Below	10% below	24,60,000	738,000
7	Construction of janazagahKot Allah Dad, maghzaietc	17.5% below	0.1% below	59,00,000	1,003,000
8	DWSS ZahirGulkoroona	37.6% below	At par	16,98,000	638,448
9	DWSS Gulabad colony	38.75% below	At par	30,50,000	1,181,875
10	Installation of PVC Pipeline MamduGalv	39.99% below	12% below	10,000,000	2800,000
Total					7,783,013

Annex-5
Para 3.5.3.1

Detail Showing Loss to TMA

S.No	Name of Plaza	No. of Shops	Current Monthly Rent /Shop	Lease status	Current Annual Rent of total shops	Monthly Rent/ Shop Admissible 2018-19	70% Rent/ month for each shop 2018-19	Total Rent admissible for 2018-19
1	Trade ware house	22	800	expired	309276	14641	10249	2705657
2	Near Civil Hospital	26	900	expired	411154	17569	12298	3837113
3	Shopping centre near Durand Gate	29	280	expired	142784	10249	7174	2496583
4	Camping ground near traffic point	6	147	expired	15523	11713	8199	590325
5	Old Bus stand	15	880	expired	231858	10249	7174	1291336
6	Haji Palam Khan s/o Sarband near old bus stand	2	880	expired	30914	8785	6149	147581
7	PirMohd s/o Ghazal jan near MC office	1	147	expired	2587	17569	12298	147581
8	Shah Jehans/o GulMohd Near Akram Khan GhalaMandi	1	340	expired	5980	14641	10249	122984
9	MahmoodSher s/o Izzat khan MaalMandi Road	6	1830	expired	192931	7321	5124	368953
10	KhalifaAnjam/MeenaBagh MaalMandi Road	8	2237	expired	314371	7321	5124	491938
11	Almeer s/o Manjkayee case in court	1	0	expired	0	10249	7174	86089
12	Shahid Nawaz s/o Qayum Nawaz near GurMandi	1	125	expired	2191	14641	10249	122984
13	Daud Khan/Shah wali near MC office	8	4800	expired	674678	14641	10249	983875
14	Lalwar Khan near MC Office	1	1288	expired	22625	17569	12298	147581
15	Haji MohdIqbal plot MohQazianwala plot	1	33	expired	581	7321	5124	61492

16	Haji Asal petrol pump near MC office petrol pump	1	466	expired	8184	17569	12298	147581
17	AlmarGulgodown inside GurMandigodown	1	292	expired	5135	17569	12298	147581
18	GulBadshah domestic MohHazrianwala domestic	1	8	expired	145	5856	4099	49194
19	Abdul WaheedShahjehan/mohdjam eelchungi No 12 Dera Road	1	1000	expired	17569	4392	3075	36895
20	Haji Mohd Nawaz verandah inside old bus stand verandah	1	294	expired	5161	7321	5124	61492
21	PirSadeeq Shah domestic Mohsheikhanwala domestic	1	13	expired	224	4392	3075	36895
22	Qasim Khan inside GurMandi 2/3 share godown	1	528	expired	9280	11713	8199	98388
23	Abdul Karim station road chungi No1	1	100	expired	1756	4392	3075	36895
24	Haji mohd Nawaz Bannu Road chungi No 11	1	267	expired	4686	7321	5124	61492
25	UmerFarooqBukhari gate Chungi No 3	1	100	expired	1756	5856	4099	49194
26	Shahabud Din inside old bus stand	2	347	expired	12197	10249	7174	172178
27	Sana UllahPiran gate Chungi No 2	1	100	expired	1756	7321	5124	61492
28	Abdul Qayumbanochi near City police old phatak plot	1	500	expired	8791	21962	15373	184477
29	MohdSaleem old phatak city police plot	1	500	expired	8791	17569	12298	147581
30	Open plot near town hall plot	1	0	expired	0	21962	15373	184477
31	Abdur Rahim old bus stand plot	1	294	expired	5161	10249	7174	86089
32	GurMandi interior shops	49	300	expired	258073	11713	8199	4820988
					2706118			19984961

Annex-6
Para 4.5.1.1

Detail Showing Loss due to ignoring lowest rate

S #	Scheme	Rate offered	Rate accepted	Difference	Amount (Rs)	Loss (Rs)
1	Construction of street and installation of pipe line City-I	42% below	36.35% below	5.65% below	986,000	55,709
2	Construction of PCC street with drain Bashir korona to GGPS Kaka khelMullazai	46.50% below	18.10% below	28.40% below	891,000	253,044
3	Provision of solar system construction of janazagahMulazai(record of lowest available)	25.31% below	10% Below	15.31% below	1,400,000	214,340
4	provision of solar system construction of boundary wall Pressure/hand pumps (record of lowest available)	27% below	10% Below	17% below	1,950,000	331,500
5	Executive of ward and repair work in BHU GaraBaloch W-14 (record of lowest available)	27% below	10% Below	17% below	590,000	100,300
6	Installation of solar system Ahmad yarkoorina	35% below	30% Below	05% below	1,600,000	128,000
7	Construction of Janazagah provision of 2 no solar submersible pumps with panel.	33% below	20.05% Below	13% below	1,520,000	197,600
8	Installation of hand /pressure pumps construction and repair of PCC street Mulazai	39% below	10% Below	29% below	1,390,000	403,100
9	Installation of hand/pressure pumps and solar bore nandoorAmakhel	41% below	10% Below	31% below	1,900,000	589,000
10	Construction of culverts water Tank pressure pumps PCC road solar panel RHC ward Gomal	42% below	35% Below	7% below	1,802,000	126,140
11	Solarizaiton of existing tubewell phase-I sher Ali C/O	40% below	10.05% Below	30% below	1,000,000	300,000

	qayumKundi					
12	Construction of shingle road from Mehran BTR to marma water Tank PCC street BHU Ranawal installation of press/pumps in BHU kotAllad dad Ranawal Tank	25% below	10% Below	15% below	1,643,000	246,450
13	Construction of bridge karez Pull abizer pipeline and pump different location of ward pai	26% below	17.1% Below	8.90% below	1,560,000	138,840
Total						3,084,023

Annex-7

Para 4.5.2.1

Detail Showing Overpayment on a/c execution of excess quantity

S #	Name of scheme	Item	Qty execution M ³	Qty approved M ³	Excess Qty M ³	Rate M ³	Over payment	Total
1	Excavation of work and repair work in BHU GarahBaloch Tank.	PC plaser 1:6	1540.52	65.51	1475.01	305.28	450,291	504,969
		B-work as repair	6.79	Nil	Nil	8,052.81	54,678	
2	Construction of 5 No's of water Tank and provision of pipe line ward Ranawal Tank	Providing and laying cut joint test PVC pipe line BSS class "C" working pressure 3	2676.01	1597.00	1079.01	450.06	485,619	310,796
		Less 36% below						
3	Construction of PCC street with drain RoshanWali& provision of GI pipeline City-I Tank	PCC- 1:4:8	75.47	35.97	39.5	5481.08	216,503	376,753
		PCC 1:2:4	48.62	35.97	12.65	7257.86	91,812	
		P/L Cut joint GI pipe using light quality GI	228.58	Nil	228.58	1309.62	299,352	
		Less 38% below						
4	Construction of	Execution	19.97	0	19.97	183.75	36,694	165,435

protection bund and execution line Maghzaiwersaspoon	work						
	PCC 1:4:8	25.7	0	25.7	5090.88	131,039	
	Plaster	401.80	0	401.80	289.66	18,149	
						Less 11% below	185,882
Grand Total							1,357,953

Annex-8**Para No. 4.5.3.1****Detail showing Irregular expenditure on account of installation of pumps**

S #	Name of Scheme	Qty	Amount (Rs)
1.	Installation of hand pumps /pressure pumps W # 18	05	530,000
2.	Installation of 4 no of solar pumps and 2 no of head pumps in AmaKhel	06	397,780
3.	Installation of hand/pressure pumps Mulazai	11	1,300,000
4.	Installation of 3 nos of solar pumps r/o ZairAlamRaees khan Gomal	03	1,300,000
5.	Installation of pressure/hand pumps in ward Amakhel Tank	07	829,000
6.	Installation of solar pumps in village Umar Khel	02	160,000
7	Installation of 4 nos of hand /pressure pumps AmaKhel	04	380,000
8.	Installation of hand pumps/pressure pumps ward Pai	08	824,731
9.	Installation of p/pumps in village Pirwana	07	318,000
Total			6,039,511