



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
LOCAL GOVERNMENTS  
DISTRICT DERA ISMAIL KHAN**

**AUDIT YEAR 2018-19**

**AUDITOR GENERAL OF PAKISTAN**

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## ABBREVIATIONS AND ACRONYMS

AA	Administrative Approval
ADP	Annual Development Programme
AIR	Audit Inspection Report
AD LG & RDD	Assistant Director Local Government & Rural Development Department
DAC	Departmental Accounts Committee
DDO	Drawing & Disbursing Officer
DDWP	District Development Working Party
DG	Director General
DIK	Dera Ismail Khan
FTR	Federal Treasury Rules
GFR	General Financial Rules
LGO	Local Government Ordinance
LT/HT	Low Transmission/High Transmission
MC	Municipal Committee
MFDAC	Memorandum for Department Accounts Committee NC Neighborhood Council
NOC	Non Objection Certificate
PESCO	Peshawar Electric Supply Company
RDA	Regional Directorate of Audit
TMA	Tehsil Municipal Administration
VC/NC	Village Councils / Neighborhood Council
TAC	Tehsil Accounts Committee
TS	Technical Sanction
NC	Neighbourhood Council
TAC	Tehsil Accounts Committee
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
VC	Village Council

## **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 various Local Governments i.e. offices of District Government, Tehsil Municipal Administrations, Assistant Director Local Government Elections and Rural Development, Village Councils and Neighborhood Councils and Development Authorities D I Khan for the financial year 2017-18. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2018-19 on test check basis with a view to report significant findings to the relevant stakeholders. The main body of the audit report includes the systemic issues and significant audit findings. Relatively less significant issues are listed in the Annex-1 of the Audit Report. The audit observations listed in the Annex-1 shall be pursued with the Principal Accounting Officers at the DAC level. In all cases where PAO's 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.

The observations included in this Report have been finalized in the light of written replies of the departments, except in few cases mentioned in report. However, in a few cases certain departments did not submit written replies, except Developmental Authorities. DAC meetings were 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 Director General Audit District Governments, Khyber Pakhtunkhwa carries out the audit of Local Governments 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 Regional Directorate has a human resource of 07 officers and staff with a total of 1757 person days. The annual budget amounting to Rs 10.840 million was allocated to the office during financial year 2018-19. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audits of programs/ projects.

Local Governments of district D.I.Khan consist of three tiers which perform their functions under Khyber Pakhtunkhwa Local Government Act 2013. Tier-1, the District Government comprises one Principal Accounting Officer (PAO) i.e. Deputy Commissioner for the District Government, who is Officer in charge of the offices of nine departments devolved to local governments. Financial provisions of the Act describe the Government fund as District Local Fund and District Public Account for which Annual Budget Statement is authorized by the District Council in the form of budgetary grants. The second tier- Town/Tehsil Municipal Administrations have one PAO i.e. Tehsil Municipal officer for each administration. There are five tehsil administrations in district D.I.Khan. The third tier- Village and Neighborhood Council have one principal accounting officer for development funds of these councils. There are 174 NCs/VCs in district D I Khan. In addition district D.I.Khan has one development authorities i.e. Dera Development Authority D. I.Khan for which the Secretary Local Governments is the PAO.

### **a. Scope of audit**

There are nine offices in District Government D I Khan, five Tehsil Municipal Administrations, one AD LGE&RDD, 17 VC/NC's out of which the accounts of 09 offices of district government, five TMA's, one AD LGE &RDD

and 174 VC/NC's were examined in detail. These entities were selected for detailed audit keeping in view the materiality and auditable man days.

The total expenditure of District Government D I Khan for the Financial Year 2017-18 was Rs 7,738.387 million against available budget of Rs 8,071.749 million. Out of this, RDA D I Khan audited an expenditure of Rs 2,940.587 million which, in terms of percentage, was 38% of auditable expenditure. The total expenditure of five TMA's was Rs 859.046 million against available budget of Rs 954.172 million. Out of this, RDA D I Khan audited an expenditure of Rs 360.799 million which, in terms of percentage, was 38% of auditable expenditure. The total expenditure of AD LGE & RDD D I Khan for the Financial Year 2017-18 was Rs 893.367 million against available budget of Rs 1,068.230 million. Out of this, RDA D I Khan audited an expenditure of Rs 303.744 million which, in terms of percentage, was 34% of auditable expenditure.

The receipts of the District Government D I Khan, for the Financial Year 2017-18 were nil as the receipts were collected in Provincial Account-I. The receipts of five TMA's were Rs.1,109.866 million Out of which Rs. 677.018 million were audited which in terms of percentage was 61% of the auditable receipts. The total receipts of 174 VC/NC's was Rs. 0.35 million which, in terms of percentage, was 74% of auditable. The total receipts of Development authorities were Rs 1.801 million. Out of which Rs 1.201 million were audited which, in terms of percentage, was 96% of auditable receipts.

The total expenditure of Local Governments of district D.I.Khan for the financial year 2017-18 was Rs 9,559.130 million against which the audit of Rs. 3,605.130 million was conducted. In terms of the percentage was 37.71%. The total receipts of the Local Governments of district D.I.Khan were Rs 1,119.388 million against which a receipt of Rs6,77.368 million was audited which in terms of percentage was 60.5%.

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

Recovery of Rs 85.502 million was pointed out during the audit. Out of the total recoveries pointed out, Rs 20.170 million was not in the notice of the

executives before audit. However, recovery of Rs 2.153 million was made till finalization of this report.

**c. Audit Methodology**

Audit was conducted after understanding the business processes of Local Government D I Khan 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**

Audit pointed out various irregularities of serious nature. Cases related to weak internal controls were also pointed out to which management has been sensitized. In certain cases management has taken action which may further be verified. However, no tangible 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 and proper legislative forum.

**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; 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 local Governments D I Khan.



**e. Key audit findings of the report**

- i. Non production of record was noted in 01 cases amounting to Rs 16.944 million.<sup>1</sup>
- ii. Irregularities & Non-Compliance were noted in 26 cases amounting to Rs 667.614 million.<sup>2</sup>
- iii. Weak Internal Control was noted in 45 cases amounting to Rs 472.612 million.<sup>3</sup>

Minor irregularities/ weaknesses pointed during the audit are being pursued separately with the authorities concerned, as detailed in Annex-1.

**f. Recommendations**

- i. Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money.
- ii. Strenuous efforts need to be made by the departments to recover long outstanding dues on account of water charges.
- iii. Deduction of taxes on supplies and contracts need to be ensured. .
- iv. Lapsed deposits need to be timely credited into treasury.
- v. 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 preempted and fair value for money is obtained from public spending.

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<sup>1</sup> Para 1.2.1.1

<sup>2</sup> Para 1.2.2.1 to 1.2.2.16, 1.3.1.1 to 1.3.1.2, 1.4.1.1 to 1.4.1.6, 1.5.1.1 to 1.5.1.2

<sup>3</sup> Para 1.2.3.1 to 1.2.3.12, 1.3.2.1 to 1.3.2.33

## SUMMARY TABLES & CHARTS

### I: Audit Work Statistics

(Rs in million)

S. No.	Description	No.	Budget		
			Expenditure	Receipts	Total
1.	Total Entities (PAO) in Audit Jurisdiction	07	9,559.130	1,119.388	10,678.520
2.	Total formations in audit jurisdiction	175	9,559.130	1,119.388	10,678.520
3.	Total Entities (PAO) Audited	07	3,605.130	677.368	4,282.498
4.	Total formations Audited	18	3,605.130	677.368	4,282.498
5.	Audit & Inspection Reports	18	3,605.130	677.368	4,282.498

### II: Audit observations Classified by Categories

(Rs in million)

S. No.	Description	Amount Placed under Audit Observation
1.	Unsound asset management	166.484
2.	Weak financial management	501.130
3.	Weak Internal controls	472.612
4.	Others	16.944
	<b>Total:</b>	<b>1,157.17</b>

### III: Outcome Statistics

(Rs in million)

S. No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year (2017-18)	Total last year (2016-17)
1.	Outlays Audited	10.455	1957.100	1117.587	519.988	4,282.498	6236.678
2.	Amount Placed under Audit Observations /Irregularities of Audit	70.325	388.251	95.506	603.085	1157.170	930.689
3.	Recoveries Pointed Out at the instance of Audit			74.486	11.016	85.502	41.437
4.	Recoveries Accepted /Established at the instance of Audit			20.170		20.170	
5.	Recoveries Realized at the instance of Audit				2.153		

**IV: Table of Irregularities pointed out****(Rs in million)**

<b>S. No.</b>	<b>Description</b>	<b>Amount Placed under Audit Observation</b>
1.	Violation of Rules and regulations, principle of propriety and probity in public operation	582.112
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3.	Accounting Errors (accounting policy departure from NAM <sup>4</sup> , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4.	Quantification of weaknesses of internal control systems.	-
5.	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	85.502
6.	Non-production of record	16.944
7.	Others, including cases of accidents, negligence etc.	472.612
	<b>Total</b>	<b>1157.17</b>

**V: Cost Benefit Ratio****(Rs in million)**

<b>S. No</b>	<b>Description</b>	<b>Amount</b>
1.	Outlays Audited (item 1 of Table 3)	8855.974
2.	Expenditure on audit	0.240
3.	Recoveries realized at the instance of audit	2.153
	Cost-Benefit Ratio	0.5:2

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<sup>1</sup> The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are IPSAS (Cash).

## **CHAPTER-1**

### **1.1 Local Government, D.I.Khan**

#### **1.1.1 Introduction**

Under Khyber Pakhtunkhwa Local Government Act 2013 (LGA 2013), activities of District Government are managed through offices of Deputy Commissioner and District Officers. Each group of District Offices is headed by a District Officer (DO). The DO according to Rules of Business of District Government, 2015 distributes the work among the officers, branches, and/or sections of each district office. The offices which manage the activities of District Government are Deputy Commissioner (DC), District Officers Agriculture, Education, Health, Water Management, Fisheries, Population Welfare, LG & RDD, Sports, Live Stock & DD, Soil Conservation, Cooperation, Social Welfare and Municipal Services.

District D.I.Khan has five Tehsil i.e. D.I.Khan, Prova, Kulachi, Paharpur and Daraban. The office of a Tehsil Municipal Administration is managed by the Tehsil Municipal Officer. He is assisted by a Tehsil Officer Finance (TOF), Tehsil Office Revenue (TOR) and Tehsil Officer Infrastructure (TOI).

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

- (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;

There is an Assistant Director Local Government Election & Rural Development Department and 209 VCs/NCs. Each VCs/NCs has a Administrator and Secretary. Assistant Director Local Government Election & Rural Development Department is Drawing and Disbursing Officer (DDO) for his office and Administrator for VCs/NCs of the District D I Khan.

**Functions and powers of Assistant Director, Local Government Election and Rural Development Department.**

- i. Providing secretarial support to the Council
- ii. Matters relating to Local Government Commission
- iii. Matters relating to local taxes and local rate
- iv. Coordination and supervision of village and neighborhood councils
- v. Grants, establishment and budget of village and neighborhood councils
- vi. Coordination of activities relating to local council elections, population census and surveys in the district
- vii. Rural Development Works including water supply, rural access roads, embankment and drainage works
- viii. Overseeing registration of births, deaths and marriages in village and neighborhood councils

- ix. Working as interface for knowledge management and communication on local governance issues in the district
- x. Review, evaluation and assessment of local government system, processes and procedures in the district particularly at the village and neighborhood level
- xi. 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:**

- i. Functions of the village council and neighborhood council, as the case may be, shall be to:
- ii. Monitor and supervise the performance of functionaries of all government offices located in the area of the respective village council or neighborhood 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;
- iii. Provide effective forum for out of court amicable settlement of disputes and, for this purpose, constitute panels of members as conciliators;
- iv. Register births, deaths and marriages;
- v. Implement and monitor village level development works;
- vi. Improve water supply sources, maintain water supply distribution system and take measures to prevent contamination of water;
- vii. Maintain village level infrastructure, footpaths, tracks, streets, prevent and abate nuisances and encroachments in public ways, public streets and public places.
- viii. Maintain and improve collective property including playgrounds, graveyards, funeral places, eid-gah, parks, public open spaces and community centers;
- ix. Identify development needs of the area for use by municipal administration and district government in prioritizing development plans;
- x. Make arrangements for sanitation, cleanliness, disposal of garbage and carcasses, drainage and sewerage system;
- xi. Display land transactions in the area for public information;

- xii. Mobilize community for maintaining public ways, public streets, culverts, bridges and public buildings, de-silting of canals and other development activities;
- xiii. Develop sites for drinking and bathing of cattle;
- xiv. Organize cattle fairs and agriculture produce markets;
- xv. Organize sports teams, cultural and recreational activities;
- xvi. Organize watch and ward in the area;
- xvii. Promote plantation of trees, landscaping and beautification of public places;
- xviii. Regulate grazing areas, establish cattle ponds and provide protection against stray animals and animal trespass;
- xix. Consider and approve annual budget presented by the respective Nazim, village council or neighborhood council;
- xx. Facilitate formation of voluntary organizations for assistance in functions assigned to it;
- xxi. Facilitate the formation of co-operatives for improving economic returns and reduction of poverty;
- xxii. Elect an Accounts Committee and review its recommendations on the annual statement of accounts and audit reports; and
- xxiii. Report cases of handicapped, destitute and of extreme poverty to district Government.

**Functions and Powers of the Dera Development Authorities:**

- i. To provide infrastructural and civic facilities such as water supply draining waste management, roads, streetlights, parking and development of parks in the entire townships beside planning / zoning of unplanned area in to new resorts / township schemes.
- ii. To levy and collect taxes.
- iii. To sell, lease, exchange or dispose off any property vested in it.
- iv. To exercise and control building regulation through BCA and building bye-laws.
- v. Tourism infrastructure development.
- vi. To undertake any other functions which provincial government may assign to it



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

### District Government

(Rs in million)

2017-18	Budget	Actual Expenditure/ Receipts	Excess/(Saving)	%age
Salary	7132.624	6816.085	(316.54)	(4)
Non-salary	805.925	801.723	(4.20)	(1)
Developmental (A/C- IV)	0	0	0.00	0
Developmental (A/C-I)	133.200	120.579	(12.62)	(9)
<b>Total</b>	<b>8071.749</b>	<b>7738.387</b>	<b>(333.36)</b>	<b>(4)</b>
<b>Receipts</b>	7.521	7.521	0	0

### TMA

(Rs in million)

2017-18	Budget	Actual Expenditure/ Receipts	Excess/(Saving)	%age
Salary	471.204	463.133	(8.07)	(2)
Non-salary	72.680	69.469	(3.21)	(4)
Developmental (A/C- IV)	410.288	326.444	(83.84)	(20)
<b>Total</b>	<b>954.172</b>	<b>859.046</b>	<b>(95.13)</b>	<b>(10)</b>
<b>Receipts</b>	1109.866	1109.866	-	0

### AD LGE&RDD

(Rs in million)

2017-18	Budget	Actual Expenditure/ Receipts	Excess/(Saving)	%age
Salary	150.800	149.234	(1.566)	(1)
Non-salary	9.230	8.90	(0.330)	(4)
Developmental (A/C- IV)	908.200	735.233	(172.967)	(19)
<b>Total</b>	<b>1068.23</b>	<b>893.367</b>	<b>(174.863)</b>	<b>(16)</b>
<b>Receipts</b>	0.35	0.2	0.15	42.857

**Developmental Authority****(Rs in million)**

<b>2017-18</b>	<b>Budget</b>	<b>Actual Expenditure/ Receipts</b>	<b>Excess/(Saving)</b>	<b>%age</b>
Salary	25.400	25.130	(0.270)	(1)
Non-salary	3.566	3.500	(0.066)	(2)
Developmental	40.00	39.700	(0.300)	(1)
<b>Total</b>	<b>68.966</b>	<b>68.33</b>	<b>(0.636)</b>	<b>(1)</b>
<b>Receipts</b>	<b>2.500</b>	<b>1.801</b>	<b>(0.699)</b>	<b>(28)</b>

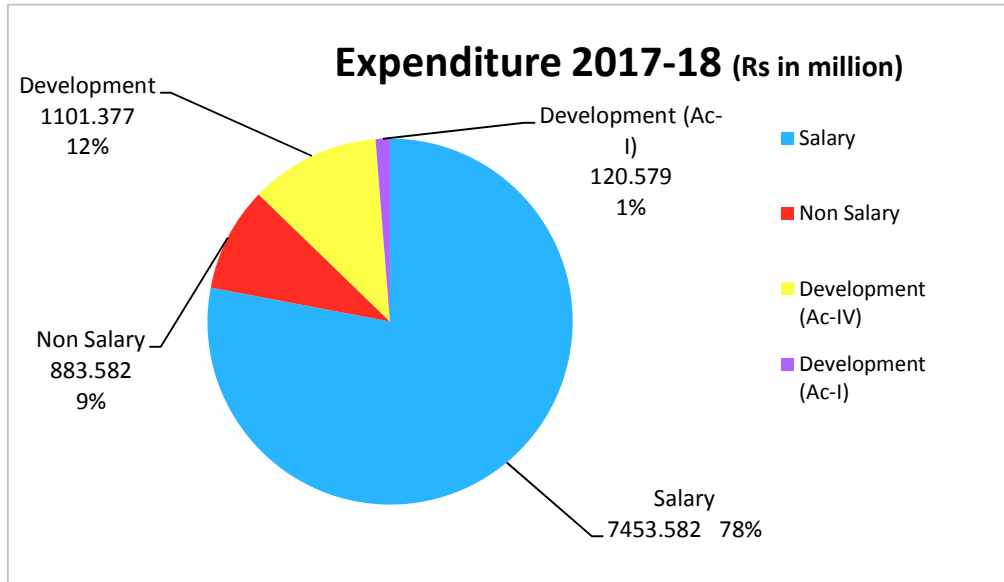
**Grant Total Expenditure and Receipts (Distt Govt, TMAs, AD LGE&RDD  
& Developmental Authority**

<b>2017-18</b>	<b>Budget</b>	<b>Actual Expenditure/ Receipts</b>	<b>Excess/(Saving)</b>	<b>%age</b>
Salary	7780.028	7453.582	(326.446)	(4)
Non-salary	891.401	883.592	(7.809)	(1)
Developmental (A/C- IV)	1358.488	1101.377	(257.111)	(19)
Developmental (A/C-I)	133.200	120.579	(12.621)	(9)
<b>Total</b>	<b>10163.117</b>	<b>9559.13</b>	<b>(603.987)</b>	<b>(6)</b>
<b>Receipts</b>	<b>1120.237</b>	<b>1119.388</b>	<b>(0.849)</b>	<b>(0)</b>

The savings of Rs 603.987 million indicate inefficiency in the capacity of District Government Departments to utilize the amount allocated.

### EXPENDITURE 2017-18

(Rs in million)



#### 1.1.3 Comments on the status of compliance with PAC/DAC / TAC Directives

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

Sr. No.	Audit Year	PAC/ZAC meeting
1.	2002-03	Not Convened
2.	2003-04	Not Convened
3.	2005-06	Not Convened

4.	2006-07	Not Convened
5.	2007-08	Not Convened
6.	2008-09	Not Convened
7.	2009-10	Not Convened
8.	2010-11	Not Convened
9.	2011-12	Not Convened
10.	2012-13	Not convened
11.	2013-14	Not Convened
12.	2016-17	Not Convened
13.	2017-18	Not Convened

**DISTRICT GOVERNMENT,  
D.I.KHAN.**

## **1.2 Audit Paras District Government**

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

#### **1.2.1.1 Non production of record on account Integrated Health Program-Rs.16.944 million**

According to Auditor General of Pakistan Notification No.372/10 PS/C/1-C/2005 dated July 26,2005, the audit of all funds flowing from Account-I (Provincial) or any other source that expended by District Govt (devolved department) would be audited by Director General Audit District Governments.

District Health Officer, D.I.Khan incurred expenditure of Rs.16,944,049 on account of Project “Integrated Health Program” under Account-I during 2017-18 but record was not produced to Audit despite of repeated requests.

Audit observed that veracity of expenditure could not be verified due to non-production of record.

When reported in July 2018, management stated that matter will be forwarded to higher ups for clarification for production of record to District Audit.

Request for convening DAC meeting was made on 28.07.2018.DAC meeting could not be convened till finalization of this Report.

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

**AIR No.01 A/C-I (2017-18)**

## 1.2.2 Irregularities and Non-Compliance

### 1.2.2.1 Irregular execution of Electrification Schemes -Rs.136.511 million

According to Administrative Approval accorded by the DC, D.I.Khan on 28-9-2017, Work should not be commenced until (a) Technical Sanction is obtained from the Competent Authority (b) Exact location of each scheme in the TS Estimates (c) Non-duplication Certificate by the Executing Agency (d) Photographs & visual / video of existing condition of all sites may be made before and after the completion of work and (e) Monthly & Quarterly Progress Reports of the schemes be sent to all concerned on due dates.

Deputy Commissioner, D.I.Khan paid Rs.136,511,000 to PESCO, Peshawar during 2017-18 for execution of electrification schemes which seemed irregular on the following grounds.

S.No.	Name of Schemes	Cheque No. & Date	Amount (Rs.)
1.	ADP No.857/170358 Priority Projects in KPK” Installation of Transformers & LT/HT Poles in different UCs proposed by MPA PK-64.	No.1516856 dated 6-2-2018	36,403,000
2.	ADP No.858/170359 Installation of Transformers & LT/HT Poles in different UCs proposed by MPA PK-64.	No.1516857 dated 6-2-2018	50,054,000
3.	ADP No.856/170357 Installation of Transformers & LT/HT Poles in different UCs proposed by MPA PK-64”	No. 1516867 dated 7-2-2018	13,651,000
4.	ADP No.858/170359 Installation of Transformers & LT/HT Poles in different UCs proposed by MPA PK-68.	No.1516794 dated 23-1-2018	27,302,000
5.	ADP No.857/170358 Installation of Transformers & LTH/T Poles in different UCs proposed by MPA PK-67.	No.1516867 dated 7-2-2018	9,101,000
<b>Total</b>			<b>136,511,000</b>

- i. Detailed Cost Estimates (DCEs) showing item wise rates of Transformers and LT/HT Poles with Wires were not submitted by the SDO (Construction), D.I.Khan and lump sum rates were in quoted in PC-I without supported by any approved rates of PESCO.
- ii. Neither TS was obtained from the Competent Authority nor exact location of sites of works was submitted as required under Administrative Approval.

- iii. Non-duplication Certificates and photographs & visual of sites before and after the completion of work were also not submitted by the SDO (Construction), D.I.Khan.
- vi. Progress Reports of execution and completion of schemes were not submitted by the SDO (Construction), D.I.Khan besides Handing/ Taking Reports with the PESCO (Operation), D.I.Khan were also not available on record.

Audit observed that irregular execution of schemes occurred due to non-compliance of rules.

When reported in August 2018, Management did not respond to Audit Observation.

Request for convening of DAC meeting was made on 27 -11-2018. DAC meeting could not be convened till finalization of this Report.

Audit recommends inquiry to ascertain that the schemes were actually executed as per AA & TS and action against the person(s) at fault.

**AIR No.01 A/C-IV (2017-18)**

**1.2.2.2 Un-authorized accord of approval of Developmental Schemes- Rs.135.00 million**

According to Rule at S.No.1.3 of Third Schedule of Delegation of Powers, 2001, DC/ DDC was competent to approve Developmental Schemes up to Rs.20.00 million.

Deputy Commissioner, D.I.Khan accorded Administrative Approval for following developmental schemes beyond his competency as the Officer was empowered to approve schemes up to Rs.20.00 million under the rule. However, schemes having cost of Rs.30.00 million to Rs.55.00 million were approved which were required to be forwarded to PDWP for approval.



S.No.	Name of Schemes	Cost of Scheme (Rs.)
1.	ADP No.857/170358 Installation of Transformers & LT/HT Poles in different UCs proposed by MPA PK-64.	50,000,000
2.	ADP No.858/170359 Installation of Transformers, LT/HT Poles in different proposed by MPA PK-64.	55,000,000
3.	ADP No.858/170359 Installation of Transformers & LT/HT Poles in different UCs proposed by MPA PK-68.	30,000,000
<b>Total</b>		<b>135,000,000</b>

Audit observed that unauthorized approval was accorded occurred due to non-compliance of rules.

When reported in August 2018, Management did not respond to Audit Observation.

Request for convening of DAC meeting was made on 27 -11-2018. 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 A/C-IV (2017-18)**

**1.2.2.3 Unauthorized and doubtful drawl of funds from Bank-Rs.67.10 million**

According to Rule 157 of FTR Vol-1, payment should be made to suppliers through cross cheques.

District Director Agriculture, D.I.Khan drawn Rs.67,106,957 from designated bank account No.4037424909 NBP Main Branch, D.I.Khan during 2017-18. It was observed that purpose of cash withdrawal from bank account was not known besides entries in Cash Book was also not made. Moreover, neither detail of payees to whom payment was made, was available on record nor actual payee receipts were produced.

Audit observed that doubtful drawl was occurred due to weak internal control.

When reported in August 2018, Management did not respond to Audit Observation.

Request for convening of DAC meeting was made on 27 -11-2018. 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 A/C-IV (2017-18)**

#### **1.2.2.4 Un-authorized expenditure-Rs.33.947 million**

According to KPPRA Rules-2014, Open Tender System by public advertisement must be adopted so that Purchases should be made in most economical manner.

District Director Agriculture, D.I.Khan incurred Rs.33,947,562 on purchase of seeds from Model Farm Services Center during 2016-18 without calling tender besides sanction for incurring the expenditure from competent authority was also not obtained. Moreover, cash payment was shown made to Model Farm Services instead of through cross cheques.

Audit observed that unauthorized expenditure was incurred due to non-compliance of rules.

When reported in August 2018, Management did not respond to Audit Observation.

Request for convening of DAC meeting was made on 27-11-2018. 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 A/C-I (2017-18)**

#### **1.2.2.5 Defective tendering system for purchase of furniture-Rs. 25.305 million**

According to Finance Department letter No. SO (A/Cs)/FD/2-8/96 dated 05-01-1997, all sizeable purchase of equipment, plants, machinery, spare parts, materials out of ADP, Current Budget shall be supervised by an Inter Departmental Purchase Committee including representatives of Finance, P&D and Administrative department not below the rank of Additional Secretary.

District Education Officer (Male), D.I.Khan incurred expenditure of Rs. 25,305,930 on purchase of furniture during 2017-18 but tendering process was found defective on the following grounds,

- i. The funds for purchase of furniture was received from Provincial Government but the tendering process was executed through District Purchase Committee under the Chairmanship of Deputy Commissioner, D.I.Khan instead of through Secretary E&SE, Peshawar.
  - ii. The Delivery Challans and acknowledgment receipts of furniture were not available on record.
  - iii. The Physical Verification Certificate for receipt of 1324 Bench and Desks was available whereas payment for 4,527 items was made.
  - iv. On physical verification of stock, two Seater Bench comprising of five strips of wood, out of which three strips were made of Acacia wood (kikar) and two were of Sheesham whereas payment for Shesham was made.
- Audit observed that irregularities occurred due to non-compliance of rules.

When reported in November 2018, management stated that the contract was awarded to the supplier after scrutiny of bid documents by the District Purchase Committee and no irregularities were pointed out by the Committee.

Request for convening for 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 A/C-I (2017-18)**

**1.2.2.6 Un-authorized expenditure on purchase of vehicles-Rs.17.889 million**

According to Summary moved by the Secretary Local Government Department to Chief Minister for “Approval for purchase of new vehicles for officers of District D.I.Khan” recommended 4x4 vehicle for Deputy Commissioner, 1000 CC for Additional Deputy Commissioner, 800 CC each for AC, D.I.Khan & AC, Kulachi and Chief Minister accordingly approved the Summary with the Finance Department Condition that new proposed purchase of vehicle should be in accordance with the entitlement as per Transport Committee Report of Administration Department.

According to Administration Department Notification No. SOT(AD)3-20/2013 dated 7-10-2015, Department must ensure that the entitled officers use vehicles of Engine Capacity as per following details. Officer in BS-17 800 CC,

Officer in BS-18 1000 CC Officer in BS-19 1300 CC and officer in BS-20 1300CC.

Deputy Commissioner, D.I.Khan purchased 4 No. vehicles i.e 1 No. Toyota Fortuner & 2 No. Hilux Revo 4x4 of 2800 CC and 1 No. Corolla Altis Grande of 1800 CC by incurring expenditure of Rs.17,889,500 during 2017-18 whereas in approved summary, vehicles of 1300 CC, 1000 CC and 800 CC were allowed and thus expenditure on higher engine capacity vehicles was held unauthorized.

S.No.	Description	Price per Vehicle (Rs.)	No. of Vehicles Purchased	Amount (Rs.)
1.	Toyota Fortuner 4x4 A/T 2.8L	5,930,500	01	5,930,500
2.	Toyota Corolla Altis CVT Grande 1.8L	2,612,000	01	2,612,000
3.	Toyota Hilux Revo V4x4 A/T 2.8L	4,673,500	02	9,347,000
<b>Total</b>				<b>17,889,500</b>

Audit observed that unauthorized expenditure occurred due to non-compliance of rules.

When reported in August 2018, Management did not respond to Audit Observation.

Request for convening of DAC meeting was made on 27 -11-2018. DAC meeting could not be convened till finalization of this Report.

Audit recommends inquiry and action against the person(s) responsible for unauthorized purchase of vehicles.

**AIR No.03 A/C-IV (2017-18)**

**1.2.2.7 Irregular expenditure on appointment of Patwaris-Rs.10.628 million**

According to Board of Revenue & Estate Department Notifications dated 02-12-2011 & dated 26-4-2011 read with Notification dated 25-11-2016, initial recruitment of Patwaris will be made amongst the Patwar Passed Register of Tehsil or District having one year certificate in Information Technology from the Board of Technical Education and on the basis of test & interview to be conducted after advertising the posts.

Deputy Commissioner, D.I.Khan incurred expenditure of Rs.10,628,546 on pay & allowances of 37 No. Patwaris appointed without observing the code

formalities as neither posts were advertised in newspapers nor any test & interview was conducted besides one year Certificate in Information Technology from the Board of Technical Education was also not available as required under the Notifications referred and thus appointment of Patwaris was held irregular.

Audit observed that irregular appointments were made due to non-compliance of rules.

When reported in August 2018, Management did not respond to Audit Observation.

Request for convening of DAC meeting was made on 27 -11-2018. 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 A/C-IV (2017-18)**

**1.2.2.8 Doubtful expenditure due to missing of stock-Rs.10.00 million**

According to Rule\*23 of GFR Vol-I, every Government Officer should realize fully and clearly that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part on the part of any other Government officer.

District Education Officer (Female), D.I.Khan incurred expenditure of Rs.13,544,570 on purchase of furniture for schools during 2017-18. It was observed that in Stock Register, 4212 Nos. Desks Bench were received but later on, the same was erased and changed to 2423 and out of which 1789Nos. Desks Bench were also not supplied whereas full payment was made. This resulted into loss to Govt as detailed below

<b>No Desk Bench missing</b>	<b>Rate Rs./ Bench</b>	<b>Amount (Rs.)</b>
1789	5,590	<b>10,000,510</b>

Audit observed that missing of furniture occurred due to non-compliance of rules which resulted into loss to Government.

When reported in October 2018, the management neither furnished any reply nor signed the audit observation.

Request for convening for DAC meeting was made on 31.12.2018. DAC meeting could not be convened till the finalization of this Report.

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

**AIR No.02 A/C-I (2017-18)**

**1.2.2.9 Uneconomical expenditure on account of purchase of Science Equipment-Rs.9.298 million.**

As per Chapter III (26) (1) (b) (ix) of KP Public Procurement Regulatory Authority Act 2012 of Procurement of works & non consulting services requires that where short listing is deemed necessary, the procuring entity shall pre-determine criteria for short listing and there will normally be a minimum of three bidders in the short, but there is no upper limit for no. of candidates to be shortlisted.

District Education Officer (Male), D.I.Khan awarded contract for supply of Science Equipment of Rs.9,298,852 to a single bidder i.e M/s Universal Stores and M/s Waleed Scientific Store Lahore without any competition as no other bidder participated in the tendering process as per record produced and thus healthy competition was not observed.

Audit observed that contract was awarded without any competition.

When reported in November 2018, the management stated that the contract was awarded to the supplier after scrutiny of bid documents by the District Purchase Committee and no such irregularity was pointed out by the Committee.

Request for convening for DAC meeting was made on 31.12.2018. DAC meeting could not be convened till the finalization of this Report.

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

**AIR No.05 A/C-I (2017-18)**

**1.2.2.10 Irregular drawl of funds without actual supply of medicines-Rs.5.426 Million**

Para-7 of GFR Vol-I lays down that money may not be removed from the public account for investment or deposit elsewhere without the consent of the Finance Department.

District Health Officer, D.I.Khan issued supply orders of Rs.5,426,386 to following MCC approved firms for supply of medicines during 2017-18 and drawn the funds from Government Treasury by submitting AC bills along with vouchers endorsing the certificates of receipt of supply of medicines. The

concerned firms, however, were failed to supply the medicines and thus withdrawal of public money from Government Treasury in advance without actual supply and retention of same was held irregular. Detail is given at Annex-2.

Audit observed that irregular drawl of funds occurred due non-compliance of rules.

When reported in July 2018, the management stated that the payment was made to supplier through draft which were prepared in advance and kept in custody till the completion of supply of medicine.

Request for convening DAC meeting was made on 28.07.2018. DAC meeting could not be convened till finalization of this Report.

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

**AIR No.03 A/C-IV (2017-18)**

**1.2.2.11 Un-authorized payment of rent for Patwar Khanas-Rs.4.782 million**

According to Finance Department Notification No. FD(SOSR-II) 8-30/2013 dated 7-1-2014, Patwar Khana Allowance @ 50% of the initial Basis Pay will be admissible to those Patwaris posted in the field against the sanctioned posts.

Deputy Commissioner, D.I.Khan drawn Rs.4,782,000 on account of rent of Patwar Khanas and shown paid to Patwaris posted in filed during 2017-18 whereas Finance Department allowed Patwar Khana Allowance @50% of the Basic Pay to those Patwaris posted in the field and thus payment of rent for Patwar Khanas was held un-authorized. In District Tank, payment of rent was discontinued with the commencement of Patwar Khana Allowance for Patwaris posted in the field.

Audit observed that un-authorized payment occurred due noncompliance of rules which resulted into loss to Government.

When reported in August 2018, Management did not respond to Audit Observation.

Request for convening of DAC meeting was made on 27 -11-2018. DAC meeting could not be convened till finalization of this Report.

Audit recommends recovery of rent from Patwaris posted in the field under intimation to Audit.

AIR No.05 A/C-IV (2017-18)

**1.2.2.12 Un-authorized payment to idle Staff of Rod Kohi Irrigation-Rs.4.00 Million**

According to Rule at S.No.4.22, Special Powers to Certain Departments' of Delegation of Powers 2001, (i) Work-Charged Staff can be hired for developmental schemes only otherwise employment of work charged out of current budget is banned since 1974 and (ii) services of Work-charged employees will be dispensed with as soon as the work is completed.

Deputy Commissioner, D.I.Khan paid Rs.40,000,000 to 47 No. temporary staff hired for supervision of repair of Rod Kohi Works during 2017-18 which was held un-authorized on the following grounds.

- i. The Work-Charged Staff can be hired for developmental schemes only where as in Rod Kohi Irrigation, repair work of channels is to be carried out.
- ii. No repair work was executed throughout the year 2017-18 as neither Finance Department released funds nor any payment was made to Agriculture Department for execution of repair works but staff was shown hired for supervision during the entire year.
- iii. The record was silent about the detail of sites where the temporary staff was deputed during repair works executed by the Agriculture Department.

Audit observed that un-authorized payment occurred due noncompliance of rules which resulted into loss to Government.

When reported in August 2018, Management did not respond to Audit Observation.

Request for convening of DAC meeting was made on 27 -11-2018. DAC meeting could not be convened till finalization of this Report.

Audit recommends inquiry for unauthorized payment to idle staff without performing any duties and action against the person(s) at fault.

**AIR No.06 A/C-IV (2017-18)**



**1.2.2.13 Irregular & un-economical Purchase of Machinery and Furniture-Rs.3.332 million**

According to KPRA Rules-2014, Open Tender System by public advertisement must be adopted so that Purchases should be made in most economical manner in accordance with the definite requirements of the Government office.

Deputy Commissioner, D.I.Khan incurred expenditure of Rs.1,550,429 & Rs.1,782,523 on purchase of machinery & equipment items and furniture during 2017-18 which was held irregular and un-economical on the following grounds.

- i. Violating the KPPRA Rules-2014, Open Tender System was not adopted and purchases were made through hand collected & date less quotations without any specifications from the Un-registered Sales Tax Suppliers.
- ii. The AC, D.I.Khan being a DDO signed all the Comparative Statements which were neither countersigned by the DC, D.I.Khan nor any other member was included in purchase process to examine the samples, quality and verify the completion of supply.
- iii. Cash payment was shown made instead of through Crossed Cheque prepared from the DAO, D.I.Khan in the name of Suppliers and thus creating a doubt about actual payment against actual amount drawn from Treasury.
- vi. The items so purchased were neither entered in relevant Stock Register nor shown issued to Sub-offices and thus creating a doubt about actual supply.

Audit observed that un-economical expenditure occurred due noncompliance of rules which resulted into loss to Government.

When reported in August 2018, Management did not respond to Audit Observation.

Request for convening of DAC meeting was made on 27 -11-2018. 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 A/C-IV (2017-18)**

#### 1.2.2.14 Irregular expenditure-Rs 3.029 Million

Administrative department has power upto Rs.200,000 and officers in Category-I upto Rs150,000 on purchase of other stores as per Rule 5 (ii) of Delegation of Financial Powers Rules 2001.

District Officer Social welfare D.I.Khan made an expenditure of Rs 3,029,712 on food for the Child welfare Home and School for Blind during 2013-18. It was observed that sanction of expenditure was not obtained from the competent authority as detail annexure-D

Billing month	head	amount
06 feb 18	food items	709,785
may 18		360,959
june 18		377,606
,10/16 to 02/17		609,357
bill no 1 06/2016		376,833
bill no 1 06/2016		285,461
bill no10 06/2014	(sanction not available)	309,711
	<b>total</b>	<b>3,029,712</b>

Audit observed that irregular payment occurred due noncompliance of rules which resulted into loss to Government.

When pointed it august 2018, management stated that sanction will be obtained and shown to next audit.

Request for convening of DAC meeting was made on 31.12.2018.DAC meeting, could not be till finalization of this report.

Audit recommends regularization of expenditure.

**AIR No.01 A/C-IV (2017-18)**

#### 1.2.2.15 Irregular payment Rs 3.00 millions

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

District Population Welfare Officer, D.I.Khan paid Rs.2,999,051/- on account of purchase of drugs & medicines during the year 2017-18.

Audit held the payment irregular on the following grounds.

- i. Large quantities of medicines were lying in balance and new orders of medicines were placed and payment was made.
- ii. Demand of contraceptives and medicines was not considered /collected from center and purchases were made.
- iii. Five centers did not acknowledge the receipt medicines costing Rs 450,000 as detail attached.

Audit observed that irregular payment occurred due noncompliance of rules which resulted into loss to Government.

When pointed out in September 2018, management stated that detail annotated reply will be submitted after consultation with record along with supporting documents.

Request for convening of DAC meeting was made on 31.12.2018.DAC meeting, could not be till finalization of this report.

Audit recommends details inquiry and action accordingly.

AIR No.01 A/C-IV (2017-18)

**1.2.2.16 Un-authorized release of funds for Legal Charges-Rs.2.40 million**

According to LG & RDD Department, Peshawar letter No. SO-III (LG)/5-73/2006 dated 19-12-2006, the Public Prosecutor, Govt. Pleader, Additional Public Prosecutor and Additional Government Pleader shall conduct civil and criminal cases in courts by or against a District Government on the behalf of Government.

According to Rule at S.No.5(xviii) of Delegation of Powers 2001, payment of law charges requires prior approval of Law and Finance Department.

Deputy Commissioner, D.I.Khan released a sum of Rs.2,400,000 to AD LG & RDD, D.I.Khan for payment of Legal Chares to Private Lawers during 2017-18 which was held un-authorized under rules. The AD LG & RDD, D.I.Khan did not submit any detail of legal cases to Deputy Commissioner, D.I.Khan besides the office of the AD LG & RDD, D.I.Khan directly approached the Finance Department for funds instead of forwarding the case through Deputy Commissioner, D.I.Khan.

Audit observed that un-authorized release occurred due noncompliance of rules which resulted into loss to Government.

When reported in August 2018, Management did not respond to Audit Observation.

Request for convening of DAC meeting was made on 27 -11-2018. DAC meeting could not be convened till finalization of this Report.

Audit recommends inquiry for un-authorized release and action against the person(s) at fault.

**AIR No.08 A/C-IV (2017-18)**

### 1.2.3 Internal Control Weaknesses

#### 1.2.3.1 Un-justified Expenditure on Purchase of Costly Furniture- Rs.965,323

According to Para-10 of GFR Vol-I, funds allotted should be incurred in the public interest and upon objects for which the same was provided.

Deputy Commissioner, D.I.Khan incurred Rs.965,323 on purchase of costly furniture from Wood Working Center, D.I.Khan for Designated Banglow during 2017-18 which was seemed to be purchased for personal use besides the same were also not taken on Stock Register. Detail is as under.

S.No.	Particulars	Amount (Rs.)
1.	Double and Single Beds with Foam	47,478
2.	4 Nos. Deodar made Doors	165,312
3.	Complete Curtains Sets	130,444
4.	6- Seaters Sofa Set	134,400
5.	5-Seaters Sofa Set	61,430
6.	Dining Table	33,600
7.	Centre, Side, Small and Executive Tables	180,072
8.	Show Case	30,240
9.	Roshandan Covers &Racks	42,086
<b>Sub-Total</b>		<b>825,062</b>
Add 17% Sales Tax		140,261
<b>Total</b>		<b>965,323</b>

Audit observed that unjustified expenditure occurred due to weak internal control.

When reported in August 2018, Management did not respond to Audit Observation.

Request for convening of DAC meeting was made on 27 -11-2018. DAC meeting could not be convened till finalization of this Report.

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

**AIR No.09 A/C-IV (2017-18)**

#### 1.2.3.2 Loss to the Govt - Rs16.316 million

Rule-1 Appendix A to Para 38 of GFR volume-I requires that the departmental authorities are primarily responsible to see that all revenues due to Government which have been brought to account are correctly and promptly assessed realized and credited to Government Treasury.

The District Director Agriculture has 10 Nos tractors and Nos laser land levelers in the model farm service center D.I.Khan, while the total receipt from the tractors and laser land levelers was Rs 3,651,950. Per hour rate of tractor is Rs 400 and if worked for a minimum 8 hours per day it comes to 3200 per day per tractor without fuel totaling Rs 9,984,000 for the whole year and Rs 19,968,000 for two years but the facilitator model farm service center has shown engaged tractor from 3 to 4 hours per day and some tractor shown as idle for several days and even months instead of 8 hours minimum. Thus giving loss of Rs 19,968,000 to Govt which may thus be recovered from the facilitators of model farm service under intimation to Audit.

S.No	No of Tractors	Rate per hour without Diesel	Receipt Due (By working 8 hours/day minimum for 26 days a month) for two years	Actual Receipt	Loss
1	10	400	19,968,000	3651950	16316050

Audit observed that loss to Govt occurred due to weak internal control.

When reported in August 2018, Management did not respond to Audit Observation.

Request for convening of DAC meeting was made on 27 -11-2018. DAC meeting could not be convened till finalization of this Report.

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

**AIR No.03 A/C-IV (2017-18)**

### **1.2.3.3 Loss to Govt of Rs 14.980 million**

Para 23 of the GFR Vol- I requires that every government officer is personally responsible for any loss sustained by government through fraud or negligence either on his part or on the part of his subordinate staff.

The District Director Agriculture extension D.I.Khan derived very low wheat production from the three farms listed below as compared to the other two farms i.e. Rakh Mangan and Ratta Kulachi farm.

S.#	Name of Farm	Name of Farm manager	Area in acres	Wheat production desired @average of 27.5md/acre	Wheat Produced during 2017-18(kgs) @	Less production	Loss to Govt @ 33per kg
1.	Farm RakhZandani	Fazal Mir	470	517000kg	262716kg @ 13.97md/acre	254,284	8,391,372
2.	Farm Band Kurai	M Ismail	483	531300kg	344800 @ 17.35md/acre	186,500	6,154,500
3.	Farm Rakh Mahraparao	M Amir	25	27500kg	<a href="#">14300@14.3md/acre</a>	13,200	435,000
				<b>1,075,800</b>	<b>621,816</b>	<b>453,984</b>	<b>14,980,872</b>

Audit observed that loss to Govt occurred due to weak internal control.

When reported in August 2018, Management did not respond to Audit Observation.

Request for convening of DAC meeting was made on 27 -11-2018. 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 A/C-IV (2017-18)**

#### **1.2.3.4 Overpayment on account of health professional allowance - Rs.6.140 million**

As per Finance department Govt of KP Notification No. FD (SO SR-II) 8-18/2016 dated 07.01.2016, the medical officers serving in the Cat: B (District Dera Ismail Khan) are entitle to receive Health Professional Allowance for Rs.62,000/month for urban areas and Rs.72,000 / month for rural areas, further more segregation into urban and rural areas are on the basis of health services delivery in the far flung and hard areas of the district.

During audit of District Health Officer D.I.Khan for the year 2017-18, it was observed that various medical officers posted in the health facilities in urban areas (Health facilities in city and Tehsil headquarter Hospitals) were drawing health professional allowance @ Rs.72,000/month (Rural areas rate) instead of Rs.62,000/month which resulted into over payment of Rs.6,140,667 (detail in annex-3)

Audit observed that over payment occurred due to weak internal control which resulted into loss to Govt.

The irregularity was pointed out in July 2018, the management stated that the after verification of record recovery will be made from the officers concern.

When reported in July 2018, the management stated that the observation of the audit has been noted for recovery of excess payment of HPA and will be shown to audit.

Request for convening DAC meeting was made on 28.07.2018 however DAC meeting could not be convened till finalization of this Report.

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

**AIR No.09 A/C-IV (2017-18)**

**1.2.3.5 Loss to Govt due to non-deduction of sales tax on services Rs.5.886 million**

As per Khyber Pakhtunkhwa Revenue Authority Notification No F-16 (4) KPRA/Notification/WH/1383 dated 31-8-2015 , the Sales Tax be withheld from the service providers / contractor @ 15% of the paid amount.

District Education Officer (Male) D.I.Khan incurred expenditure of Rs. 35,869,210 on account of purchase of various items for Govt (Male) schools in district D.I.Khan during 2017-18, it was observed that the sales tax on services @ 15% for Rs was nor deducted from the contractor /supplier bills at the times of payment, which resulted into loss to Govt as detailed below

S.No	Contract	Contractor	Expenditure	Sales tax @ 15%
1.	Furniture for primary schools	M/S Burhan traders	25,305,930	4,302,008
2.	Science Equipments	Universal Sores	1,456,000	218,400
3.	Science Equipments	Walid Scientific Stores	7,842,852	1,176,427
4.	Laptop Scheme	Karlu Computers	1,264,428	189,664
<b>Total</b>			<b>35,869,210</b>	<b>5,886,499</b>

Audit observed that loss to Government occurred due to non-deducted of sales tax on services.

When reported in November, 2018, the management stated that the recovery of sales tax will be made after verification of record.



Request for convening for DAC meeting was made on 31.12.2018 but no meeting was convened till the finalization of this report.

Audit recommends recovery of non-deducted amount of tax and inquiry against the person (s) at fault.

**AIR No.02 A/C-I (2017-18)**

**1.2.3.6 Loss to Government on account of purchase of furniture Rs 4.096 million**

As per Chapter III (14) (2) (b) (ix) of KP Public procurement Regulatory Authority Act 2012 of Procurement of works & non consulting services requires that the bid found to be the lowest evaluated bid shall be accepted.

District Education Officer (Male) D.I.Khan incurred expenditure of Rs. 25,305,930 on account of purchase of furniture for primary schools during 2017-18, it was observed that the contract was awarded to the contract M/s Burhan Bro: trading Co: for item “2 Seater bench (Primary) Grade AI, Sheesham wood for quantity of 4527 @ Rs5590/item inspite of presence of lowest bid of Rs.4685 offered by Pearl de Gulf which resulted into loss to Govt for Rs 4,096,935 as detailed below:

Item of work	Bid accepted	Lowest bid offered	Difference	Qty	Amount
2 Seater bench primary Grade –A-I Sheesham wood for quantity 457	5,590 (Burhan brother trading company)	4,685 (pear de gulf)	905	4,527	<b>4,096,935</b>

When reported in October 2018, the management replied that bid was not accepted due to low standard sample rejected by the committee.

The rejected / substandard sample was not available in store and in the absence of such samples the reply of the department is not justified as per minutes of the meeting dated 16-03-2018, the committee decided that the samples were checked by the committee and kept in custody and but at the time of audit no such samples were available in record.

When reported in November, 2018, the management stated that contract was awarded by the purchase committee due sub standard sample at the time of scrutiny of bid documents, however detailed reply will be given after consultation of record.

Request for convening for DAC meeting was made on 31.12.2018 but no meeting was convened till the finalization of this report.

Audit recommends recovery of loss along with fixation of responsibility against the person (s) at fault.

**AIR No.03 A/C-I (2017-18)**

**1.2.3.7 Non imposition of penalty-Rs.3.285million**

As per condition No 20 of the Notice inviting Tenders and as per clause 10 of the agreement the supplier shall complete supply within a month after the issuance of Supply order failing which his call deposit of 10% shall be forfeited in favor of Govt and supply order will be issued to the 2nd lowest bidder..

District Education Officer (Female) D.I.Khan purchased furniture for Govt schools during 2015-16, the work order of Rs 32,852,703 was issued to M/S Fine Wood Works Bahawalpur for the supply of 2051No's of Teacher chairs and 12,793 Nos of Tablet chairs vide letter No 9327-29 dated 23-12-2015, while the contractor failed to supply the required quantity on the target date of 23-01-2016 within a month as required under condition No 20 of Notice for Inviting Tender, but neither the penalty @10% amounting for Rs 3,285,270 was imposed nor CDR was forfeited in favor of Govt. Audit observed that doubtful expenditure occurred due to weak internal control which resulted into loss to Government.

Audit observed that non imposition of penalty occurred due to weak internal control which resulted into loss to Government.

When reported in October 2018, the management neither furnished any reply nor signed the audit observation.

Request for convening for DAC meeting was made on 31.12.2018. DAC meeting could not be convened till the finalization of this report.

Audit recommends recovery of loss along with fixation of responsibility against the person (s) at fault.

**AIR No.03 A/C-I (2017-18)**

**1.2.3.8 Loss to Govt due to non-recovery of fishing rights-Rs.3.06 million**

As per Govt of Khyber Pakhtunkhwa (N.W.F.P) Environment Department No D.O NO SO(G)envt/1-20/2007/kc Dated Peshawar the

12.03.2007, under decision of IPCC ( Inter Provincial Coordination Committee) decision, Punjab Fisheries Department is responsible to pay 3.16% of the lease money of the Chashma reservoir to Govt of Khyber Pakhtunkhwa (N.W.F.P). District Officer (Assistant Director) Fisheries D.I.Khan will collect the revenue.

Assistant Director Fisheries D.I.Khan did not collect 3.16 % share of Chashma Reservoirs amounting to Rs 3065200 during the year 2016-18 from Punjab Government (Assistant Director Fisheries Mianwali) as detail below.

Year	Lease amount-Rs
2015-16	34,000,000
2016-17	31,500,000
2017-18	31,500,000
TOTAL	97,000,000
<b>Loss @ 3.16%</b>	<b>3,065,200</b>

Audit observed that non-recovery of lease money occurred due to weak internal control due to Govt; treasury sustained loss of Rs 3,065,200.

When pointed out in September 2018, management stated that efforts will be made to recover to the amount

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 recovery of share under intimation to audit.

**AIR No.09 A/C-IV (2017-18)**

**1.2.3.9 Loss to Govt due to non-recovery of lease money-Rs 2.554 million**

Para-26 of GFR Vol;-1 requires that it is the duty of departmental controlling officer to see that all sums due to Govt; are regularly assessed, realized and duly credited into Public Account.

Assistant Director Fisheries D.I.Khan did not collect lease money from contractors of Fishing rights of river Indus amounting to Rs 2554700 during the year 2017-18 as detail below.

S.No	Name of Contractor	Total Lease Money	Amount recovered-Rs	Balance ( Amount not recovered)-Rs
1	Gulsher s/o Rehmdad Lessee Unit-II	8,405,100	7,250,400	1154700
2	Ghulam Rasool S/O Poto Khan Unit-IV	6,600,000	5,200,000	1400,000
<b>Total</b>		15,005,100	1,245,400	2,554,700

Audit observed that non recovery of lease occurred due to weak internal control which resulted in loss to Govt; treasury-Rs 2,554,700.

When pointed out in September 2018, management stated that efforts will be made to recover to the lease amount.

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 recovery of lease money Rs 2,554,700 under intimation to audit.

**AIR No.07 A/C-IV (2017-18)**

**1.2.3.10 Loss to Govt non-accepting of lowest bid -Rs 2.192million**

As per Chapter III (14) (2) (b) (ix) of KP Public procurement Regulatory Authority Act 2012 of Procurement of works & non consulting services requires that the bid found to be the lowest evaluated bid shall be accepted.

District Education Officer (Female) D.I.Khan purchased furniture amounting Rs 13,544,570 during 2017-18. It was observed that tender was awarded to M/S Burhan Brothers trading company for the supply of 2 seater Desk bench @ Rs 5590 each despite the fact that another firm Pearl de Gulf offered a lowest rate of Rs 4,685 / bench but was not accepted by the purchase committee without assigning any solid reason which resulted into loss to Govt for Rs 2,192,815 as detailed below

S.No	Item Name	Rate Paid	Rate admissible	Diff	Qty	Amount
1	2 seater Desk Bench	Rs 5,590	Rs 4,685	905	2,423	2,192,815

Audit observed that irregular reward of contract occurred due to weak internal control which resulted into loss to Government.

When reported in October 2018, the management neither furnished any reply nor signed the audit observation.

Request for convening for DAC meeting was made on 31.12.2018. DAC meeting could not be convened till the finalization of this report.

Audit recommends recovery of loss along with fixation of responsibility against the person (s) at fault.

**AIR No.01 A/C-I (2017-18)**

**1.2.3.11 Loss to Govt: due to less recovery of receipt from ambulances  
Rs.1.591 million**

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

District Health Officer, D.I.Khan incurred expenditure of Rs.1,591,007 on account of POL charges of ambulances of various medical facilities during 2017-18, but receipt from shifting of patients of Rs.178,154 was deposited into Govt treasury against the POL consumed which resulted into loss to Govt for Rs.1,412,853 as detail below

S.No	Medical Facility	Expenditure	Receipt	Loss
1	THQH Panyalia	298,791	22,604	276,187
2	THQH Kulachi	294,417	48,590	245,827
3	THQH Paroa	299,941	45,300	254,641
4	THQH Paharpur	299,986	38,600	261,386
5	CH Daraban	100,000	7,780	92,220
6	CH Chowdwan	100,000	12,280	87,720
7	RHC Kot Jai	97,872	3,000	94,872
8	RHC Kirri Shamoza	100,000	0	100,000
<b>Total</b>		<b>1,591,007</b>	<b>178,154</b>	<b>1,412,853</b>

Audit observed that less recovery of receipt occurred due to weak internal control which resulted into loss to Govt.

When reported in July 2018, the management stated that in most of the cases the patients were shifted in emergency in free of cost.

Request for convening DAC meeting was made on 28.07.2018. 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 A/C-IV (2017-18)**

**1.2.3.12 Loss due to non-maintenance of PLS account-Rs.1.567 million**

Rule-07 of the GFR vol I states that unless otherwise expressly authorized by any law or rule or order having the force of law moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

District Education Officer (Female) D.I.Khan maintained a Designated Current Account No “4063804164” in the NBP Cantt branch DIKhan, it was observed that the closing balance on 30-6-2018 was Rs 9,621,384 in the account on and average balance in the account was 7,838,073but Government was put to a loss of Rs 1,567,614on account of markup due to non-maintenance of Profit & Loss Account in bank as detailed below.

Average balance	Mark up Rate/annum	No of Years	Loss of Markup
Rs.7,838,073	@10%	2	1,567,614

Audit observed that non-maintenance of PLS account occurred due to weak internal control which resulted into loss to Government.

When reported in October 2018, the management neither furnished any reply nor signed the audit observation.

Request for convening for DAC meeting was made on 31.12.2018. DAC meeting could not be convened till finalization of this Report.

Audit recommends recovery of loss along with fixation of responsibility against the person (s) at fault

**AIR No.04 A/C-IV (2017-18)**

# **TEHSIL MUNICIPAL ADMINISTRATIONS**

### **1.3 TMA, D I Khan/Paroa/Kulachi/Daraban/Paharpur**

#### **1.3.1 Irregularities and Non Compliance**

##### **1.3.1.1 Irregular payment to Income Tax Department-Rs.8.525 million**

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

Tehsil Municipal Officer, D.I.Khan paid Income Tax of Rs.8,525,707 to Taxation Officer of Income Tax Office, D.I.Khan instead of depositing into Government Treasury through Computerized Payment Receipt (CPR) and thus creating a doubt about authenticity of deposit of Income Tax into Government Treasury.

Audit observed that irregular payment of income tax was occurred due to non-compliance of rules.

When reported in December 2018, Management replied that efforts are being made to collect the Computerized Payment Receipt form Income Tax Department.

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 production of CPR for deposit of Income Tax into Government Treasury.

**AIR No.02 (2017-18)**

##### **1.3.1.2 Irregular and uneconomical expenditure-Rs.1.260 million**

According to Para 144 &145 of GFR Vol-I, Open Tender System by public advertisement must be adopted so that Purchases should be made in most economical manner.

According to Para-157 of CTR Vol-I, payment to suppliers must be made through Crossed Cheque.

Tehsil Municipal Officer, D.I.Khan shown paid Rs.1,260,000 to M/S Sarhadi Tent Service for arrangement of 14<sup>th</sup> August function vide Vr. No. 145 dated 23-11-2017 without calling any quotations besides payment was made in



cash instead of through Cross Cheque and thus creating a doubt about actual payment against actual amount drawn.

Audit observed that expenditure was incurred without observing the code formalities.

When reported in December 2018, Management stated that expenditure was incurred on emergency basis.

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.03 (2017-18)**

### 1.3.2 Internal Control Weaknesses

#### 1.3.2.1 Loss due to less-realization of 2% Property Tax-Rs.49.411 million

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

According to Para-23 of GFR Vol-I, 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 or on the part of any other government official.

Tehsil Municipal Officer, D.I.Khan departmentally collected Rs.137,087,243 as 2% Property Tax during 2017-18 whereas the Revenue Office of DC, D.I.Khan collected Rs.93,249,576 as 1% Tax during the same period and 2% of which comes to Rs.186,499,152 and thus local office less realized/ deposited of Rs.49,411,909 than Revenue Officer of DC, D.I.Khan as worked below.

Revenue Collection by the DC, D.I.Khan @1% during 2017-18 (Rs.)	Revenue Collection @ 2% by TMO D.I.Khan during 2017-18 (Rs.)	Difference (Rs.)
93,249,576 (186,499,152,=2%)	137,087,243	49,411,909

Audit observed that less recovery of tax occurred due to negligence, which resulted in loss to TMA.

When reported in December 2018, Management stated that detail reply would be submitted after reconciliation with the record of DC Office.

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 recovery of loss and action against the person(s) at fault.

**AIR No.04 (2017-18)**

#### 1.3.2.2 Loss on account of Income Tax due to non-awarding of 2% Property Tax Contract-Rs.21.00 million

According to Section 236-B of the Income Tax Ordinance 2001, income Tax @15% of bid price be recovered in auction from Non-filers.

Tehsil Municipal Officer, D.I.Khan put the contract of 2% Property Tax for the 2017-18 in which a contractor offered a bid of Rs.140,000,000 which was approved by the Tehsil Council in its meeting held on 11-7-2017. Due to unknown reasons, however, the contract was not awarded to a contractor and departmental collection was made and thus Government was put to a loss of Rs.2,100,000 on account of Income Tax due to non-awarding of contract.

Audit observed that non-recovery of income tax occurred due to negligence, which resulted in loss to Government.

When reported in December 2018, Management stated that detail reply would be submitted after reconciliation with the record of DC Office.

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 recovery of loss and action against the person(s) at fault.

**AIR No.05 (2017-18)**

**1.3.2.3 Unauthorized expenditure without Technical Sanction- Rs.17.376 million**

According to Para 178 of GFR Vol-I read with Para 56 of CPWD Code, no work should be commenced or liability incurred until Technical Sanction has been obtained from the Competent Authority.

Tehsil Municipal Officer, D.I.Khan incurred Rs.17,376,260 on execution of various developmental schemes during 2017-18 without obtaining Technical Sanction from the Competent Authority and thus the whole payment was unauthorized. Detail of schemes is as under.

S.No.	Name of Schemes	Expenditure (Rs.)
1.	Renovation of Roads with Foot Paths & Drains near Agriculture Engineering Workshop to Chungi Chowk Road	6,525,510
2.	Provision of Green Belts in front of Triangular Park, Wensum College & GPO Chowk .	3,771,000
3.	Construction of Babe Gomal in D.I.Khan	7,079,750
<b>Total</b>		<b>17,376,260</b>

Audit observed that non-obtaining of technical sanction was occurred due to non-compliance of rules.

When reported in December 2018, Management stated that the technical staff will be consulted for production of TS.

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 (2017-18)**

**1.3.2.4 Non-recovery of Income Tax on auction of contracts-Rs.16.714 million**

According to Section-236(A) of the Income Tax Ordinance 2001, 15 % advance income Tax should be collected on the auction price of contract from Non-filers.

Tehsil Municipal Officer, D.I.Khan auctioned various contracts for collection of fees during 2017-18 but income tax amounting to Rs.16,714,800 on auction of contracts was not recovered from the contractors as per detail given below.

S.No.	Name of Contract	Name of Contractor	Bid Amount (Rs.)	Income Tax@15% (Rs.)
1.	Collection of Firewood Fees	Zafar Ali Khan	1,052,000	157,800
2.	Sign Board Fees	MohdBakhsh	5,520,000	828,000
3.	Cattle Fare Market fees	Asif Ali	35,010,000	5,251,500
4.	Goat and Sheep Market fees	M. Imran Khan	30,805,000	4,620,750
5.	Shops Opposite Gulshan Bakery	Various Buyers	39045000	5856750
<b>Total</b>				<b>16,714,800</b>

Audit observed that non-recovery of income tax occurred due to negligence, which resulted in loss to Government.

When reported in December 2018, Management replied that notices for recovery of income tax are being issued to defaulters.

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 recovery of income tax and action against the person(s) at fault.

**AIR No.06 (2017-18)**

**1.3.2.5 Loss due to less-realization of 2% Property Tax-Rs.12.911 million**

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

According to Para-23 of GFR Vol-I, 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 or on the part of any other government official.

Tehsil Municipal Officer, D.I.Khan departmentally collected Rs.102,834,445 as 2% mutation fee only during 2017-18 whereas the Revenue Office of DC, D.I.Khan collected Rs. 57,872,749 as 1% mutation during the same period and 2% of which comes to Rs. 115,745,498 and thus local office less realized/ deposited of Rs.12,911,053 than Revenue Officer of DC, D.I.Khan as worked below.

Mutation fee collected by DC, D.I.Khan @1% during 2017-18 (Rs.)	Mutation fee collected by @ 2% by TMO D.I.Khan during 2017-18 (Rs.)	Difference (Rs.)
57,872,749 (115,745,498,=2%)	102,834,445	12,911,053

Audit observed that less recovery of tax occurred due to negligence, which resulted in loss to TMA.

When reported in December 2018, Management stated that detail reply will be submitted after reconciliation with the record of DC Office.

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 recovery of loss and action against the person(s) at fault.

**AIR No.07 (2017-18)**

**1.3.2.6 Loss due to non-depositing of auction amount-Rs.11.78 million**

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

Tehsil Municipal Officer, D.I.Khan auctioned 9 No. shops near Main Circular Road Opposite Gulshan Bakery on 1-2-2018 and 50% of the auction amount was required to be deposited by the successful bidder after approval by the Tehsil Council. However, the bidders did not deposit the 50% of the auction amount and a sum of Rs.11,785,000 is still recoverable as per detail given below.

Shop No.	Name of Bidders	Total Bid Cost (Rs.)	50% amount (Rs.)	Amount deposited (Rs.)	Balance Amount (Rs.)
1.	Muhammad Yousaf	4,420,000	2,210,000	1,000,000	1,210,000
2.	Farooq Shah	4,325,000	2,162,500	1,000,000	1,325,000
3.	Muhammad Yousaf	4,350,000	2,175,000	1,000,000	1,350,000
4.	Farooq Shah	4,350,000	2,175,000	1,000,000	1,350,000
5.	Umair Khan	4,380,000	2,190,000	1,000,000	1,380,000
6.	Umair Khan	4,300,000	2,150,000	1,000,000	1,250,000
7.	Muhammad Yousaf	4,380,000	2,190,000	1,000,000	1,380,000
8.	Farooq Shah	4,270,000	2,135,000	1,000,000	1,270,000
9.	Farooq Shah	4,270,000	2,135,000	1,000,000	1,270,000
<b>Total</b>					<b>11,785,000</b>

Audit observed that non-recovery of auction amount occurred due to negligence, which resulted in loss to TMA.

When reported in December 2018, Management replied that notices for recovery of balance auction amount are being issued to defaulters.

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 recovery of auction amount and action against the person(s) at fault.

**AIR No.08 (2017-18)**

**1.3.2.7 Loss due to non-awarding of Contract-Rs.5.81 million**

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

According to Para-23 of GFR Vol-I, 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 or on the part of any other government official.

Tehsil Municipal Officer, D.I.Khan not awarded contract of General Bus Stand to M/S Muhammad Ismail for the year 2017-18 who offered highest bid of Rs.5,810,000 with the plea that the Tehsil Council did not approve the highest bid without any assigning any reasons besides proceedings of auction were also not forwarded to Local Government Department for vetting. The contractor filed a case in the court of Civil Judge for non-awarding of contract and Civil Judge granted temporary decision in favor of Contractor and ordered to deposit the installments. But neither the contractor deposited the installments nor the local office shown any recovery from General Bus Stand throughout the year and thus due to non- awarding of contract, TMA was put to a loss of Rs.5,810,000.

Audit observed that non-awarding of contract occurred due to negligence, which resulted in loss to TMA.

When reported in December 2018, Management stated that the case in the court and progress will be intimated accordingly.

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 recovery of loss and action against the person(s) at fault.

**AIR No.09 (2017-18)**

**1.3.2.8 Non-recovery of outstanding dues of Sign Board Fee-Rs.5.631million**

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

Tehsil Municipal Officer, D.I.Khan failed to recover outstanding dues of Rs.5,063,120 on account of Sign Board Fee outstanding against the following defaulters. It was observed that a sum of Rs.1,040,000 was shown recovered from the defaulters but Challans of deposit into Government Treasury were not available on record.

S.No.	Name of Defaulters	Amount Rs.)
1.	Irfan Alizai Graphics	321,600
2.	Kohinoor Graphics	1,550,000
3.	Mohsin Hording Board	288000
4.	Al Khair Graphics	1511520

5.	Appollo Graphics	576000
6.	Galaxy Graphics	816000
<b>Total</b>		<b>5,063,120</b>

Audit observed that non-recovery of dues occurred due to negligence, which resulted in loss to TMA.

When reported in December 2018, Management replied that notices for recovery of dues are being issued to defaulters.

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 recovery of dues and action against the person(s) at fault.

**AIR No.10 (2017-18)**

#### **1.3.2.9 Loss due to non-awarding of Contract-Rs.5.520 million**

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

According to Para-23 of GFR Vol-I, 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 or on the part of any other government official.

Tehsil Municipal Officer, D.I.Khan not awarded contract of Sign Boards to M/S Muhammad Bakhsh for the year 2017-18 who offered highest bid of Rs.5,520,000 with the plea that the Tehsil Council did not approve or disapprove the highest bid without assigning any reasons besides proceedings of auction were also not forwarded to Local Government Department for vetting. The Taxation Branch shown zero recovery from Sign Boards throughout the year and thus due to non-awarding of contract, TMA was put to a loss of Rs.5,520,000.

Audit observed that non-awarding of contract occurred due to negligence, which resulted in loss to TMA.

When reported in December 2018, Management replied that detail reply will be given after consultation of record.

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 recovery of loss and action against the person(s) at fault.

**AIR No.11 (2017-18)**

**1.3.2.10 Non-recovery of auction amount of contract-Rs.927,000**

According to Clause-31 of Local Government Department Notification No.AO-II/LCB/6-11/2017 dated 20-2-2017, the local council shall be entitled to recover all dues from the guarantors in case of default on the part of contractor due to any reason.

Tehsil Municipal Officer, D.I.Khan awarded contract of Goat & Sheep Market to M/S Imran Khan @ Rs.30,805,000 during 2017-18. The contractor, however, deposited Rs.29,878,000 to TMA Account whereas a balance amount of Rs.927,000 was still outstanding against the contractor till date of Audit (5-12-2018).

Audit observed that non-recovery of auction amount occurred due to negligence, which resulted in loss to TMA.

When reported in December 2018, Management replied that notice for recovery of balance auction amount is being issued to contractor.

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

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 recovery of auction amount and action against the person(s) at fault.

**AIR No.13 (2017-18)**

**1.3.2.11 Unauthorized execution of schemes-Rs 20.510 million**

Para 178 of GFR Vol-I & Para-56 of CPWA code provides that the work may not be started/executed without technical sanction.

According to Para 179 GFR, scheme should not be split up into pieces in order to avoid the Technical sanction from competent authority.

As per CPWA code Para 59 the purpose of approval or sanction, a group of works, which forms one project, shall be considered as one work.

TMO TMA Paroa executed the scheme “Installation of Submersible and Hand Pumps” and “Construction of streets” amounting to Rs 20,510,000.

Audit held the execution of schemes unauthorized as local office split up the work into pieces in order to avoid Technical Sanction from the competent authority in violation of above mentioned criteria.

Unauthorized execution of scheme occurred due to weak internal control which resulted in violation of rules.

When pointed out in November 2018, management stated that technical sanction will be obtained and submitted to next audit.

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 regularization of schemes

**AIR No.07 (2017-18)**

**1.3.2.12 Loss on account of non-auction of 2% property tax- Rs 18.0 million**

As per section (2) of Local Government department letter No. AO-II/LCB/6-11/2017 dated 20-02-2017 regarding policy guidelines of contracts, the local councils shall fix different dates in one advertisement for auction of the contractor of local taxes if no reasonable bid is offered then another advertisement be got published in the renewed and widely circulated newspaper through information department. The same practice shall certain to the maximum increase or upto minimum of 20% over the last year approved bid income.

TMA Paroa departmentally executed 2% property tax for Rs 28,800,000 during the year 2017-18, the same contract was auctioned for Rs 39,000,000/- during 2016-17 which resulted into loss to Government Rs 18,000,000 as detailed below.

<b>Auctioned during 2016-17</b>	<b>20% increase required</b>	<b>Minimum bid to be fixed for 2017-18</b>	<b>Departmentally collection during 2017-18</b>	<b>Loss</b>
39,000,000	7,800,000	46,800,000	28,800,000	18,000,000

Audit also observed that there was regular increase in the revenue against 2% Property Tax since many years but during 17-18 there was drastic decrease of

revenue. Hence Audit concluded that either the collected revenue was misappropriated by dealing hands or disinterested attitude were adopted during the performance of revenue oriented duties due to which TMA sustained loss of Rs 18,000,000

When pointed out in December 2018, Management stated that it is the policy of government that contract of 2% mutation fee may run through departmental base.

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 immediate recovery of loss and inquiry regarding the issue and action accordingly.

**AIR No.02 (2017-18)**

**1.3.2.13 Irregular and wasteful expenditure on account of submersible pumps-RS 4.790 million**

According to Para 10 (iii) & (iv) of GFR, no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage & Public moneys should not be utilized for the benefit of a particular person or section of the community.

TMO Paroa executed various schemes amounting to Rs-4,790,000 for installation of submersible pumps during 2017-18 but expenditure seemed doubtful and wasteful on the following grounds (detail in annex-4).

- i. The amount was shown incurred on installation of submersible Pumps in the homes of various individuals, not for community of the area which was unauthorized and against the Para 10 (iii) & (iv) of GFR.
- ii. Exact locations of Pumps were neither mentioned in Administrative Approval nor in Technical Sanction.
- iii. The MB and office record was also silent about the locations of the Pressure Pumps.
- iv. The submersible Pumps were installed in remote areas and thus could not be verified due to their exact locations.
- v. The installations of Pumps were not acknowledged by the community.
- vi. Proper handing /taking to any Government Department for operation & maintenance was not made.
- vii. Department has not taken the same on their stock register.

When pointed out in November 2018, management stated that expenditure paid in the interest of public service. Need of people was fulfilled.

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 detail inquiry and action accordingly.

**AIR No.04 (2017-18)**

**1.3.2.14 Loss due to non-deduction of sales tax on services-RS 3.559 million**

KPRA Notification No F-16(4)KPRA/Notification/WH/1383 dated 31-8-2015 provides that Sales Tax be withheld from the service providers @ 15% of the paid amount.

TMO Paroa paid Rs 23,727,502 to the contractors on account of various Developmental Schemes during the year 2017-18 but sales tax on services @15% amounting to Rs 3,559,125 was not deducted from contractor.

Non deduction of sales tax on services occurred due to weak internal control which resulted in loss to Govt; treasury-Rs 3,559,125

When pointed out in November 2018, management stated that matter will be discussed with higher authority as well as KPPRA authorities regarding said tax

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 immediate recovery of Sales tax on services- Rs 3,559,125.

AIR No.05 (2017-18)

**1.3.2.15 Irregular/ Sub-standard execution of Schemes-Rs 1.110 million**

According to Para 10 (iii) & (iv) of GFR, no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage & Public moneys should not be utilized for the benefit of a particular person or section of the community.

TMO Paroa executed three schemes amounting to Rs 1,110,000 during the year 2017-18. Audit held the execution of schemes irregular/sub-standard as work order issued to contractor was not executed as per BOQ. Quantities

mentioned in Tender BOQ and Work order were not executed as mentioned and schemes were shown complete and payment was made to contractor as detail below.

S.No.	Name of scheme	Cost (Amount in Rs)
1.	Construction of drain Gazar	300,000
2.	Const: Street Allah Nawaz Abo Malana	210,000
3.	Construction of drain Lunda ada	300,000
4.	Const: Street Aman Ullah Jhok Waraich	300,000
<b>Total</b>		<b>1,110,000</b>

Irregular execution of schemes occurred due to weak internal control which resulted in loss to Govt. Treasury.

When pointed out in November 2018, management stated that expenditure paid in the interest of public service.

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 physical verification of scheme, re-measurement of work and action accordingly.

AIR No.08 (2017-18)

**1.3.2.16 Unjustified payment on account of cleanliness- Rs1.017 million.**

Para 23 of the GFR Vol- I requires that every government officer is personally responsible for any loss sustained by government through fraud or negligence either on his part or on the part of his subordinate staff.

TMO TMA Paroa paid Rs-1,017,759 on account of execution of cleanliness during the year 2017-18. Audit held the expenditure unjustified as cleanliness of drains and dumps was done through private labour and contractor whereas sufficient numbers of sanitation staff was available in TMA for the same work. More over payment was made without codel formalities i-e Tender/Quotation, rate analysis, cross cheques etc (as detailed below).

S.No.	Date	Cheque No	Amount-Rs
1.	24.07.18	78164360	50,568
2.	03.08.17	781654372	17,560
3.	19.09.17	0000014	46,445
4.	18.11.17	0000079	198,938
5.	05.01.18	0000167	282,241
6.	11.05.18	0000282	54,390
7.	15.05.18	0000284	70,760
8.	01.06.18	0000290	98,780
9.	05.06.18	0000290	167,890
10.	16.06.18	0000299	30,187
<b>Total</b>			1,017,759

Unjustified expenditure occurred due to weak internal control which resulted in loss to Government treasury.

When pointed out in November 2018, management stated that TMA sanitation staff was engaged in other palaces due to which cleanliness work was done by private persons/contractor.

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 detail inquiry and action accordingly.

AIR No.06 (2017-18)

### **1.3.2.17 Loss due to non-recovery of revenue-Rs 30.00 Million**

Para 28 of GFR vol-1 requires that No amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

During audit of Tehsil Municipal Officer, Kulachi for the year 2017-18, it was observed that the water user charges -Rs. 300,000,000 were not recovered as detailed below

S #	Particular	Total amount due	Recovery	Non collected
1.	Water User Charges	300,000,000	0	300,000,000

Audit observed that non collection of Govt dues occurred due to weak internal control which resulted in to loss to Government.

When pointed out in December 2018, management stated that taxation branch of TMA is trying its best to collect water rate charges.

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 immediate recovery of Loss and action against the person's at fault.

AIR No.03 (2017-18)

**1.3.2.18 Doubtful payment due to non-maintenance of cash book- Rs 17.928 Million**

As per treasury Rule 77 every officer receiving money on behalf of Government should maintain a cash book in Form T. R. 4. All money transaction should be entered in the cashbook as soon as they occur and attested by the head of office in token of cheque. The cashbook should be closed regularly and completely checked. The head of office should verify the totaling of the cash book or have this done by some responsible subordinate other than the writer of the cash book and initial it as correct. At the end of each month, the head of the office should verify the cash balance in the cashbook and record a signed and dated certificate to that effect.

Tehsil Municipal officer Kulachi incurred expenditure of Rs. 17,928,853 with effect from December 2017 to June 2018 but cash book for the same work was not maintained as detail below.

S.No	Payment during Month	Payment-Rs
1	February 18	8,406,319
2	April 18	1,606,376
3	May 18	2,364,000
4	June 18	5,551,662
	<b>TOTAL</b>	<b>17,928,357</b>

Due to non-maintenance of cash book audit was unable to form an opinion on accuracy and reliability of payment.

Doubtful payment occurred due to weak managerial control which resulted in violation of rules.

When pointed out in December 2018, management stated that cashbook will be completed and shown to next audit.

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 immediate completion of cashbook as per above mention rules under intimation to audit.

AIR No.06 (2017-18)

**1.3.2.19 Irregular execution of schemes without administrative approval and Technical sanction-Rs. 3.892 million**

Para 32 of CPWA Code requires that Expenditure can only be incurred on a work if sanction, either special or general of the competent authority has been obtained authorizing the expenditure and no work shall be executed without Administrative Approval / Technical Sanction and Budget allotment.

Tehsil Municipal Officer Kulachi executed various developmental schemes for Rs. 3,892,000 during the year 2017-18 as detail attached.

Audit held the execution of scheme irregular as the schemes were executed without obtaining administrative approval from the competent authority and Technical sanction and scheme was split up into pieces in order to avoid technical sanction form competent authority.

Irregular execution of schemes occurred due to weak internal control which resulted in violation of rules.

When reported in December 2018, Management stated that Technical sanction will be obtained from the competent engineer.

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 regularization of schemes

AIR No.08 (2017-18)

**1.3.2.20 Loss to Government due to non-deduction of sales tax on services-Rs 1.517 Million**

KPRA Notification No F-16(4)KPRA/Notification/WH/1383 dated 31-8-2015 provides that Sales Tax be withheld from the service providers @ 15% of the paid amount.



TMO Kulachi paid Rs 10,081,192 to the contractors on account of various developmental schemes during the year 2017-18 but sales tax on services @15% amounting to Rs 1,512,277 was not deducted from contractor as detail below.

S.No	Particular	Payment-Rs	Sales tax on services not deducted
1.	Daud Sons	5,157,446	773,616
2.	Zam Zam Construction	2,917,816	437,672
3.	Hidayauallah	2,005,930	300,889
	<b>Total</b>	<b>10,081,192</b>	<b>1,512,177</b>

Non deduction of sales tax on services occurred due to weak internal control which resulted in loss to Govt; treasury.

When pointed out in December 2018, management stated that we will contact higher authorities for guidance regarding the issue.

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 immediate recovery of Loss-Rs 1,512,177 under intimation to audit.

AIR No.05 (2017-18)

#### **1.3.2.21 Doubtful execution of schemes-Rs 1.375 Million**

According to Para-12 of GFR Volume-I, a controlling officer must see that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

Tehsil Municipal Officer Kulachi paid Rs 1,375,232 on account of executed the schemes during the year 2017-18. Audit held the payment unjustified on following grounds;

- i. Doda Zarni Khel was awarded for Rs 200,000 but work was executed for Rs 286,475 i-e 43% excess over approved work without approval/sanction from competent authority.
- ii. Scheme“ Construction of street/drain Doda zarni Khel” was not completed within stipulated time period but penalty amounting to Rs 20,000 was not deducted from bill.
- iii. Scheme “Construction of Hori” was approved for Rs 349,959. Location of scheme was changed without approval/sanction from competent authority. Moreover following items of work order and BOQ were not executed and

work of Rs 349,959 was limited to Rs 295,445 and work was shown completed and payment was made.

- iv. PC Pointing (1:3),II, stuck joint, III. Supply and Fixing of bib cock and stop cock
- v. Supply and fixing of PVC Pipe

Doubtful execution of schemes occurred due to weak internal control which resulted in noncompliance of rules..

When reported in December 2018, Management stated that matter will be checked and reply will be given accordingly. Saving amount will be utilized for new schemes.

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 detail inquiry and action accordingly.

AIR No.10 (2017-18)

**1.3.2.22 Irregular and wasteful expenditure on account of installation of pressure pumps Rs. 10.892 million.**

According to Para 10 (iii) & (iv) of GFR, no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage & Public moneys should not be utilized for the benefit of a particular person or section of the community.

The TMO Daraban incurred 10,892,060 on installation of hand/ pressure pumps during 2017-18 (detail in annex-5), the expenditure seems doubtful and wasteful on the following grounds;

- i. The amount was shown incurred on installation of hundreds of Pressure Pumps/ Hand Pumps in the homes of various individuals, not for community of the area which was highly unauthorized and against the Para 10 (iii) & (iv) of GFR.
- ii. Exact locations of Pressure/Hand Pumps were neither mentioned in Administrative Approval nor in Technical Sanction.
- iii. The installations of Pressure/Hand Pumps were not acknowledged by the community.
- iv. Proper handing /taking to any Government Department for operation & maintenance was not made.
- v. Any Government Department has not taken the same on their stock register.

Audit observed that irregular expenditure occurred due to weak internal control which resulted into loss to Govt.

When reported in December, 2018, the management stated that the pressure pumps were installed inside the homes of people on the recommendation of public representatives of the area.

Request for convening of DAC meeting was made on 31.12.2018. DAC meeting could not be convened till finalization of this Report.

As the Public money is utilized for the benefit of a particular person or section of the community hence needs inquiry and action against the person(s) at fault.

AIR No.01 (2017-18)

**1.3.2.23 Loss to Government due to defective tendering process- Rs.4.353 million.**

Para 23 of the GFR Vol- I requires that every Government officer is personally responsible for any loss sustained by government through fraud or negligence either on his part or on the part of his subordinate staff.

TMO Daraban executed various developmental schemes for Rs. 9,785,575 (detail in annex-6), it was observed that: -

- i. The online tender form submitted by the contractors were incomplete as rate offered were not mentioned in words and figures on tender forms.
- ii. In all the cases the rates were changed /tempered by inserting figure zero and point on left side of rate mentioned on BOQ i.e 50% to 0.50% below.
- iii. The rates offered by the contractors were not written in the words on BOQ.

Audit observed that tempering of rates in tender forms occurred due to weak internal control which resulted into loss to Government of Rs.4,353,436.

When reported in December, 2018, the management stated that all codal formalities required for tendering process were full filled by the quarter concern.

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 recovery of loss and action against the person(s) at fault.

**1.3.2.24 Loss to Govt due to non-deposit of income tax and Sales tax- Rs. 2.628million**

Para 23 of the GFR Vol- I requires that every Government officer is personally responsible for any loss sustained by government through fraud or negligence either on his part or on the part of his subordinate staff.

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

Tehsil Municipal Officer Daraban deducted income and sales tax amounting to Rs.,2,628,188 from different contractors/ suppliers bills during 2017-18 but not deposited into government treasury.

Audit observed that non deposit of income tax occurred due to weak internal control which resulted into loss to Government.

When reported in December 2018, the management stated recovery will be made after consultation of record.

Request for convening of DAC meeting was made on 31.12.2018. DAC meeting could not be convened till finalization of this Report.

As such no recovery is made till the finalization of this report hence audit recommends recovery and action against the person(s) at fault.

**1.3.2.25 Non deduction of sales tax on services Rs 2.271 million.**

According to 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. as per Rules at S# 26 & 31 of Schedule-II.

TMO, Daraban paid Rs.15,141,002 (detail in annex-7) as various developmental schemes during 2017-18.

It was observed that sales tax on services amounting to Rs.2,271,150 from the contractor bill was not deducted.

Audit observed that non deduction of sales tax on services occurred due to weak internal control which resulted into loss to Government.

When reported in December, 2018, the management stated that the recovery will be made after confirmation from record.

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 recovery of amount of sales tax on services and action against the person(s) at fault.

AIR No.04 (2017-18)

**1.3.2.26 Wasteful expenditure on account of de-silting of drain Rs.1.120 million.**

Para 23 of the GFR Vol- I requires that every government officer is personally responsible for any loss sustained by government through fraud or negligence either on his part or on the part of his subordinate staff.

TMO Daraban incurred expenditure of Rs.1,120,287 on account of execution of scheme “De-silting of drains at various areas in Tehsil Daraban during 2017-18.

S #	Scheme	Amount
1	Desilting of drain Kirri Bhakhtiar	487,312
2	Desilting of drain Musazai	484,500
3	Desilting of drain Chowdhwani	148,475
<b>Total</b>		<b>1,120,287</b>

It was observed that expenditure was incurred on account of de-silting of drain while work was executed through private contractor where sufficient numbers of sanitary workers /sanitation staff for desilting /sanitation work is available.

Audit observed that wasteful expenditure occurred due to weak internal control.

When reported in December, 2018 the management stated that contract was awarded to private labor for timely completion of work.

Request for convening of DAC meeting was made on 31.12.2018. DAC meeting could not be convened till finalization of this Report.

As the permanent staff is available for the same work hence audit recommends proper justification and against the person(s) at fault.

**1.3.2.27 Irregular release of security to contractor Rs. 986,493.**

As per clause 17-A, of the contract agreement, the security deposit or the balance of the security deposit due to the contractor will not be refunded to him until three months after the work shall have been certified a completed by engineer in charge.

While scrutiny of accounts record of TMO Draban for the year 2017-18, it was observed that the contractor security and earnest money of various schemes (detailed in annex-8) for Rs.986,496 were released to the contractors before completion of three months of period as required under rule *ibid*.

Audit observed that release of security and earnest before completion of required period occurred due to weak internal control which resulted into loss to Government.

When reported in December 2018, the management stated that security has been released on the report of Engineer in charge after verification of record at site.

R Request for convening of DAC meeting was made on 31.12.2018. DAC meeting could not be convened till finalization of this Report.

As the security is released before three months hence audit recommends inquiry and action against the person(s) at fault.

**1.3.2.28 Loss to Govt: due to non-deduction of income tax-Rs.14.304 million**

According to Section 153(1)(c) every prescribed person making a payment in full or part including a payment by way of advance to a resident person on the execution of a contract, [including contract signed by a sportsperson] [but not including] a contract for the sale of goods or the rendering of or providing services, shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division III of Part III of the First Schedule.

During audit of TMA Paharpur, it was observed that income tax u/s 153(1)(c) of Income Tax Ordinance 2001 was not deducted from the bills of

contractors while making payment which resulted loss of Rs.14,304,433 to the Government exchequer.

Audit observed that non deduction of income tax occurred due to weak internal control which resulted into loss to Govt.

When reported in November, 2018 the management stated that the recovery of due amount will be made after verification of record. The reply is not convincing as no recovery of income tax was made till the finalization of this report hence audit recommends recovery of income tax.

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 recovery of loss and inquiry against the person(s) at fault.

AIR No.02 (2017-18)

**1.3.2.29 Loss to Government due to non-auction of contract 2% property tax-Rs 7.445 million.**

As per section (2) of Local Government department letter No. AO-II/LCB/6-11/2017 dated 20-02-2017 regarding policy guidelines of contracts, the local councils shall fix different dates in one advertisement for auction of the contractor of local taxes if no reasonable bid is offered then another advertisement be got published in the renewed and widely circulated newspaper through information department. The same practice shall certain to certain the maximum increase or up to minimum of 20% over the last year approved bid income.

TMO, Paharpur departmentally collected “2% property tax on transfer of immovable property” for Rs 22,554,352 during 2017-18.

It was observed that the contract was initially auctioned for Rs24,500,000 to the contractor M/S Naveed Ahmad but the bid was rejected by the Local Council Board, on the appeal of a contractor M/S Haji Rehman with the direction that bid offered by the contractor concerned for Rs 30,000,000 may be declared as reserved bid and seek fresh bidding through vide publicity but no action was taken by the quarter concern which resulted into loss of Rs. 7,445,648 as detailed below;

<b>Auctioned on 27-04-17</b>	<b>Reserved bid fixed by LCB</b>	<b>Departmental collection</b>	<b>Loss</b>
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24,500,000	30,000,000	22,554,352	7,445,648
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Audit observed that non auction of contract occurred due to weak internal control which resulted into loss to Govt.

When reported in November, 2018 the management stated that the departmental collection was made on the direction of higher ups. The reply is not convincing as the departmental collection was made inspite of clear direction by the Local Council Board .

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 recovery of loss and inquiry against the person(s) at fault.

AIR No.01 (2017-18)

**1.3.2.30 Irregular expenditure on account of non-obtaining of technical sanction–Rs 3.994 million**

Para 32 of CPWD Code requires that expenditure can only be incurred on a work if sanction, either special or general of the competent authority has been obtained authorizing the expenditure. Or no work shall be executed without Administrative Approval / Technical Sanction and Budget allotment.

TMO Paharpur incurred expenditure of Rs 3,994,883 on account of execution of scheme “Construction /rehabilitation of black top road Maddi Khel Paharpur” during 2017-18, it was observed that the technical sanction of the scheme only for Rs.3,200,000 was obtained from Tehsil Officer Infrastructure D.I.Khan while as per notice for inviting tender (NIT) and administrative approval (AA) the cost of scheme was Rs 40,000,000.

Audit observed that irregular expenditure occurred due to weak internal control which resulted wastage of Public moneys.

When reported in November, 2018 the management stated that revised technical sanction of the scheme will be obtained from 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.10 (2017-18)



### 1.3.2.31 Non deduction of sales tax on services Rs 2.773 million

According to 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. as per Rules at S# 26 & 31 of Schedule-II.

TMO, Paharpur paid Rs. 18,489,606 as various developmental schemes during 2017-18 as detailed below: -

S #	Scheme	Contractor	Amount	Sales tax on services@ 15%
1	Construction /rehabilitation of BTR Madi khel	Ikramullah	3,994,883	599,232
2	Construction of black top road, kachi mali khel Paharpur	Sana Ullah	4,824,073	723,610
3	Construction of small bridges bagwani	Abdur Rehman	2,000,000	300,000
4	Construction / Rehabilitation of BTR Khanu khel	Ikramullah	320,000	48,000
5	Installation of pressure pumps in Kot jai 87 Nos	Abdur Rahim	1,120,000	168,000
6	Construction of water Tank UC khan Muhammad Gillotti	Abdur Rahim	1,425,000	213,750
7	Construction/ rehabilitation of BTR jhok Muazzam	Kamran kundi	3,205,650	480,847
8	Construction of Janazagah UC Khan Muhammad Panyala	Abdur Rahim	1,600,000	240,000
<b>Total</b>			<b>18,489,606</b>	<b>2,773,439</b>

It was observed that sales tax on services amounting to Rs.2,773,439 from the contractors was not deducted.

Audit observed that non deduction of sales tax on services occurred due to weak internal control which resulted into loss to Government.

When reported in November, 2018 the management stated that the recovery of sales tax will be made after consultation of record.

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 recovery of amount of sales tax on services and action against the person(s) at fault.

**1.3.2.32 Irregular and wasteful expenditure on account of installation of pressure pumps Rs. 1.120 million.**

According to Para 10 (iii) & (iv) of GFR, no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage & Public moneys should not be utilized for the benefit of a particular person or section of the community.

The TMO Paharpur incurred 1,120,000 for installation of 87 numbers of submersible / pressure pumps during 2017-18 but expenditure seemed doubtful and wasteful on the following grounds.

- i. The amount was shown incurred on installation of submersible/ Pressure Pumps in the homes of various individuals, not for community of the area which was highly unauthorized and against the Para 10 (iii) & (iv) of GFR.
- ii. Exact locations of submersible/ Pressure Pumps were neither mentioned in Administrative Approval nor in Technical Sanction.
- iii. The MB and office record was also silent about the locations of the Pressure Pumps.
- iv. The submersible/ Pressure Pumps were installed in remote areas and thus could not be verified due to their exact locations.
- v. The installations of submersible/ Pressure Pumps were not acknowledged by the community.
- vi. Proper handing /taking to any Government Department for operation & maintenance was not made.
- vii. Any Government Department has not taken the same on their stock register.

Audit observed that irregular expenditure occurred due to weak internal control which resulted wastage of Public moneys.

When reported in November, 2018 the management stated that all the pressure pumps were installed on the recommendation of public representatives and occurred no irregularity.

Request for convening of DAC meeting was made on 31.12.2018. DAC meeting could not be convened till finalization of this Report.

On the basis of above grounds, expenditure on installation of submersible/ Pressure Pumps seems doubtful which needs proper inquiry along-with action against the person(s) responsible.

AIR No.09 (2017-18)

**1.3.2.33 Irregular release of additional security– Rs. 1.116 million**

As per clause 17-A, of the contract agreement, the security deposit or the balance of the security deposit due to the contractor will not be refunded to him until three months after the work shall have been certified a completed by engineer in charge.

While scrutiny of accounts record of TMO Paharpur for the year 2017-18 as detailed below: -

S #	Name of scheme	Date of completion	Release of security	
			Date	Amount
1	onstruction of small bridges in UC bagwani Bilot	27-11-17	09-10-17	160,000
2	Construction of black top road-Kot Jai	04-10-17	03-04-17	256000
3	Installation of pressure /submersible pumps in UC Kot jai, kat gargh, Bilot etc.	02-01-17	09-10-17	160,000
4	construction of water tank UC khan Muhammad Giloti	09-08-17	09-10-17	200,000
5	Construction /rehabilitation of BTR Jhok Muazzam UC Bilot	10-10-17	27-11-17	320,000
6	Installation of pressure pumps, hand pumps meapi, Bahaduri, UC Giloti	27-11-17	01-11-17	20,000
<b>Total</b>				<b>1,116,000</b>

It was observed that the contractor security and earnest money of various schemes for Rs.1,116,000 was released to the contractors before completion of three months of period as required under rule ibid.

Audit observed that irregular release of additional security occurred due to weak internal control.

When reported in November, 2018 the management stated that security is released to the contractor on the report of technical staff and detailed reply will be given after consultation of record.

Request for convening of DAC meeting was made on 31.12.2018. DAC meeting could not be convened till finalization of this Report.

As the security was released before completion of required period hence audit recommends inquiry against the person(s) at fault.

AIR No.07 (2017-18)

**ASSISTANT DIRECTOR  
LGE&RDD**

#### 1.4 AD LGE & RDD, D.I.KHAN

##### 1.4.1 Irregularities and Non Compliance

##### 1.4.1.1 Irregular expenditure on accounts of non-obtaining of TS/measurement book -Rs 9.496 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 and Rural development department, D.I.Khan incurred expenditure of Rs 9,496,624 on account of execution of various developmental schemes during 2017-18. (Detail below).

S #	Name of Scheme	Cost
1	Construction / repair of Gali Noor Muhammad to MajidMehmood shah	402,806
2	Installation of solar submersible pumps at QasmiaChowk	300,000
3	Installation of pressure pumps in village wade Shair khan	600,000
4	Repair of BHU Takwara	700,000
5	Construction of additional room/missing facilitates at DHO office	1,378,031
6	Installation of WSS/missing facility THQ Paroa	808,333
7	Construction of additional room Civil dispensary at Gilloti	843,382
8	Rehabilitation of BHU Mahra	1,897,379
9	Installation of H/pressure pumps sagu, Hissam, GaraRehman	1,500,000
10	Installation of H/pressure pumps Gilloti TS MBS	1,366,690
<b>Total</b>		<b>9,496,624</b>

It was observed that: -

- i. The technical sanction of the schemes before the commencement of work was not obtained from the competent authority.
- ii. The measurement book for the work executed at site was also not produced /maintained by the engineer in-charge to certify the actual quality of work executed at site.

Audit observed that non maintenance of MB/TS occurred due to weak internal control which resulted into irregular expenditure.

When reported in December 2018 the management stated that the technical staff will be consulted for production of such record.

In the absence of technical sanction and MB the quality of work approved and actually executed at site could not be verified.

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.05 A/C-IV (2017-18)

**1.4.1.2 Irregular and wasteful expenditure on account of installation of pressure pumps-Rs. 8.653million.**

According to Para 10 (iii) & (iv) of GFR, no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage & Public moneys should not be utilized for the benefit of a particular person or section of the community.

As per S.No.07 of the administrative approval issued by Deputy Commissioner D.I.Khan issued vide No.670/DC/AA/2016-17 dated 24-08-2017 “ indication of exact location of schemes will be ensured while according / granting technical sanction to the estimates and will be made part of the bid documents.

Assistant Director, Local Government and Rural development department, D.I.Khan incurred expenditure Rs.8,653,599for installation of 155 no of hand/ pressure pumps during 2017-18.

S#	Name of Scheme	Qty	Amount
1	Installation of pressure pumps village Wanda Sher khan	02	558,766
2	Installation of solar submersible pumps in Qasuria town	01	300,000
3	Installation of hand /pressure pumps paharpur, Kulachi, Draban	27	796,043
4	Installation of hand/pressure pumps Matta, Darkhana, awanwetc	30	400,000
5	Installation of H/pressure pumps GaraRehman, pusha, Hissam, Sagh	05	1,500,000
6	Installation of H/pressure pumps GaraRehman, Meherban, Musa zai, Sharif.	03	700,000
7	Installation of hand/pressure pumps Lachra, D.I.Khan	56	1,487,368
8	Installation of hand/pressure pumps pumpsKirriShamozai	03	794,732
9	Installation of hand/pressure pumps UC No . 3 D.I.Khan	24	750,000
10	Installation of hand/pressure pumps Gilati	04	1,366,690
<b>Total</b>		<b>155</b>	<b>8,653,599</b>

While expenditure seemed doubtful and wasteful on the following grounds.

- i. The amount was shown incurred on installation of hundreds of Pressure Pumps/ Hand Pumps in the homes of various individuals, not for community of the area which was highly unauthorized and against the Para 10 (iii) & (iv) of GFR.

- ii. Exact locations of Pressure/Hand Pumps were neither mentioned in Administrative Approval nor in Technical Sanction.
- iii. The installations of Pressure/Hand Pumps were not acknowledged by the community.
- iv. Proper handing /taking to any Government Department for operation & maintenance was not made.
- v. Any Government Department has not taken the same on their stock register.

Audit observed that irregular expenditure occurred due to weak internal control which resulted into loss to Govt.

When reported in December, 2018, the management stated that the pressure pumps were installed inside the homes of people on the recommendation of public representatives of the area.

Request for convening of DAC meeting was made on 31.12.2018. DAC meeting could not be convened till finalization of this Report.

As the Public money is utilized for the benefit of a particular person or section of the community hence needs inquiry and action against the person(s) at fault.

AIR No.02 A/C-IV (2017-18)

#### **1.4.1.3 Irregular expenditure on account of defective tendering process Rs. 8.129 million.**

Para 23 of the GFR Vol-I requires that every government officer is personally responsible for any loss sustained by government through fraud or negligence either on his part or on the part of his subordinate staff.

Assistant Director Local Government D.I.Khan executed various developmental schemes for Rs.8,129,442(detail below).

S #	Name of Scheme	Contractor	Rate accepted	Payment
1	Construction of street Gali Near Noor Muhammad	Attar Muhammad	1.50% below	394,000
2	Installation of solar submersible pumps	AbraizAlamgir	11% below	300,000
3	Installation of P/Pumps wandasher khan	HCI Constt& Co	1.50% below	558776
4	Repair of dispensary Hathala	HCI Constt& Co	2% below	300,000
5	Repair of BHU Takwara	Atta Muhammad	1.50% below	700,000



6	Construction of additional room at DHO office	Atta Muhammad	3.50% below	1,400,000
7	Instt of WSS/missing facility THQ Paroa	Atta Muhammad	2% below	792,167
8	Construction of additional room Civil dispensary at Gilati	Atta Muhammad	2.50%	800,000
9	Rehabilitation of BHU Mahra	Al –Imran	12.03% below	2,156,847
10	Installation of pressure pumps Musa zai	Ikramullah Khan	3.05% below	727,652
			<b>Total</b>	<b>8,129,442</b>

it was observed that: -

- i. The online tender form submitted by the contractors were incomplete as rate offered were not mentioned in words and figures on tender forms.
- ii. The rates were mentioned only on BOQ in figures instead of on tender forms.
- iii. Most of the tender forms /BOQ were not signed by the members of tender committee.
- iv. No tender comparative statements were prepared for awarding of contract.
- v. No tender register was maintained by the quarter concern.

Audit observed that defective tendering process occurred due to weak internal control.

When reported in December, 2018, the management stated that all codal formalities required for tendering process were full filled by the quarter concern.

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 A/C-IV (2017-18)

#### **1.4.1.4 Unauthorized drawl of funds on simple receipt Rs.7.813 million**

Rule 130 of treasury rules requires that money may not be withdrawn from the public exchequer without presentation of bills.

As per S.No.02 of the administrative approval issued by Deputy Commissioner issued vide No.6604/DC/Dev/settle dated 19-12-2017 “the mode

of payment for incurrence of expenditure of each and every scheme will be based on bill to bill payment on work done basis”.

Assistant Director, Local Government and Rural development department, D.I.Khan draw Rs.7,813,937 from Govt treasury on account of funds allocated for various developmental schemes during 2017-18 as detail below.

S.No	Name of Schemes	Date	Amount
1	Construction of PCC Drain at Village kathGarh	27-11-17	782,000
2	Installation of Solar Pumps at qasuriachowk	28-12-17	300,000
3	Installation of pressure pumps villagewandasher khan	02-11-17	558,776
4	Repair / rehabilitation of dispensary hathala	29-03-18	300,000
5	Repair of BHU Takwara	28-03-18	700,000
6	Construction of additional room/missing facility at DHO office	25-04-18	1,378,031
7	Installation of WSS/missing facility at THQ Paroa	22-01-18	792,167
8	Rehabilitation of BHU Mahra	01-06-18	1,004,604
9	Installation of hand /pressure pumps in Kulachi Drabanetc	29-11-17	796,043
10	Installation of hand /pressure pumps in noorpur, Awanwala	09-01-18	1,202,316
<b>Total</b>			<b>7,813,937</b>

It was observed that the amount was drawn in lump sum on simple receipt instead of on work done basis subject to physical verification by the monitoring committee which violation of rule ibid.

Audit observed that unauthorized drawl of funds on simple receipt occurred due to weak internal control which resulted into loss to Govt.

When reported in December, 2018, the management stated that payment is made to the contractors on work done basis through cross cheque. The reply is not convincing as the funds were drawn on simple receipt and the pre audit function of District Accounts Officer was not properly performed for incurrence of expenditure.

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 A/C-IV (2017-18)

#### 1.4.1.5 Irregular expenditure on accounts of repair of health units- Rs6.149 million

Para 23 of the GFR Vol-I requires that every government officer is personally responsible for any loss sustained by government through fraud or negligence either on his part or on the part of his subordinate staff.

Assistant Director, Local Government and Rural development department, D.I.Khan incurred expenditure of Rs 6,149,014 on account of execution of various developmental schemes during 2017-18, (as detailed below).

S #	Scheme	Contractor	Payment
1	Repair of dispensary Hathala	HCI Construction & Co	300,000
2	Repair of BHU Takwara	Atta Muhammad	700,000
3	Construction of additional room at DHO office D.I.Khan	Atta Muhammad	1,400,000
4	Installation of WSS/missing facility THQ Paroa	Atta Muhammad	792,167
5	Construction of additional room Civil dispensary at Gilati	Atta Muhammad	800,000
6	Rehabilitation of BHU Mahra	Al -Imran	2,156,847
<b>Total</b>			<b>6,149,014</b>

It was observed that the expenditure was incurred on repair /rehabilitation of basic health facilities in district D.I.Khan and seems irregular on the following grounds: -

- i. No detailed cost estimates /PC-I was available in recorded to verify the actual quantity of work to be executed at site.
- ii. Handing taking of scheme with the health department was not made.
- iii. No NOC was obtained from the C&W building department as the same nature of repair work is also being executed by the department in the district.

Audit observed that irregular expenditure occurred due to weak internal control which resulted into loss to Government.

When reported in December 2018 the management replied that work is executed after fulfillment of all codal formalities required for a scheme.

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.

**1.4.1.6 Non deduction of sales tax on services Rs 2.148 million.**

According to 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. as per Rules at S# 26 & 31 of Schedule-II.

Assistant Director Local Government D.I.Khan paid Rs-14,323,561. (detail annex-9) as various developmental schemes during 2017-18.

It was observed that sales tax on services amounting to Rs2,148,529 from the contractors was not deducted.

Audit observed that non deduction of sales tax on services occurred due to weak internal control which resulted into loss to Government.

When reported in December, 2018, the management stated that the recovery will be made after consultation of record.

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 recovery of amount of sales tax on services and action against the person(s) at fault.

# **DERA DEVELOPMENT AUTHORITY**

## **1.5 Dera Development Authority, D I Khan**

### **1.5.1 Irregular and Non Compliance**

#### **1.5.1.1 Un-authorized execution of scheme Rs.24.859 million without Technical Sanction**

Para 178 of GFR Vol-I provides that the work may not be started/executed without technical sanction.

According to Para 179 GFR, scheme should not be split up into pieces in order to avoid the Technical sanction from competent authority.

Dera Development Authority executed schemes installation of Hand/Pressure Pumps and submersible pumps amounting to 24,859,740 during the year 2016-17. Audit observed that scheme was split up into small pieces in order to avoid technical sanction from competent authority.

Splitting up of scheme into pieces and obtaining Technical sanction from incompetent authority was unauthorized.

Irregularity occurred due to weak internal control.

Audit observed that splinting of scheme occurred due to weak internal control which resulted into loss to Government.

When pointed out in June 2018, management stated that Technical sanction was obtained work to work base. Complete report of Technical sanction will be submitted to next audit.

Request for convening for DAC meeting was made on 12.07.2018, DAC meeting could not be convened till finalization of this Report.

Audit recommends recovery of amount of sales tax on services and action against the person(s) at fault.

AIR No.01 (2017-18)

#### **1.5.1.2 Loss of Government treasury-Rs. 219.950 Million**

Para-23 of GFR Vol-I required every government officer should realized fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence either on his part or on the part of his subordinate staff.

According to Para 26 & 28 of GFR volume-I, it is the duty of the Controlling Officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

The accounts record of Project Director DDA D.I.Khan (Housing Branch) revealed that 223 No of plots of various sizes were still retained unnecessarily till June 2017. Local office did not auction the plots as detail below.

S.No	Size	No. of Plots	Plots allotted	Plots retained	Price/plot	Total Amount
1	01- Kanal	659	568	91	2,000,000	182,000,000
2	10-Marla	444	411	33	1000,000	33,000,000
3	6.5 Marla	351	252	99	500,000	4,950,000
Total:						219,950,000

Government treasury sustained loss of Rs. 219,950,000 due to non auction of plots by the authority.

Audit observed that non recovery of dues occurred due to weak internal control which resulted into loss to Government.

When pointed out in June 2018, management stated that efforts will be made to auction the plot and collect revenue accordingly.

Request for convening for DAC meeting was made on 12.07.2018. DAC meeting could not be convened till finalization of this Report.

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

AIR No.02 (2017-18)

## ANNEXURES

### Annex-1

#### Detail of MFDAC Paras

(Rs in million)

S.No.	AIR No.	Department	Gist of Para	Amount
1.	07	Do Agriculture	Unauthorized expenditure	0.038
2.	15		Non deduction of income tax	0.233
3.	04	Do Population welfare	Unauthorized payment	0.382
4.	05		Unauthorized payment	0.115
5.	04	DO Sports	Non production of record	0.240
6.	06		Loss to Govt	0.158
7.	07		Doubtful payment	0.063
8.	18		Overpayment	0.038
9.	05	A.D Fisheries	Doubtful payment	0.100
10.	06		Unauthorized payment	0.099
11.	06	DHO	Non deduction of HPA	0.374
12.	05	TMA Pharpur	Unjustified expenditure	0.220
13.	06		Loss due to non-deduction of income tax	0.017
14.	11		Overpayment	0.185
15.	06	TMA Daraban	Overpayment about BOQ	0.289
16.	14	TMA DI Khan	Unauthorized expenditure	0.211
17.	17		Irregular payments on TA/DA	0.071



**Annex-2**  
**Para 1.2.2.10**

**Detail showing Irregular drawl of funds without actual supply**

S.No.	Name of firm	Head of a/c	Cheque No. & date	Amount	Total Amount
1	M/S Zafa Pharmaceuticals Lab	DI-6311-CH Chowdhwan	0772252, 22/06/18	171461-	439,840
			0772322,22/06/18	268379/	
2	M/S Abbott Laboratories Pakistan	DI-6130-Dispensary	0772323,22/06/18	318599/	301,076
3	M/S GlaxoSmithKline Pak:	DI-6307-THQr: Kulachi	0772442,23/06/18	62370/-	62,370
4	M/S Cotton Craft (Pvt) Ltd:	DI-6306-THQr: Panyala	0772460, 23/06/18	668672/	769,774
			0823392,0823384 0823386.28/06/18	101102/	
5	M/S Reckitt Benkiser	DI-6351-BHU Jandi Babar	0772251,22/06/18	281160/	281,160
6	M/S Sami Pharmaceuticals	DI-6334- BHU Abdul Khel	07726472,5/06/18	279319	279,319
7	M/S Rakaposhi Pharmaceutical Pvt	DI-6351- BHU Jandi Babr.	0772843,26/06/18	265802/	534,181
			0772649,25/06/18	268379/	
8	M/S Polyfine Chempharma Pharma	DI-6307-THQr: Kulachi	0772846,26/06/18	298865/	298,865
9	M/S Bosch Pharmaceuticals	DI-6308-THQr: Paroa	0772847,26/06/18	401212/	1,143,696
			0772459,23/06/18	742484/	
10	M/S Stanly Pharmaceuticals	DI-6312-Police HI	0772849,26/06/18	247400/	495,300
			0772871,26/06/18	247900/	
11	M/S B. Braun Pakistan (Pvt)	DI-6306-THQr: Panyala	0823047,27/06/18	326056/	326,056
12	M/S Cirin Pharma	DI-	0772439,23/06/18	494749/	494,749
<b>Total</b>					<b>5,426,386</b>

**Annex-3**  
**Para 1.2.3.4**

**Detail showing Over payment of health professional allowance**

S.No	P.No	Name	BPS	Posting	Position	Drawn	Due	Difference
1	182924	DR M YOUNAS KHAN	18	Kulachi	SMO	864,000	744,000	120,000
2	182983	DR ABDUR RASHID	19	Paharpur	SMO	792,000	682,000	110,000
3	185695	DR SALIM JAVAID	18	Paharpur	DMS	864,000	744,000	120,000
4	186246	M NAEEM AKHTAR	19	Paniyala	MS	794,000	744,000	50,000
5	186711	DR M ANAM7316	18	Kulachi	SMO	641,032	558,000	83,032
6	187213	DR M ANSAR WASEEM	19	Panyala	SMO	792,000	682,000	110,000
7	187817	DR ASIF FAROOQ	18	Paharpur	SMO	864,000	744,000	120,000
8	188101	ATIF FAHEEM	17	Kulachi	MO	720,000	620,000	100,000
9	188204	DR SHEHLA KHAN	18	Panyala	MO	72,000	62,000	10,000
10	189277	DR TAHIR MANAN	19	Parova	SMO	864,000	744,000	120,000
11	189834	DR QAZI M JAMIL	19	Paharpur	MS	864,000	744,000	120,000
12	189918	DR NAEEMA SAADIA	19	Kulachi	SMO	864,000	744,000	120,000
13	191459	DR ANEELA AZAM	18	Kulachi	SMO	504,000	434,000	70,000
14	191684	DR MIQBAL6216	19	Paharpur	SMO	742,000	682,000	60,000
15	192997	DR QAMAR IQBAL	19	Parova	SMO	744,000	744,000	0
16	193092	DR SHAH JEHAN MALIK	19	Parova	MS	864,000	744,000	120,000
17	193137	DR SHABIR AHMAD	19	Panyala	MO	209,032	186,000	23,032
18	194693	DR RASHID HASSAN	18	Kulachi	SMO	576,000	496,000	80,000
19	194712	DR FARIDULLAH KHAN	19	Kulachi	SMO	648,000	558,000	90,000
20	195099	DR QUTAB KHAN	18	Panyala	MO	236,571	217,000	19,571
21	195763	DR HABIBUR	18	Parova	SMO	504,000	504,000	0

		REHMAN						
22	197445	DR GOHAR ZAMAN	18	Police Line	SMO	432,000	372,000	60,000
23	197487	DR ABRAR HASSAN	17	Zafarabad	MO	864,000	744,000	120,000
24	197502	DR GULAB KHAN	18	Paharpur	SMO	682,000	682,000	0
25	202130	RAFIQUE MOHAMMAD	18	Parova	MO	720,000	620,000	100,000
26	202331	JAMAL UD DIN	18	Panyala	SMO	504,000	372,000	132,000
27	291146	DR INAYAT ULLAH	18	Kulachi	SMO	864,000	744,000	120,000
28	291170	MOHAMAD ANWAR	18	Kulachi	MO	209,032	186,000	23,032
29	313046	M ILYAS	19	Kulachi	SMO	432,000	372,000	60,000
30	336235	HANIFULLAH	17	Panyala	MO	864,000	744,000	120,000
31	361132	ABDUL MALIK	18	Parova	SMO	504,000	434,000	70,000
32	377946	ATTA ULLAH	18	Parova	DMS	864,000	744,000	120,000
33	446818	AFSHEEN GUL	17	Dispensary	MO	792,000	682,000	110,000
34	446831	FAHAD NAWAZ KHAN	17	Parova	MO	864,000	744,000	120,000
35	652057	DR.M SALMAN	17	Parova	MO	576,000	496,000	80,000
36	652550	DR M RIZWAN	17	Parova	MO	864,000	744,000	120,000
37	654320	WAJIJHA GUL	17	Kulachi	MO	792,000	682,000	110,000
38	710107	NOMAN KHALID	17	Paharpur	MO	864,000	744,000	120,000
39	720765	M AAMIR NAWAZ KHAN	17	Parova	MO	764,000	744,000	20,000
40	731870	SOHAILA HAYAT	17	Kulachi	DS	576,000	496,000	80,000
41	740929	ABID HUSSAIN	17	Parova	MO	864,000	744,000	120,000
42	749507	IMRAN KHAN	17	Paharpur	MO	648,000	558,000	90,000
43	762067	MARIA MALIK	17	Dispensary	MO	864,000	744,000	120,000
44	788119	OUN AYAZ	17	Parova	MO	864,000	744,000	120,000
45	791693	DR M SHOAIB KHAN	17	Paharpur	MO	648,000	558,000	90,000
46	797606	M UMAIR	17	Police Line	MO	864,000	744,000	120,000

47	797620	MALIK HASHMAT	17	Parova	MO	792,000	682,000	110,000
48	797640	NIALA HAYAT	17	Paharpur	MO	792,000	682,000	110,000
49	800470	M ARIF KHAN	17	Parova	MO	216,000	186,000	30,000
50	809419	DR NASEEM BEGUM	17	Kulachi	MO	720,000	620,000	100,000
51	826499	AMARA KHAN	17	Paharpur	MO	504,000	434,000	70,000
52	826546	KHALIQ NOOR	17	Paharpur	MO	864,000	744,000	120,000
53	826547	M SEERWAN	17	Paharpur	MO	432,000	372,000	60,000
54	826550	HAFSA HABIB	17	Paharpur	MO	648,000	558,000	90,000
55	826551	SHOAIB AHMAD	17	Panyala	MO	864,000	744,000	120,000
56	826573	DR. ARIFA SABAHT	17	Paharpur	MO	864,000	744,000	120,000
57	830376	DR ADNAN RAFIQ	17	Paharpur	MO	792,000	682,000	110,000
58	832073	ABDUR RAUF	17	Kulachi	BBO	892,000	682,000	210,000
59	833769	DR. AYESHA SALEEM	17	Parova	MO	864,000	744,000	120,000
60	833779	DR. SHOAIB KHAN	17	Paharpur	MO	864,000	744,000	120,000
61	833787	DR. AMBER FATIMA	17	Panyala	MO	72,000	62,000	10,000
62	834347	DR. SARAH REHMAN	17	Kulachi	MO	864,000	744,000	120,000
63	850278	ZAINAB KHALID	17	Parova	MO	792,000	682,000	110,000
64	869559	TAHNYAT GUL	17	Police Line	MO	504,000	434,000	70,000
65	869700	BEHZAD KALEEM	17	Panyala	MO	72,000	62,000	10,000
66	869704	WAQAS YOUSAF	17	Panyala	MO	504,000	434,000	70,000
67	870670	SEEMA SHAHEEW	17	Parova	MO	504,000	434,000	70,000
68	872296	WAQAS YOUSAF	17	Panyala	DS	72,000	62,000	10,000
69	875227	DR. SADIA ASMAT	17	Paharpur	MO	360,000	310,000	50,000
70	878043	MOHAMMAD IDREES	17	Panyala	MO	360,000	310,000	50,000
71	883257	DR. SAMEEULAH KHAN	17	Panyala	MO	216,000	186,000	30,000

72	884006	SARA AHMAD	17	Paharpur	MO	144,000	124,000	20,000
73	886115	DR.MOHAMMAD IRFAN	17	Paharpur	DS	144,000	124,000	20,000
74	501482	DR. ZAFER ALI SHAH	18	Kulachi	MS	144,000	124,000	20,000
<b>TOTAL</b>						<b>46,665,667</b>	<b>40,525,000</b>	<b>6,140,667</b>

**Annex-4**  
**Para 1.3.2.13**

**Detail showing of irregular and wasteful expenditure**

<b>S #</b>	<b>Scheme</b>	<b>Qty</b>	<b>Amount</b>
<b>1</b>	Installation of Submersible Pumps	5	800,000
<b>2</b>	Installation of Submersible Pumps	7	980,000
<b>3</b>	Installation of Submersible Pumps	2	320,000
<b>4</b>	Installation of Submersible Pumps	2	200,000
<b>5</b>	Installation of Submersible Pumps	3	360,000
<b>6</b>	Installation of Submersible Pumps	8	810,000
<b>7</b>	Installation of Submersible Pumps	2	100,000
<b>9</b>	Installation of Submersible Pumps	2	300,000
<b>10</b>	Installation of Submersible Pumps	2	320,000
<b>11</b>	Installation of Submersible Pumps	6	600,000
<b>TOTAL</b>			<b>4,790,000</b>

## Annex-5

## Para 1.3.2.22

**Detail of irregular expenditure on a/c installation of pressure pumps**

S #	Scheme	Qty	Installation in House of	Amount
1	Installation of 2 nos of hand pumps in Gara Jatta and Kiri Kot	02	Gul Zaman	413,895
2	Instt of tube well bore with 1HP Motor Basti Aslam Garah Sh	01	M. Bilal	350,333
3	Installation of 2 nos of submersible pumps	02	M. Bilal	995,980
4	Instt of hand pumps in Mohallah Balochan UC chowdwan	05	M. Bilal	750,000
5	Instt of hand pumps in Mohallah stiekhan wara Musazai	01	M. Bilal	148,495
6	Installation of hand pumps kot tagga Gara mumarauze	04	M. Bilal	800,000
7	Installation of hand pumps New abadi chowdwan	05	M. Bilal	750,000
8	Installation of hand pumps Mohallah sharki chowdwan	05	M. Bilal	750,000
9	Installation of hand pumps at Kirri Basharat Kot tagga	04	Abdur Rehman	787,577
10	Installation offhand pumps Mohallah Jattan wala chowdwan	05	M. Bilal	750,000
11	installation of hand pumps Mohalla gharbi chowdwan	04	M. Bilal	600,000
12	Instt of hand pumps 5 no mohallah Abid boring chowdwan	04	M. Bilal	747,375
13	Installation of hand pumps Gara watto Musazai	05	M. Bilal	200,000
14	One No hand pumps Gara matt	01	Abdur Rehman	208,405
15	P/installation of 11 nos of hand pumps in musazai	11	M. Bilal	900,000
16	3 hand pumps Musazai	03	Abdul Rehman	450,000
17	Installation of hand pumps	03	Bilal Baloch	450,000
	Installation of hand pumps UC Bukhi	03	Abdur Rehman	840,000
<b>Total</b>				<b>10,892,060</b>

## Annex-6

## Para 1.3.2.23

**Detail showing irregular and wasteful expenditure of pressure pumps**

S #	Scheme	Rate offered	Rate changed	Excess	Amount	Loss
1	Construction of Janazgah	20% below	0.20% below	19.80 below	800,000	158,400
2	Construction of PCC street	60% below	0.60% below	59.40 below	1,346,870	800,005
3	Construction of street 3 no drain ward 1,2 Draban	50% below	0.50% below	49.50 below	1,257,382	622,404
4	Construction of street Gandhi Ashiq	60% below	0.60% below	59.40 below	400,000	237,600
5	Bricks pavement of street shoab khan	60% below	0.60% below	59.40 bellow	600,000	356,400
6	Construction of barbed wire- Talab	30% below	0.30% below	29.70 below	562,500	167,062
7	Bricks pavement of street Gara mastan	45% below	0.45% below	44.55 below	1,200,000	534,600
8	Bricks pavement of street pir Tayyab	50% below	0.50% below	49.50 below	795,500	393,722
9	Construction of water Tank Bukhi	35% below	0.35% below	34.65 below	943,786	327,021
10	Bricks pavement of street new basti Musazai	50% below	0.50% below	49.50 below	1,000,000	495,000
11	Bricks pavement of street UC Chowdwan	30% below	0.30% below	29.70 below	879,537	261,222
<b>Total</b>					<b>9,785,575</b>	<b>4,353,436</b>



**Annex-07**  
**Para # 3.4.1.4**

**Detail showing sales tax on services**

<b>S #</b>	<b>Name of Scheme</b>	<b>Contractor</b>	<b>Amount</b>	<b>Sales tax on services@ 15%</b>
1	Installation of WS pipe kirri Bakhtiar	Kashif Shamim	833,810	125,071
2	2 No of hand pumps Gara Jatt and Kirri Kot	Abdur Rehman	413,895	62,084
3	Bricks pavement of street Gandhi Umar Khan	Abdur Rehman	300,000	45,000
4	Re-silting of drain kirri Bhakhtiar Daraban	Kashif Shamim	487,312	73,096
5	Installation of tubewell bore with 1 HP basti Aslam, Gara sheikh	M. Bilal	300,000	45,000
6	Installation of 2 Nos submersible pumps	M. Bilal	995,980	149,397
7	Installation of hand pumps 05 no mohallah balochan wala u/c chowdwan	M. Bilal	750,000	112,500
8	Installation of hand pumps in Mohallah sheekhan wala Musazai	M. Bilal	148,495	22,274
9	Installation of hand pumps Kot tagga Garra Mumriaz chowdhwan	M. Bilal	795,600	119,340
10	Installation of hand pumps new abadi chowdhwan	M. Bilal	750,000	112,500
11	Installation of hand pumps sherki chowdwan	M. Bilal	750,000	112,500
12	Installation of hand pumps 4 no at Kirri basharat Kot tagga	Abdul Rehman	787,577	118,136
13	Installation of hand pumps Mohallah Jattan wala chowdhwan	M. Bilal	750,000	112,500
14	Installation of hand pumps Mohallah Gharbi chowdwan	M. Bilal	600,000	90,000
15	Installation of hand pumps 5 no Mohallah Abid boring chowdhwan	M. Bilal	750,136	112,520
16	One installation of hand pumps Gara watto UC Musazai	Abdur Rehman	200,000	30,000
17	One no hand pumps Gara matta and PCC Pipe	Kashif shamin	310,600	46,590
18	Outfall drainage with RCC pipe Jandi babar bhukki	Zain khoi Bahara	591,790	88,768
19	Repair, renovation, mosque Gandhi Umar Khan	Abdur Rehman	400,000	60,000
20	Desalting of drain	Bilal Baloch	150,000	22,500
21	Desalting of drain Musazai	Bilal Baloch	489,400	73,410

22	Street brick pavement UC chowdhan	Bilal Baloch	879,537	131,930
23	Construction of PCC street drain	Kashif Shamin	1,346,870	202,030
24	Beautification and construction of Green belt solar lights Draban	Abdur Rehman	1,360,000	204,000
<b>Total</b>			<b>15,141,002</b>	<b>2,271,146</b>

**Annex-8**  
**Para 1.3.2.27**

**Detail of irregular release of security to contractors**

S #	Scheme	Date of final payment/ completion	Date of release of security	Amount
1	Construction of 2 numbers of protection band	30-01-18	13-04-18	39,743
2	Repair of renovation of Mosque	17-08-18	05-10-18	39,968
3	Construction of fall drain with RCC pupe Jandi Babar	27-07-18	03-05-18	59,344
4	Installation of handpumps new Abadi	31-01-18	09-03-18	74,729
5	Installation of hand pumps Gara Mamriaz	31-01-18	09-03-18	79,648
6	Installation of submersible pumps-Daraban	07-11-17	15-01-18	99,200
7	Installation of Mohallah Jatan wala chowdhwan	03-01-18	09-03-18	74,300
8	Installation of hand pumps Mohallah Abid Boring	31-01-18	09-03-18	74,790
9	Installation of hand pumps Mohallah balochan	09-03-18	31-01-18	74,790
10	Installation of hand pumps Mohallah chowdhwan	09-03-18	31-01-18	59,760
11	Construction of 2 Nos of Janazagah	26-09-17	11-12-17	79,872
12	Fixing of Barber wire around WSS Talab	17-08-18	05-10-18	56,115
13	Construction of Pir Tayyab Musa zai	27-12-17	09-03-18	79,640
14	Construction of Water Tank Pupe line UC Bhukliq	27-7-18	03-05-18	94,598
<b>Total</b>				<b>986,496</b>

**Annex-9**  
**Para 1.4.1.6**

**Detail showing Non deduction of sales tax on services**

S #	Scheme	Contractor	Amount	Sales tax on services @ 15%
1	Construction of street Gali Near Noor Muhammad	Attar Muhammad	400,000	60,000
2	Installation of solar submersible pumps	AbraizAlamgir	300,000	45,000
3	Installation of pressure pumps village wandasher	HCI Constt& Co	558,766	83,814
4	Repair of dispensary Hathala	HCI Constt& Co	300,000	45,000
5	Repair of BHU Takwara	Atta Muhammad	700,000	105,000
6	Construction of additional room DHO office DIK	Atta Muhammad	1,428,011	214,201
7	Installation of WSS/missing facility THQ Paroa	Atta Muhammad	808,333	121,249
8	Constt of additional room Civil dispensary at Gilati	Atta Muhammad	843,382	126,507
9	Rehabilitation of BHU Mahra	Al –Imran	1,006,404	150,960
10	Installation of H/pressure pumps in kulachiDraban	HCI Constt& Co	796,043	119,406
11	Installation of H/P pumps Noor purAwan, Bait	Atta Muhammad	400,000	60,000
12	InSTT of H/P pumps Gararehman, saggu, niaziabadetc	Syed Imdad Ali	1,500,000	225,000
13	Installation of pressure pumps Musa zai	Ikramullah Khan	700,000	105,000
14	Installation of pressure pumps Lachra	Nasrullah	1,671,200	250,680
15	Installation of pressure pumps KirriShamzai	Atta Muhammad	794,732	119,209
16	Installation of pressure pumps UC No 3	Imad Ali	750,000	112,500
17	Installation of pressure pumps Gilloti	Imad Ali	1,366,690	205,003
<b>Total</b>			<b>14,323,561</b>	<b>2,148,529</b>