



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

AUDIT YEAR 2018-19

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AIR	Audit and Inspection Report
AD	Assistant Director
ADP	Annual Development Plan
AP	Advance Para
BHUs	Basic Health Units
B&R	Building & Road
CD	Civil Dispensary
CEO	Chief Executive Officer
CH	Civil Hospital
CMO	Chief Municipal Officer
C&W	Communication & Works
CPWA Code	Central Public Works Account Code
CPWD Code	Central Public Works Department Code
CRC	Class Room Consumables
CTR	Central Treasury Rules
DAC	Departmental Accounts Committee
DAC	District Accounts Committee
DG	Director General
DO	District Officer
DHO	District Health Officer
DWSS	Drinking Water Supply Scheme
FD	Finance Department
GFR	General Financial Rules
HT/LT	High Transmission/Low Transmission
IPSAS	International Public Section Accounting Standards
KG	Kilo Gram
KPPPRA	Khyber Pakhtunkhwa Public Procurement Authority
LGA	Local Government Act
LGE&RDD	Local Government Election & Rural Development Department
MC	Municipal Committee
MFDAC	Memorandum for Departmental Accounts Committee
M&R	Maintenance and Repair
MRS	Market Rate System

NBP	National Bank of Pakistan
NC/VC	Neighbourhood Council/Village Council
NSI	Non Schedule Item
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PATA	Provincially Administered Tribal Area
PESCO	Peshawar Electricity Supply Company
PHE	Public Health Engineering
PMDC	Pakistan Medical and Dental Council
PTC	Parents Teachers Council
RDA	Regional Directorate of Audit
RHC	Rural Health Center
RTA	Regional Transport Authority
SDDA	Swat District Development Authority
SDEO	Sub Divisional Education Officer
SO	Section Officer
TAC	Tehsil Accounts Committee
THQ	Tehsil Headquarter
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
TS	Technical Sanction
WSSC	Water Supply and Sanitation Company

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 in district Swat 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) Swat, on behalf of the DG Audit District Governments, Khyber Pakhtunkhwa carried out the audit of Local Governments five districts namely Swat, Shangla, Dir Lower, Dir Upper and Chitral.

The Regional Directorate has a human resource of six officers and staff with a total of 1,518 person days. The annual budget amounting to Rs 12.005 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 Swat 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 seven tehsil administrations in district Swat. The third tier- Village and Neighborhood Councils have one PAO i.e. the Assistant Director Local Government, Elections and Rural Development for development funds of these councils. There are 210 NC/VC's in district Swat. In addition district Swat has one development authority i.e. Swat District Development Authority. Secretary LGE&RDD is the PAO for the authority.

a. Scope of audit

There are nine offices in District government Swat, seven Tehsil Municipal Administrations, one AD LGE&RDD and 210 VC/NC's out of which the accounts of 09 offices of district government, seven TMA's, one AD LGE

&RDD and 21 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 Swat for the Financial Year 2017-18 was Rs 9,255.632 million against available budget of Rs 9,393.090. Out of this, RDA Swat audited an expenditure of Rs 2,863.945 million which, in terms of percentage, was 30% of auditable expenditure. The total expenditure of seven TMA's was Rs 718.793 million against available budget of Rs 1,385.217. Out of this, RDA Swat audited an expenditure of Rs 179.698 million which, in terms of percentage, was 25% of auditable expenditure. The total expenditure of AD LGE & RDD Swat for the Financial Year 2017-18 was Rs 154.188 million against available budget of Rs 280.393. Out of this, RDA Swat audited an expenditure of Rs 38.547 million which, in terms of percentage, was 25% of auditable expenditure.

The receipts of the District Government Swat, for the Financial Year 2017-18 were nil as the receipts were collected in Provincial Account-I. The receipts of seven TMA's were Rs 373.980 Out of which Rs 168.291 were audited which in terms of percentage was 45% of the auditable receipts. The total receipts of VC/NC's was Rs 1.050 million. Out of which Rs 0.120 million were audited which, in terms of percentage, was 11% of auditable receipts. The total receipts of Development authority was Rs 40.462 million. Out of which Rs 24.272 million were audited which, in terms of percentage, was 60% of auditable receipts.

The total expenditure of local governments of district Swat for the financial year 2017-18 was Rs 9,974.425 against which the audit of Rs 3,082.190 was conducted which in terms of the percentage was 30%. The total receipts of the local governments of district Swat were Rs 415.492 against which a receipt of Rs 192.683 was audited which in terms of percentage was 46%.

b. Recoveries at the instance of audit

Recovery of Rs 108.392 million was pointed out during the audit. Recoveries pointed out were not in the notice of the executives before audit. However recovery of Rs. 4.049 million was made till finalization of this report.

c. Audit Methodology

Audit was conducted after understanding the business processes of Local Government Swat 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.

e. Comments on Internal Control and Internal Audit department

The purpose of internal control system is to ensure effective operation of an organization. It consists of measures employed by the management to achieve objectives, safeguard assets; 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 Swat.

f. Key audit findings of the report

- i. Misappropriations were noted in 03 cases amounting to Rs 21.654 million.¹

¹ Para 1.2.1.1 to 1.2.1.2 & 1.3.1.1

- ii. Irregularities & Non-Compliance were noted in 30 cases amounting to Rs 1,837.244 million.²
- iii. Weak Internal Control was noted in 38 cases amounting to Rs 277.274 million.³

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

g. Recommendations

- i. Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money.
- ii. Strenuous efforts need to be made by the departments to recover long outstanding dues on account of water charges.
- iii. Deduction of taxes on supplies and contracts need to be ensured.
- iv. 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.

² Para 1.2..2.1 to 1.2.2.12, 1.3.2.1 to 1.3.2.14, 1.4.1.1 to 1.4.1.3 & 1.5.1.1

³ Para 1.2.3.1 to 1.2.3.24, 1.3.3.1 to 1.3.3.8, 1.4.2.1 to 1.4.2.2 & 1.5.2.1 to 1.5..2.4

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	10	9,974.425	415.492	10,389.917
2.	Total formations in audit jurisdiction	433	9,974.425	415.492	10,389.917
3.	Total Entities (PAO) Audited	10	3,082.190	192.683	3,274.873
4.	Total formations Audited	40	3,082.190	192.683	3,274.873
5.	Audit & Inspection Reports	19	3,082.190	192.683	3,274.873

II: Audit observations Classified by Categories

(Rs in million)

S. No.	Description	Amount Placed under Audit Observation
1.	Unsound asset management	18.162
2.	Weak financial management	380.940
3.	Weak Internal controls	277.274
4.	Others	1,459.796
	Total:	2,136.172

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	75.063	756.154	373.98	2,069.676	3,274.873	3,681.342
2.	Amount Placed under Audit Observations /Irregularities of Audit	18.162	597.970	60.244	1,459.796	2,136.172	528.395
3.	Recoveries Pointed Out at the instance of Audit	8.177	19.638	48.942	31.635	108.392	167.317
4.	Recoveries Accepted /Established at the instance of Audit	2.886	0	17.600	9.708	30.194	116.376
5.	Recoveries Realized at the instance of Audit	-	-	-	-	-	0.652

IV: Table of Irregularities pointed out

(Rs in million)

S. No.	Description	Amount Placed under Audit Observation
1.	Violation of Rules and regulations, principle of propriety and probity in public operation	362.456
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	6.452
3.	Accounting Errors (accounting policy departure from NAM ⁴ , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	0
4.	Quantification of weaknesses of internal control systems.	277.274
5.	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	30.194
6.	Non-production of record	0
7.	Others, including cases of accidents, negligence etc.	1,459.796
	Total	2,136.172

V: Cost Benefit Ratio

(Rs in million)

S.No	Description	Amount
1.	Outlays Audited (item 1 of Table 3)	3,274.873
2.	Expenditure on audit	0.520
3.	Recoveries realized at the instance of audit	0
	Cost-Benefit Ratio	1:0

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

CHAPTER-1

1.1 Local Governments Swat

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 Swat has seven Tehsils i.e. Babuzai, Barikot, Bahrain, Khawazakhela, Matta, Kabal and Charbagh. The office of a Tehsil Municipal Administration is managed by the Tehsil Municipal Officer. He is assisted by a Tehsil officer Finance. A Tehsil Accounts Officer and a Tehsil officer Technical.

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 210 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 Swat.

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 neighbourhood councils
- v. Grants, establishment and budget of village and neighbourhood 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 neighbourhood 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 neighbourhood 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 Neighbourhood Council:

- i. Functions of the village council and neighbourhood 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 neighbourhood council, including education, health, public health engineering, agriculture, livestock, police and revenue, and hold them accountable by making inquiries and reports to the Tehsil municipal administration, district government or, as the case may be, the Government for consideration and action;
- 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 neighbourhood 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 Swat District Development Authority:

- i. To provide infrastructural and civic facilities such as water supply draining waste management, roads, streetlights, parking and development of parks in the entire township 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. 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	(Saving)/Excess	%age
Salary	1,722.942	1,407.735	(315.207)	(18)
Non-salary	800.683	796.932	(3.751)	(0)
Developmental (A/C-IV)	191.273	181.278	(9.995)	(5)
Developmental (A/C-I)	478.00	478.00	0.000	0
Total	3,192.898	2,863.945	(328.953)	(10)
Receipts	-	-	-	

TMAs**(Rs in million)**

2017-18	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	244.924	223.849	(21.075)	(9)
Non-salary	363.382	251.053	(112.329)	(31)
Developmental (A/C-IV)	776.911	243.891	(533.020)	(69)
Developmental (A/C-I)	0	0	0.000	0
Total	1385.217	718.793	(666.424)	(48)
Receipts	373.98	373.98	0	

AD LGE&RDD**(Rs in million)**

2017-18	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	83.053	81.756	(1.297)	(2)
Non-salary	98.285	25.638	(72.647)	(74)
Developmental (A/C-IV)	99.055	46.794	(52.261)	(53)
Developmental (A/C-I)	0	0	0.000	0
Total	280.393	154.188	(126.205)	(45)
Receipts	1.0500	1.050	0	

Developmental Authority**(Rs in million)**

2017-18	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	27.236	28.451	1.215	4
Non-salary	21.076	18.613	(2.463)	(12)
Developmental (A/C-IV)	27.151	26.990	(0.161)	(1)
Developmental (A/C-I)	48.500	48.500	0.000	0
Total	123.963	122.554	(1.409)	(1)
Receipts	45.577	40.462	5.115	11

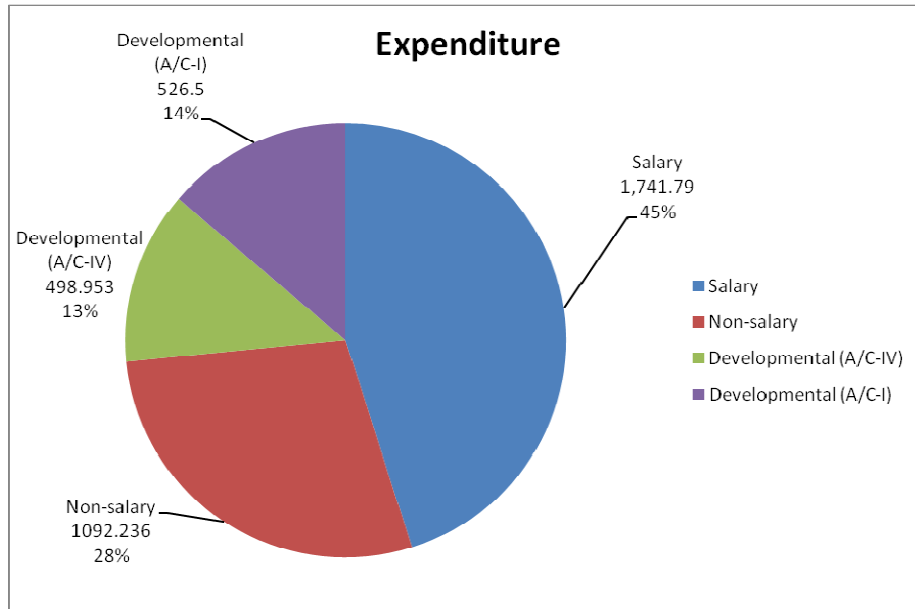
Grant Total Expenditure and Receipts (Distt Govt, TMAs, AD LGE&RDD & Developmental Authority)**(Rs in million)**

2017-18	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	2,078.16	1,741.79	(336.370)	(16)
Non-salary	1283.426	1092.236	(191.190)	(15)
Developmental (A/C-IV)	1094.39	498.953	(595.437)	(54)
Developmental (A/C-I)	526.5	526.5	0.000	0
Total	4,982.476	3,859.479	(1122.997)	(23)
Receipts	420.587	415.492	(5.095)	1.2

The savings of Rs 1,122.99 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 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

12.1 Misappropriation and Fraud

1.2.1.1 Misappropriation of health receipts- Rs 4.624 million

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

Record of (26) Health Units of District Health Officer Swat shows that Rs 29,980,484 was realized on account of health receipts during financial year 2017-18 out of which Rs 25,356,498 was deposited into government treasury and the remaining amount of Rs 4,623,986 was misappropriated as detailed in Annexure-2.

Misappropriation of government receipts occurred due to weak internal control which resulted in loss to the Government.

The irregularity was pointed out in August 2018, management stated that amount will be recovered and record will be shown to audit. Reply was not satisfactory as no recovery proof was provided till finalization of this report.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.01

1.2.1.2 Fraudulent drawl of money on account of Medicines of Rs 5.181 million Non imposition of penalty Rs 5.397 million

According to Para No H of the MCC letter No. 191-200/ MCC dated 17-02-2017, and Para No.18 of the Contract Agreement the supply shall be completed within (30) days, in case of delay in supply from (31 to 45) days, a

lump sum penalty of 3% of the total amount shall be levied and delay in supply from (46 to 60) days, a lump sum penalty of 7% of the total amount shall be levied through deducting the total amount of penalty from the billed amount, irrespective of the number of items supplied late and after expiry of the extended periods, the supply order shall stand cancelled along with forfeiting earnest money/performance guarantee and legal action against the supplier.

District Health Officer Swat issued supply orders to various suppliers for supply of medicines valuing Rs 5,181,931 during 2017-18. The medicines were not supplied within stipulated period. Neither the supply orders were cancelled along with forfeiture of earnest money/performance guarantee and legal action against the suppliers nor penalty imposed @7% and 3% amounting to Rs 576,379. Detail at Annexure-3.

Moreover in another case supply orders were issued to various suppliers for supply of medical equipments costing Rs 89,010,600 during 2017-18. The medical equipments were not supplied within stipulated period. Neither the supply orders were cancelled along with forfeiture of earnest money and performance guarantee and legal action against the suppliers nor penalty @ 7% amounting to Rs 4,820,742 imposed as detailed at Annexure-4.

Fraudulent drawl of money on account of medicines/equipments and non imposition of penalty was occurred due to weak managerial control and violation of government standing order/rules which resulted in loss to government.

The irregularity was pointed out in August 2018, management stated that penalty will be imposed as per rules. Reply was not satisfactory as no evidence in support of reply was provided.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends legal action against the suppliers as per MCC Rules besides recovery of principal amount along with penalty and action against the person(s) at fault.

AIR Para No.03 & 04

1.2.2 Irregularity/Non-compliance

1.2.2.1 Unauthorized expenditure from A/C-IV budget on non devolved departments - Rs 5.493 million

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

Deputy Commissioner Swat incurred an expenditure of Rs 5,493,560 on office rent and utility bill of Sui gas of Circuit House Swat which was in possession of Pak Army and rent of office building for Judiciary at Tehsil Khwazakhela Swat during 2017-18 which was unauthorized as the expenditure made for non devolved departments from the budget of District Government as detailed below:

S.No	Name of Department	Expenditure Head	Amount paid
1	Pak Army (Circuit House Swat)	Rent of office building	4,747,200
		Sui Gas bills	206,360
2	Judiciary office at Tehsil Khwazakhela	Rent of office building	540,000
		Total	5,493,560

Unauthorized expenditure was occurred due to weak financial control which resulted in violation of rules.

The irregularity was pointed out in July 2018, management stated that the rent of Army office are paying from A/C-IV since 2009. Whereas PDMA was approached for release of fund for payment of utility bills of Pak-Army, however they directed to take up the case with District Finance. Reply was not satisfactory as the expenditure of non devolved departments was met out from District Budget.

Request for convening DAC meeting was made in August 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.3

1.2.2.2 Unauthentic payment to DHO on account of Polio Campaign – Rs 3.033 million

According to Rule 130 of CTR, money may not be withdrawn from the public exchequer without presentation of bills. Para 296 of CTR requires that the controlling officer shall be responsible for seeing that the expenditure included in the bills, are of obvious necessity and are at fair and reasonable rates. Sanction and the requisite vouchers are all received and in order. The calculation is correct and the grants have not been exceeded over allotment.

Deputy Commissioner Swat paid Rs 3,033,000 to District Health Officer on account of Polio Vaccination Campaign during the financial year 2017-18. However, relevant record of expenditure was not available to verify the payment.

Unauthentic payment occurred due to weak financial control which resulted in violation of rules.

The irregularity was pointed out in July 2018, management stated that the APRs/Vouchers from DHO Swat will be collected. Reply is not satisfactory as APRs were not shown to audit till finalization of this report.

Request for convening DAC meeting was made in August 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends production of actual payee receipts and action against the persons at fault.

AIR Para No.6

1.2.2.3 Loss due to unauthorized purchase of official vehicle beyond entitlement –Rs 11.226 million

According to Serial No. 3 & condition No. (d) of the Government of Khyber Pakhtunkhwa, Local Government Elections & Rural Development Department Notification No. Dir (L.G) Transport Committee Report/2015-16 dated 14.10.2016, District Nazim and Naib Nazim of District all Governments was entitled for 1300 CC M/T Car and the proposed purchase of vehicle shall be made out of own resources of respective local Government after observing all codal formalities and rules and regulations of Khyber Pakhtunkhwa Public Procurement Authority (KPPRA).

According to Administration Department Government of Khyber Pakhtunkhwa, letter No.SOT(AD)3-20/2013 dated 17th October, 2015 S.No.(h) the officers in BS-18 are entitled to use vehicle of 1000 CC.

According to Finance Department KPK Peshawar letter No.BO.1/FD/5-8/2017-18 dated 30.06.2017 S.No.3 that there shall be complete ban on purchase of new vehicles.

Deputy Commissioner Swat spent Rs 20,369,000 on purchase of vehicles for officers/Nazim District Government Swat from Toyota Mardan Motors during 2017-18 without observing the entitlement of the officers concerned which resulted in loss of Rs 11,226,500. Moreover the purchase was unauthorized as approval of Government was not obtained except vehicle for (DO F&P Swat) as per detail at Anneuxre-5.

Unauthorized purchase occurred due to violation of rules which resulted in loss to the Government.

The irregularity was pointed out in July 2018, management stated that the all the vehicles were purchased as per orders of Provincial Government for DC, DO (F&P), District Nazim and Distt. Niab Nazim Swat. Being hilly area all 4x4 vehicles purchased as per orders of Establishment Department. Vehicle No.1436 is not in the use of DC Swat, it is a Project Vehicle and no POL and repair

charges made and Vehicle No.1010 declared condemned and will be returned to Administration Department. Reply was not satisfactory as the documents produced shows entitlement of 4x4 vehicle only for DC and not for DO(F&P) and Nazim/Naib Nazim. Moreover approval of Government for purchase of vehicle for DC, Nazim and Naib Nazim was not produce.

Request for convening DAC meeting was made in August 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends investigation and fixing responsibility on the person (s) at fault under intimation to audit.

AIR Para No.12

1.2.2.4 Unauthentic payment to various executing agencies –Rs 478.00 million

According to Para 32 of CPWA Code, no work shall be executed without Administrative Approval/Technical Sanction and Budget allotment. According to Rule 130 of CTR, money may not be withdrawn from the public exchequer without presentation of bills. Para 296 of CTR requires that the controlling officer shall be responsible for seeing that the expenditure included in the bills, are of obvious necessity and are at fair and reasonable rates. Sanction and the requisite vouchers are all received and in order. The calculation is correct and the grants have not been exceeded over allotment.

Deputy Commissioner Swat paid Rs 478,000,000 to various executing agencies on account of 8 Nos. developmental schemes out of “Uplift and Beautification of Divisional Headquarters in KPK” during the financial year 2017-18 as detailed below:

S.No	Name of Schemes	Name of Executing Agency	Amount Paid
1	Replacement of HT Poles in Mingora City/LT Line & congested PVCs will be replaced in Urban & Rural Mingora	PESCO Construction Swat	13,000,000
2	Installation of HT/LT Cable underground	PESCO Operation	7,064,000

		Swat	
3	Boundary Wall of Government Buildings Grassy Ground Uplift etc.	C&W Building Division Swat	83,000,000
4	Rehabilitation of Roads, Uplift of Drainage system, Road Marking, Road signs & safety railing etc	C&W Highway Division Swat	217,000,000
5	Street Pavement & Drainage system, Uplift of Khuna Cham Park etc.	PHE Division Swat	45,936,000
6	Improvement of Main drain in Saidu Sharif and bed clearance of different Khwars etc.	Irrigation Division Swat	40,000,000
7	Improvement of Kabal Chowk Swat and beautification of Mingora City	Pakhtunkhwa Highways Authority	20,000,000
8	Installation of Submersible Pumps and equipments for Solid Waste Management	CEO WSSC Mingora	52,000,000
		Total	478,000,000

The following shortcomings were noticed:

1. PC-I showing detail of items with rates was not available on record.
2. Completion period of the schemes was not mentioned.
3. Technical Sanction of the competent authority was not available on record..
4. Progress report regarding physical work done was not available on record..
5. Tender documents and payment vouchers were not available on record.

Unauthentic payment occurred due to weak financial control which resulted in violation of rules.

The irregularity was pointed out in July 2018, management stated that the all the executing agencies have been directed to furnish the requisite record vide 25638-44 dated 26.07.2018. Reply was not satisfactory as record was not provided during audit.

Request for convening DAC meeting was made in August 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.15

1.2.2.5 Loss due to non-award of State land on lease Rs 16.960 million

According to Government of Khyber Pakhtunkhwa Board of Revenue, Revenue & Estate Department Letter No. 19400-450 dated 28.10.2013 that all expired lease shall be renewed at the prevalent market rates for a specified period with clear conditions.

DC Swat did not awarded state land measuring 69 Kanal and 16 Marla on lease through open auction to generate revenue of Rs 16,960,550 on one hand and safeguard the state land from illegal encroachment on the other as detailed below:

S#	Type of land & Location	Area	Market Rate per month (Rs)	Period	Total amount (Rs)
1	State land at College Colony Said Sharif Khasra No.1866	5 Kanal	3,300	11/2014 to 6/2018= 44 months	11,000,000
2	Golf Course Kabal	58 Acres	741,000 (Rate of 2012-13)	05 Years	4,555,000
3	3 Nos Shops near Central Hospital Saidu Sharif Swat	03 Nos Shops	35,350 per month per shop	12 months	424,200
4	Commercial Plot bearing Khasra No.686 Moza Saidu Sharif near Veterinary Hospital	03 Marla	40,250 per month	13 months	523,250
5	Commercial Plot behind Maskan Link Road College Colony Saidu Sharif	05 Marla	15,000 per month	13 months	195,000
6	State Land at Lalku Matta S/Division Khasra No.1632,1633,1635,1631, 1636,1639& 1640	43 K-17M	2000 per Kanal per year	3 years	263,100
				Total	16,960,550

Non award was occurred due to weak managerial control which resulted in loss to Government.

When pointed out no reply was furnished by the management.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends investigation action against the persons at fault besides award of state land on market rates.

AIR Para No.17

1.2.2.6 Unauthentic expenditure on account of PTC fund – Rs 283.344 million

According to Rule 130 of CTR, money may not be withdrawn from the public exchequer without presentation of bills. Para 296 of CTR requires that the controlling officer shall be responsible for seeing that the expenditure included in the bills, are of obvious necessity and are at fair and reasonable rates. Sanction and the requisite vouchers are all received and in order. The calculation is correct and the grants have not been exceeded over allotment.

District Education Officer Male Swat incurred expenditure of Rs 283,343,800 under various heads as detailed below however relevant record i.e. school wise progress report of work done, cash books, bank statements, payment vouchers etc were not available to verify the expenditure.

S#	Expenditure Head	Expenditure (Rs)	Remarks
1	A-03970 Conditional Grant	230,018,800	Amount transferred to PTC Accounts of various schools for expenditure through PTC
2	A-03901- Teaching and Learning Materials	7,200,000	--do--
3	A-12470-Play Area	5,160,000	-do-
4	CRC/Petty Repair	40,965,000	-do-
	Total	283,343,800	

Unauthentic expenditure was occurred due to weak managerial control which resulted in violation of government instructions.

The irregularity was pointed out in August 2018, management stated that all the schools Principals/ Headmasters have been directed to submit complete record of PTC funds utilization. The same will be submitted to audit for verification as and when received. Reply was not satisfactory as no record was shown to audit.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends investigation and action against the persons at fault under intimation to audit.

AIR Para No.01

1.2.2.7 Unauthentic expenditure on account of PTC fund - Rs 278.343 million

According to Rule 130 of CTR, money may not be withdrawn from the public exchequer without presentation of bills. Para 296 of CTR requires that the controlling officer shall be responsible for seeing that the expenditure included in the bills, are of obvious necessity and are at fair and reasonable rates. Sanction and the requisite vouchers are all received and in order. The calculation is correct and the grants have not been exceeded over allotment.

District Education Officer (Female) Swat incurred expenditure of Rs 278,343,000 under various heads as detailed below however relevant record i.e. school wise progress report of work done, cash books, bank statements, payment vouchers etc were not available to verify the expenditure.

S #	Expenditure Head	Expenditure (Rs)	Remarks
1	A-03970 Conditional Grant	246,536,000	Amount transferred to PTC Accounts of various schools for expenditure through PTC
2	A03970-CRC	11,255,000	-do-
3	A-03901- Teaching and Learning Materials	3,352,000	--do--
4	A-12470-Play Area	7,200,000	-do-

5	A-13303-Petty Repair	10,000,000	-do-
	Total	278,343,000	

Unauthentic expenditure was occurred due to weak managerial control which resulted in violation of government instructions.

The irregularity was pointed out in August 2018, management stated that consolidated expenditure detail of PTC Funds would be collected and be provided to audit. Reply was not satisfactory as record was not provided during audit.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends investigation and action against the persons at fault under intimation to audit.

AIR Para No.01

1.2.2.8 Loss to government due to de-notification of land for Dumping Ground -Rs 40.842 million

Para 23 of GFR Vol.-I States 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.

Deputy Commissioner Swat issued notification under Section-4 vide No.16139-44/22/Acq/DC(S) dated 26.05.2013 for acquiring land measuring 60 Kanal at Kawtaro Maira Khasra No.3363 & 3364 for the purpose of “Ground for dumping of solid waste” for MC Mingora (the Acquiring Department). MC Mingora deposited Rs 60,000,000 as advance payment for the purpose in May 2012 to the Ex-DOR&E Swat. Later on Section-4 was de-notified vide No.21673/22/Acq/DC(S) dated 16.7.2014 with the reason that “the above land is no more required to the Acquiring Department”. The advance payment of land compensation was returned to CMO MC Mingora Swat vide letter No.21690 dated 17.7.2014. In October 2016 the acquiring department again approached DC Swat vide letter No.9275 dated 6.10.2016 for acquiring the said land through

compulsory acquisition. In response the DC Swat issued Notification under Section-4 for acquiring of the said land vide No.15831-37 dated 29.6.2017 and Corrigendum vide No.25825-32 dated 13.10.2017 for acquiring the said land of 66 Kanal at the same muza and khasra numbers. Audit hold that due to abnormal delay in the acquisition process and de-notification, a loss of Rs 40,842,107 was sustained to Government as detailed below:

Name of Sub Division	Name of Muza	Khasra No	Area	Cost of land worked out in 2017 as per Valuation Table and Ausat Yaksala	Cost of the same land as per Valuation Table 2013-14	Loss (Rs)
Babuzai Swat	Kawtaro Maira Mingora	3363,& 3364	66 Kanal	54,432,827	13,590,720	40,842,107

Delay in acquisition of land occurred due to weak financial control which resulted in loss to Government.

When pointed out no reply was furnished by the management.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.19

1.2.2.9 Unauthentic payment on account of land compensation - Rs 536.709 million

According to Para 290 of CTR, no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants.

According to Rule 283 (I) of the CTR Vol- I, acquittance roll on Form TR 28 be maintained in support of payments.

Deputy Commissioner Swat paid Rs 536,709,766 to Assistant Commissioner Kabal on account of land compensation for onward disbursement to the land owners of Saidu Sharif Airport, however actual payee receipts/acquittance rolls of the land owners were not available to verify the payment.

Unauthentic payment occurred due to weak financial control, which resulted in violation of treasury rules.

When pointed out no reply was furnished by the management.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends proper acknowledgement of the paid amount duly verified by the competent authority be submitted to audit.

AIR Para No.20

**1.2.2.9.1 Unauthorized transfer of developmental fund to commercial bank
Rs 8.390 million**

According to Government of Khyber Pakhtunkhwa Finance Department letter No.2/3(F/L)FD/2016/Vol-IX dated 10th February 2014 that no funds shall be placed in any commercial bank without prior approval of the Finance Department as contained in Para-6 & 7 of GFR Volume-I.

District Officer Sports Swat transferred District ADP fund 2016-17 for purchase of sports items amounting to Rs 8,390,000 from Government Treasury to Commercial Bank during 2017-18 as detailed below which was unauthorized.

S#	Particulars of Fund Received	Drawn from Govt. Treasury vide cheque No.	Deposited in Bank Account No.	Amount (Rs)
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		& date		
1	District ADP for Purchase of Sports Items	Cheque No.0598685 dated 23.6.2017	The Bank of Khyber Mingora A/C No.4044987593	7,400,000
2	District ADP Fund	Cheque No.0689737 dated 20.02.2018	-do-	990,000
Total				8,390,000

Unauthorized transfer was occurred due to weak financial controls, which resulted in violation of rules and government orders.

The irregularity was pointed out in November 2018, management stated that due to short of time the fund was transferred to designated account so that the budget may not be lapsed. Reply was not satisfactory as the fund was transferred without approval of Finance Department.

Request for convening DAC meeting was made in November 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit suggests investigations and fixing responsibility on the person(s) at fault.

AIR Para No.01

1.2.2.11 Unauthorized retention of Govt. fund in designated account for 22 years and unauthentic withdrawal Rs 4.200 million

According to Government of Khyber Pakhtunkhwa Finance Department letter No.2/3(F/L)FD/2007-08/Vol-IX dated 10th February 2014 that no funds shall be placed in any commercial bank without prior approval of the Finance Department as contained in Para-6 & 7 of GFR Volume-I.

District Officer Sports Swat retained Rs 4,200,349 in designated bank account No. NIDA-16 NBP Bank Square Mingora for more than 22 years. The

amount was released by the Sports Board KPK Peshawar to Commissioner Malakand Division Swat vide cheque No.222221 dated 7/6/1992 for construction of Swimming Pool Swat. Later on, the scheme was dropped in 1995 as evident from Divisional Sports Officer Malakand Division letter No.4577/DSO/95 dated 16.3.1995. However, the amount not returned and retained in designated bank account till 22.9.2014 as evident from bank Pass Book/statement. From 9/2014 to 11/2014 total amount was drawn by Commissioner Malakand Division as evident from bank statement. However no record was available with DO Sports to verify the withdrawal.

Unauthorized retention and unauthentic withdrawal occurred due to weak financial control, which resulted in loss to Government.

The irregularity was pointed out in November 2018, management stated that the account relates to Commissioner Malakand Division. Reply was not satisfactory as the DO Sports shown the account as his designated account vide letter No.1212/DSO/2014-15 dated 30.03.2015 addressed to Additional Secretary Sports KPK Peshawar.

Request for convening DAC meeting was made in November 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.02

1.2.2.12 Irregular and unauthentic purchase of sports items without adopting open tender system –Rs 4.205 million

1. According to Rule-1 Chapter-II of PPR 2014, save as otherwise provided hereinafter and subject to the provisions of rule 10, the procuring entity shall use open competitive bidding as the principal method of procurement for the

procurement of goods over the value of Rs. 100,000 (rupees one hundred thousand).

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

District Sports Officer Swat incurred an expenditure of Rs 3,155,500 during 2017-18 on purchase of the (13) sports items on single quotation from M/S Barcad Sports Industry Bahrain/Mankyal Swat without adopting open competitive bidding as principal method of procurement. Moreover Rs 1,050,000 was drawn vide cheque No.0934943 dated 06.04.2017 on account of purchase Sports Equipments out of (District ADP Fund 2015-16) as per Cash book. The purchase of sports items was made through quotations instead of adopting open tender system to achieve economical rates. Further the delivery challans, stock register of sports equipments and acknowledgement of the sports clubs/teams to whom the sports equipments were issued was not available to verify the expenditure. Detail at Annexure-6.

Irregular purchase was occurred due to weak financial control which resulted in violation of rules.

The irregularity was pointed out in November 2018, management stated that due to low quality of samples produced by the bidders, the Purchase Committee rejected the rates of the said items and purchase was made from local market on single quotation. Reply was not satisfactory as the purchase was made in violation of Procurement Rules.

Request for convening DAC meeting was made in November 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.03

1.2.3 Internal Control Weaknesses

1.2.3.1 Loss to government due to non realization of canteen Rent Rs 2.418 million

According to clause 3 of contract agreement dated 20.4.2005 the lessee shall be liable to pay an increase on monthly rent @ 20 % from 1st August of each year.

Record of Deputy Commissioner Swat revealed that local office leased out State Land for the purpose of “Canteen” situated at Katchery compound of District Courts Swat to Mohammad Rahim s/o Haji Gul Dad on 1.8.2005 @ Rs.5,000 Per month with 20% increase annually, however the local office record was found silent regarding realization of monthly rent of canteen amounting to Rs 2,418,532 since August 2010 as detailed below:

S No	Period	Monthly rent (Rs)	Total Amount (Rs)
1	1.8.2010 to 21.7.2011	12,441x12	149,292
2	1.8.2011 to 31.7.2012	14,929x12	179,148
3	1.8.2012 to 31.7.2013	17,915x12	214,980
4	1.8.2013 to 31.7.2014	21,498x12	257,976
5	1.8.2014 to 31.8.2015	25797x12	309,564
6	1.8.2015 to 31.7.2016	30,956x12	371,472
7	1.8.2016 to 31.8.2017	37,147x12	445,764
8	1.8.2017 to 30.6.2018	44,576x11	490,336
		Total	2,418,532

Non realization of rent occurred due to weak internal control, which resulted in loss to Government.

When pointed out no reply was furnished by the management.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.18

**1.2.3.2 Loss to government due to re-measurement of state land
Rs 137.127 million**

Para 23 of GFR Vol.-I States 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.

Record of Deputy Commissioner Swat revealed that State Land situated at various places of District Swat was re-measured as per report of Revenue staff which shows a remarkable decrease in the state land and put the Government in to a loss of Rs 130,680,000 as detailed below.

S #	Name of Sub Division	Name of Muza	Khasra No	Area as per old record	Area as per re - measurement report	Diff K-M	Rate	Loss (Rs)
1	Babuza i Swat	Saidu Sharif/College Colony	1866	05 Kanal	02 Kanal	03 Kanal	43,560,000 per Kanal	130,680,000
2	Matta	Beha	4001, 4000	3-15	0-7	3-8	26,250 pr Marla	1,785,000
3	-do-	Venai	986,1129, 1154	22-3	0	22-3	10,525 per Marla	4,662,575
							Total	137,127,575

Decrease of state land was occurred due to weak internal control which resulted in loss to Government.

When pointed out no reply was furnished by the management.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry into the matter and action taken against the person(s) at fault under intimation to audit.

AIR Para No.16

1.2.3.3 Non-credit of lapsed deposit into Government revenue –Rs 37.383 (m)

According to Para 399(iii) of CPWD Code Balances unclaimed for more than three complete accounting years shall be credit to government as lapsed deposits.

Deputy Commissioner Swat did not credit lapsed deposits amounting to Rs 37,383,993 of 05 land acquisition cases, lying in revenue deposit for more than three accounting years as detailed below:

S.No	Particulars	Voucher No and date	Amount Received	Period lying in Revenue Deposit
1	Acquisition of land for DHQ Hospital Saidu Sharif	72/15.10.1996	7,462,000	22 years
2	Acquisition of land for Cat-C Hospital Khwazakhela	67/17.6.2011	10,077,943	7 years
3	Acquisition of land for construction of Panr Gulkada Bridge	163/28.6.2012	7,700,000	6 years
4	Acquisition of land for construction of Bagh Dehrai Bridge over River Swat	68/12.3.2013	11,482,473	5 years
5	Land compensation of Graveyard Bahram Patai UC Fatehpur	154/15.01.2014	661,577	4 years
		Total	37,383,993	

Non credit of lapsed deposit occurred due to weak internal control which resulted in violation of rules.

When pointed out no reply was furnished by the management.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends credit of lapsed deposits into Government revenue and action against the person(s) at fault.

AIR Para No.21

1.2.3.4 Non deduction of 2% TMA Charges Rs 12.174 million

Para 26 of GFR Vol-1 requires that each administrative Department to see that the dues of the Govt. are correctly & promptly assessed collected & paid into Government treasury.

DC Swat received an amount of Rs 608,726,397 from various Government Functionaries for onward payment to the land owners on account of Land Acquisition during 2017-18. However, the local office failed to deduct 2% TMA Fee Rs 12,174,523 as detailed below:

S.No	Description	Total Amount (Rs)	TMA Fee @ 2% (Rs)
01	Land compensation of Saidu Sharif Airport	601,004,128	12,020,082
02	Construction of Gravity based Water Supply Scheme Batkhela Town from River Swat	6,701,086	134,021
03	-do- Approach Road to Treatment Plant	1,021,183	20,420
	Total	608,726,397	12,174,523

Non deduction of 2% Property tax was occurred due to weak internal control, which resulted in loss to Government.

When pointed out no reply was furnished by the management.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.22

1.2.3.5 Overpayment due to non acceptance of lowest rates Rs 1.500 million

GFR-23 requires that every government officer will be held personally responsible for any loss sustained to government through negligence or fraud on his part or on the part of his subordinate staff.

Deputy Commissioner Swat advertised the contract for supply of firewood and charcoal for winter season 2017-18. In response (10) bidders took part in the tender process as per comparative statement wherein lowest rate offered by “Khurshid Ahamd r/o Piran Malakand” at S.No.01 as Rs.1358/- per 40 Kg Charcoal was rejected with the Parathat the bidder did not produce the bank statement for last three month. However as per record the bank statement was available on record for last three months. Moreover for firewood rate of 370/Kg offered by Ghulam Mohammad Batkhela was rejected on the plea that two rates of Rs 370 and 390 was offered and was awarded on 428/40Kg which resulted an overpayment of Rs 888,324 as detailed below:

S#	Particulars	Paid Rate (Rs)	Lowest Rate as per Comparative Statement	Difference (Rs)	Qty (Munds)	Overpayment (Rs)
1	Charcoal	1468/40Kg	1358/40Kg	110/40Kg	3,947	434,148
2	Firewood	428/40kg	380/40kg	48/40 kg	9,462	454,176
			Total			888,324

Furthermore an overpayment of Rs 611,841 was made due to non-acceptance of lowest rates in the purchase of computer hardware and furniture during 2017-18 as detailed below:

S.No	Item Name	Firm name and Rate accepted	Firm name and lowest rate offered	Diff	Qty	Amount (Rs)
1	Desktop Computer	Arif Enterprises/122,730	Aish Traders 116,800	5,930	10	59,300
2	Screen	11,630	9,800	1830	10	18,300
3	Laptop	Khan	82,500	36,500	10	36,5000

		Stationary/119,000				
4	Printer Laser Jet	28,900	26,800	2100	10	21,000
5	Visitor Chairs	Shama Furniture/4997	2,200	2,797	53	148,241
					Total	611,841

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

The irregularity was pointed out in July 2018, management stated that the committee rejected the lowest bidder on certain technical and financial grounds and they failed to produce samples. Reply was not satisfactory as the rate was rejected with the reason that bank statement for three months was not produced as recorded on the tender form of the bidder whereas the bank statement of the lowest bidder for three months was available on record in case of firewood/charcoal contract and in case of computers/furniture lowest rates for the same specification was rejected.

Request for convening DAC meeting was made in August 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends investigation and action against the person (s) at fault besides recovery of loss.

AIR Para No.1&7

**1.2.3.6 Irregular expenditure on purchase of furniture & fixture and others -Rs 1.023 million
Non deduction of sales tax and income tax Rs 4.303 million**

1. According to Rule-1 Chapter-II of PPR 2014, save as otherwise provided hereinafter and subject to the provisions of rule 10, the procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods over the value of Rs. 100,000 (rupees one hundred thousand).

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

4. According to Section-153 (1) (a) of the Income Tax Ordinance 2001, withholding tax rate is 4% on payment for supply of Goods.

5. According to Quotation for purchase of vehicles submitted by Toyota Frontier Motors Pvt. Ltd. Rate of Rs 5,433,000 inclusive of Sales Tax for Toyota Fortuner.

Deputy Commissioner Swat incurred an expenditure of Rs 871,820 on purchase of the following items during 2017-18 without adopting open tender system. Further the items purchased were not taken on stock register which indicates that the items were not actually received as delivery challans were not shown to audit.

S.No	Particulars	Total Amount (Rs)
1	Purchase of Furniture & Fixture	871,820
2	Purchase of Water set, Dinner set, Tea set	115,900
3	Carpets	36,000
	Total	1,023,720

Moreover purchase of carpets and weather shield paint for Rs 121,500 was made in Peshawar and Rawalpindi during 2017-18, however sales tax of Rs 20,655 and income tax of Rs 5,467 was not deducted from the supplier.

In another case an amount of Rs 20,369,000 was paid to Toyota Motors on account of purchase of 04 Nos Vehicles during 2017-18 without deduction of sales tax Rs 3,462,730 and income tax Rs 916,605 as detailed below:

S.No	Particulars	Amount paid (Rs)	17% Sales tax	4% Income tax
1	04 Nos Vehicles	20,369,000	3,462,730	814,760

Irregular expenditure and non-deduction of taxes was occurred due to weak internal control which resulted in violation of rules.

The irregularity was pointed out in July 2018, management stated that all the purchase items were split up and on different dates quotation were called and all codal formalities were completed. Moreover all purchases were made locally, therefore sales tax was not deducted from the suppliers. Reply was not satisfactory as the department admitted the irregularity of splitting and sales tax was required to be deducted from purchase made in Peshawar and Rawalpindi.

Request for convening DAC meeting was made in August 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.4&13

1.2.3.7 Non deduction of sales tax Rs 2.812 million

According to Inland Revenue Officer Mardan letter No.786 dated 1.1.2016 that sales tax @ 17% shall be deducted at the time of making payment for purchase of goods/supplies.

District Education Officer (Male) Swat did not deduct sales tax amounting to Rs 2,812,140 on purchase of furniture from Asian Trading Company Peshawar for Rs 16,542,000 during the year 2017-18. The rate offered by supplier was included 17% sales tax which was not deducted at the time of payment as detailed below:

Cheque No & Date	Name of Supplies	Amount (Rs)	17% Sales Tax
162409 dt. 20.6.18	Asian Trading Company Peshawar	16,542,000	2,812,140

Non deduction of Sales tax was occurred due to weak internal control which resulted loss to Government.

The irregularity was pointed out in August 2018, management stated that recovery will be made from the concerned firm and will be shown to audit. Reply was not tenable as no evidence was provided in support of reply.

Request for convening DAC meeting was made in September 2018, which was not convened till finalization of this report.

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

AIR Para No.05

1.2.3.8.1 Non-imposition of penalty due to non-supply of furniture – Rs 1.654 million

According to Clause 2 of the agreement with supplier, 50% supply of the furniture will be completed up to 15.04.2018 and the remaining 50% up to 15.06.2018 and no more extension in the supply period will be made and as per Clause 6, penalty @ 10% shall be imposed if the supplier fails to complete supply within stipulated period.

District Education Officer Male Swat purchased furniture worth Rs 16,542,000 for various schools during 2017-18. Supply was not made within stipulated period. However, penalty @ 10% amounting to Rs 1,654,200 was not recovered.

Non imposition of penalty was occurred due to weak internal control which resulted in loss to Government.

The irregularity was pointed out in August 2018, management stated that time extension has been granted by the competent authority. Reply was not satisfactory as no evidence was provided in support of reply.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.06

1.2.3.8.2 Non-imposition of penalty for late supply of Science Equipments and furniture – Rs 1.943 million

According to the supply orders issued to the suppliers of science equipments and furniture dated 8.5.2018 that the supply shall be made within (30) days from the date of supply order.

District Education Officer Male Swat purchased Science equipments and furniture worth Rs 19,428,160 for various Schools/SDEO's offices during 2017-18. Supply was not made within stipulated period. However, penalty @ 10% amounting for Rs 1,942,816 was not recovered as detailed below:

S#	Name of supplier	Supply order date	Deliver date as per supply order	Actual delivery date as per delivery challan	Delay	Total amount (Rs)	10% Penalty (Rs)
1	Shama Furniture Mingora	8.5.2018 for Science Equipments	30 days i.e. 7.6.2018	Not supplied till 30.6.18	One month	4,489,288	448,928
2	Raza Traders Malakand	--do--	-do-	-do-	-do-	1,201,968	120,196
5	New Rahmat Traders Mingora	-do-	-do-	-do-	-do-	4,213,673	421,367
6	Ali Traders Mingora	-do-	-do-	-do-	-do-	7,645,081	764,508
	Shama Furniture Mingora	8.5.2018 for Furniture to SDO's	30 days i.e. 7.6.2018	Not supplied till 30.6.18	One month	1,143,630	114,363
	Ali Traders Mingora	--do--	-do-	-do-	-do-	734,520	73,452
				Total		19,428,160	1,942,814

Non imposition of penalty was occurred due to weak internal control which resulted in loss to Government.

The irregularity was pointed out in August 2018, management stated that penalty would be imposed as per rules. Reply was not satisfactory as no recovery proof was provided.

Request for convening DAC meeting was made in September 2018, which was not convened till finalization of this report.

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

AIR Para No.08

1.2.3.8.3 Unauthentic expenditure on account of remuneration charges- Rs 2.385 million

According to Para 290 of CTR, no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants.

According to Rule 283 (I) of the CTR Vol- I, acquaintance roll on Form TR 28 be maintained in support of payments.

District Education Officer (Male) Swat drawn Rs 2,385,300 on account of remuneration charges for teachers training during 2017-18, however actual payee receipts/acquaintance rolls of the teachers were not available to verify the payment.

Unauthentic payment occurred due to weak financial control, which resulted in violation of treasury rules.

The irregularity was pointed out in August 2018, management stated that the amount has been paid to Master Trainers as well as ASDEO's concerned for further disbursement. APRs will be shown to audit. Reply was not satisfactory as APRs were not shown to audit.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends investigation and action against the persons at fault.

AIR Para No.11

1.2.3.8.4 Non deposit of Scout and Red Crescent fund Rs 1.973 million

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

District Education Officer (Male) Swat did not deposit Rs 1,973,583 as Scout and Red Crescent during 2017-18 as detailed below:

S.No	Particulars	No. of Students	Rate (Rs)	Amount
01	Scout Fund	219,287	07	1,535,009
02	Red crescent Fund	219,287	02	438,574
			Total	1,973,583

Non deposit was occurred due to weak internal control which resulted in loss to Government.

The irregularity was pointed out in August 2018, management stated that collection/disbursement position will be shown to audit. Reply was not satisfactory as no evidence was provided.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends deposit of the amount and action against the persons at fault.

AIR Para No.14

**1.2.3.8.4.1.1 Unauthorized expenditure on account of Coaching Classes
Rs 1.597 million
Non deposit of unspent balance into Government Treasury
Rs 302,500**

According to Rule 1 of Chapter-III of Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014, the procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods/services over the value of Rs 100,000/ rupees one hundred thousand.

GFR-23 requires that every Government officer shall be held personally responsible for the loss sustained to Government due negligence or fraud on his part or on the part of his subordinate staff.

District Education Officer (Male) withdrew Rs 19,00,000 vide cheque No.0689587 dated 01.02.2018 on account of “Youth free exam Coaching Classes Tehsil Babuzai Swat” under District ADP fund during 2017-18. The amount was shown spent on the following head:

S#	Particular	Amount	Remarks
1	Food Charges	1,372,500	The amount was shown paid to Smart Tasty Food Services Mingora without adopting open tender system in selection of food supplier to achieve economical rates
2	Prizes for Male/ Female Students	100,000	10 male and 10 female students were awarded prizes @ 5,000 per student. However no APRs/ photo session/print media reference was available to verify the payment.
3	Sports items	50,000	Shown purchased on various sports items, however no stock register was show to verify the expenditure.
4	Media/Publicity	50,000	No record of advertisement was available to verify the expenditure.
5	POL for Generator	25,000	Log book of Generator was not available to verify the expenditure
	Total	1,597,500	

Moreover the particular of students participated i.e. name and father name of student, name of school and selection criteria was not available on record to verify the actual position. Furthermore, the unspent balance of Rs 302,500 (1,900,000-1,597,500) was not deposited into Government treasury.

Unauthorized expenditure was occurred due to weak financial control which resulted in violation of rules.

When pointed out no reply was furnished by the management.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends investigation and action against the persons at fault besides immediate deposit of balance amount into Government Treasury under intimation to audit.

AIR Para No.15

1.2.3.9 Non deduction of sales tax Rs 1.358 million

According to Inland Revenue Officer Mardan letter No.786 dated 1.1.2016 that sales tax @ 17% shall be deducted at the time of making payment for purchase of goods/supplies.

District Education Officer (Female) Swat did not deduct sales tax amounting to Rs 1,357,966 on purchase of furniture from Asian Trading Company Peshawar for Rs 7,988,034 during the year 2017-18. The rate offered by supplier was included 17% sales tax which was not deducted at the time of payment as detailed below:

Cheque No & Date	Name of Supplies	Amount (Rs)	17% Sales Tax
1624095 dt. 20.6.18	Asian Trading Company Peshawar	7,988,034	1,357,966

Non deduction of Sales tax was occurred due to weak internal control which resulted loss to Government.

The irregularity was pointed out in August 2018, management stated that sales tax as per rules will be recovered from the supplier. Reply was not satisfactory as sales tax was not deducted at the time of payment.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.03

1.2.3.9.1 Non-imposition of penalty due non supply of furniture – Rs 0.934 million

According to Clause 2 of the agreement with supplier, 50% supply of the furniture will be completed up to 15.04.2018 and the remaining 50% up to 15.06.2018 and no more extension in the supply period will be made and as per Clause 6, penalty @ 10% shall be imposed if the supplier fails to complete supply within stipulated period.

According to the supply orders issued to the suppliers of science equipments and furniture dated 8.5.2018 that the supply shall be made within (30) days from the date of supply order.

District Education Officer (Female) Swat purchased furniture for Rs 9,345,000 from Asian Trading Company Peshawar for various schools during 2017-18. Supply was not made within stipulated period. However, penalty @ 10% amounting to Rs 934,500 was not recovered.

Moreover in another case Science equipments and furniture worth Rs 8,331,130 was purchased for various Schools/SDO's offices during 2017-18.

Supply was not made within stipulated period. However, penalty @ 10% amounting for Rs 833,111 was not recovered as detailed below:

S#	Name of supplier	Supply order date	Delivery date as per supply order	Actual delivery date as per delivery challan	Delay	Total amount (Rs)	10% Penalty (Rs)
1	Shama Furniture Mingora	8.5.2018 for Science Equipments	30 days i.e. 7.6.2018	Not supplied till 02.08.2018	two month	1,964,768	196,476
2	Raza Traders Malakand	--do--	-do-	-do-	-do-	535,395	53,539
3	New Rahmat Traders Mingora	-do-	-do-	-do-	-do-	1,694,145	169,414
4	Ali Traders Mingora	-do-	-do-	-do-	-do-	2,993,192	299,319
5	Shama Furniture Mingora	8.5.2018 for Furniture	30 days i.e. 7.6.2018	-do-	-do-	1,143,630	114,363
				Total		8,331,130	833,111

Non imposition of penalty was occurred due to weak internal control which resulted in loss to Government.

The irregularity was pointed out in August 2018, management stated that the matter will be brought into the notice of District Purchase Committee and penalty as initiated by audit would be imposed. Reply was not satisfactory as penalty was not imposed.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.04 & 05

1.2.3.10 Non deposit of Girls Guide and Red Crescent Fund Rs 0.894 million

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

District Education Officer (Female) Swat did not deposit Rs 893,817 as Girls Guide Fund and Red Crescent fund during 2017-18 as detailed below:

S.No	Particulars	No. of Students	Rate (Rs)	Amount (Rs)
01	Girls Guide Fund	99,313	07	695,191
02	Red crescent Fund	99,313	02	198,626
			Total	893,817

Non deposit was occurred due to weak internal control which resulted in loss to Government.

The irregularity was pointed out in August 2018, management stated that the status of funds received and disbursed will be intimated to audit. Reply was not tenable as no proof in support of reply provided.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends deposit of the amount and action against the persons at fault.

AIR Para No.12

1.2.3.16 Overpayment of Pay and Allowances during the period of leave/EOL – Rs 1.444 million

According to condition No. (iii) of the Government of Khyber Pakhtunkhwa Finance Department letter No. NO. FD(SOSR-II)8-18/2016 dated 7.1.2016, Health Professional Allowance is not admissible during earned leave, study leave and extra ordinary leave except casual leave.

District Health Officer Swat overpaid Rs 1,337,456 on account of Health Professional Allowance and Conveyance Allowance of seventy (65) officers/officials in the period of their leave during 2017-18 which resulted in loss to the Government. Detail at Annexure-7. Moreover in another case overpayment of Rs 106,359 as pay and allowances was made to Dr. Aleemur Rashid MO CH Madyan who was proceeded on 30 days extra ordinary leave (leave without pay) w.e.f. 10.03.2018 to 09.04.2018, however pay of the officer was not stopped and transferred to his bank account.

Overpayment occurred due to lack of financial control, which resulted in loss to the Government.

The irregularity was pointed out in August 2018, management stated that the above pay and allowances will be recovered from the concerned officers/officials. Reply was not tenable as no recovery proof was provided.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery and action against the persons at fault under intimation to audit.

AIR Para No.05 & 06

1.2.3.17 Loss due to non/less deduction of Income tax and sales tax – Rs 5.291 million

According to Inland Revenue Officer Mardan letter No.786 dated 1.1.2016 that sales tax @ 17% and income tax @ 4.5% shall be deducted at the time of making payment for purchase of goods/supplies.

District Health Officer Swat did not deduct or less deducted income tax/sales tax from various suppliers amounting to Rs 5,291,330 on account of purchase of medicines and equipments during financial year 2017-18 as detailed at annexure-8.

Non/less deduction of income tax occurred due to weak internal control which resulted in loss to government.

The irregularity was pointed out in August 2018, management stated that the remaining deduction will be recovered shortly as well as exemption certificates will be provided to audit. Reply was not satisfactory as no recovery evidence was provided till finalization of this report.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.08

1.2.3.18 Non recovery of pay and allowances drawn on fake PMDC Registration Rs 1.613 million

According to Health Department KPK letter No.SO(H)E-11/1-1/2018 dated 26.03.2018 that a combine case may be sent to PMDC Islamabad for verification of antecedents of health professionals and their salaries may be started on court order and undertaking may be obtain from them if their

antecedents after verification proved fake/bogus then they have to return the salaries withdrawn under court orders.

District Health Officer Swat did not recover Rs 1,613,626 on account of pay and allowances from the following doctors who's PMDC Registration was declared fake/bogus by Pakistan Medical & Dental Council Islamabad during 2017-18 as detailed below:

S.No	Name of Medical Officer	Pay & Allowances drawn	PMDC Letter No. & Date	Registration Status
1	Mr. Waqar Ahmad MO	806,813	No.PF.2H-2017 (Verification)/2902 dated 07 th May, 2018	Fake
2	Mr. Mehran Khan MO	806,813	-do-	Fake
	Total	1,613,626		

Non recovery was occurred due to weak internal control, which resulted in loss to Government.

The irregularity was pointed out in August 2018, management stated that pay of the above officers were started on the direction of Peshawar High Court Mingora Bench subject to the final decision of the court. Reply was not tenable as per health department directions that the amount drawn on court direction will be recovered if the antecedents proved fake/bogus after verification.

Request for convening DAC meeting was made in September 2018, which was not convened till finalization of this report.

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

AIR Para No.10

1.2.3.19 Illegal occupation of Government accommodations at various Health Units by unauthorized persons and non recovery of Rent - Rs1.860 million approximately

Para 13 of GFR controlling Officer must satisfy himself by internal check against irregularities, waste and fraud against loss of public money and store and copy of inspection report endorsed to audit.

During the Audit of District Health Officer Swat for the financial year 2017-18 it was noticed that Government accommodations located inside the premises of various health units was illegally occupied by unauthorized persons since long. However, neither action was taken for vacation of Govt. Bungalows and Quarters from unauthorized persons nor Rent of Rs 1,860,000 approximately was recovered from the occupant as per detail at Annexure-9.

Illegal occupation and non recovery of rent occurred due to weak managerial control which resulted in loss to government.

The irregularity was pointed out in August 2018, management stated that notices will be issued to all concerned as well as actual position will be intimated to audit. Reply was not satisfactory as no evidence in support of reply was provided.

Request for convening DAC meeting was made in September 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends immediate vacation of Govt. accommodations along with recovery of rent on actual market rates and action against the person(s) at fault.

AIR Para No.12

**1.2.3.20 Wasteful expenditure on pay and allowances of field staff
Rs 4.830 million**

According to District Government Rules of Business 2015 Second Schedule Serial No.7(i) that Assistant Registrar Cooperatives will promote, cooperative movement and organization, registration, audit and regulation of cooperative societies in the District.

Assistant Registrar Cooperatives Swat incurred an expenditure of Rs 4,830,350 on pay and allowances of field staff during the year 2017-18 however as per record no field activity was shown by the field staff as clear from Monthly Situation Reports for the Year. Moreover Audit Reports of Registered Societies shows that there was no active role of these societies from last 30 years which shows either fake societies or non interest of field staff as well as Governing bodies of these associations. Detail as per Annexure-10.

Wasteful expenditure was occurred due to weak internal control which resulted in loss to Government.

The irregularity was pointed out in November 2018, management stated that the field staff have already been engaged with SRSP in the year 2017-18 and new societies have been registered in District Swat, Shangla and Buner. Reply was not satisfactory as no evidence was provided in support of reply.

Request for convening DAC meeting was made in November 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.01

1.2.3.21 Excess payment of loan to Cooperative Societies beyond the approved credit limit Rs 2.254 million

According to District Government Rules of Business 2015 Second Schedule Serial No.7(v) that Assistant Registrar Cooperatives will support services including agriculture loans and subsidies for farmers in the District.

Assistant Registrar Cooperatives Swat paid Rs 2,253,731 to (12) Nos Cooperative Societies as agriculture loan in excess of their approved credit limit which was unauthorized and resulted in excess payment. Detail as per Annexure-11.

Excess payment was occurred due to weak internal control which resulted in loss to Government.

The irregularity was pointed out in November 2018, management stated that the credit limits have already been revised for these societies. Reply was not satisfactory as the credit limits shown in the last audit reports of these societies were exceeded.

Request for convening DAC meeting was made in November 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends investigation and action against the person (s) at fault besides recovery of excess amount paid.

AIR Para No.02

1.2.3.22 Loss due to award of contract of Sports Items on high rates Rs 2.145 million

According to Rule 3 (iv) of the Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014, the lowest offer from the qualified bidder shall be accepted for award of the contract and will be the best evaluated bid.

GFR-23 requires that every government officer will be held personally responsible for any loss sustained to government through negligence or fraud on his part or on the part of his subordinate staff.

District Officer Sports Swat advertised the contract for purchase of Sports items under District ADP during 2017-18. In response (16) bidders took part in the tender process as per comparative statement wherein lowest rate offered by various bidders were ignored and accepted the high rates which resulted in loss of Rs 2,145,613 as per detailed at Annexure-12.

Award of contract on high rates was occurred due to weak financial control which resulted in loss to Government.

The irregularity was pointed out in November 2018, management stated that due to good quality the sample was selected by the purchase committee. Reply was not satisfactory as no proof of quality was provided. Further the lowest rates were rejected without any cogent reasons.

Request for convening DAC meeting was made in November 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.04

**1.2.3.23 Unauthorized transfer of developmental fund to commercial bank
Rs 14.797 million**

According to Government of Khyber Pakhtunkhwa Finance Department letter No.2/3(F/L)FD/2007-08/Vol-IX dated 10th February 2014 that no funds shall be placed in any commercial bank without prior approval of the Finance Department as contained in Para-6 & 7 of GFR Volume-I.

District Officer Social Welfare Swat transferred District ADP fund 2016-17 for purchase of Sewing Machines and Wheel Chairs amounting to Rs

14,797,000 from Government Treasury to Commercial Bank during 2017-18 as detailed below which was unauthorized.

S#	Particulars of Fund Received	Drawn from Govt. Treasury vide cheque No. & date	Deposited in Bank Account No.	Amount (Rs)
1	District ADP 2016-17 Fund for Purchase of Sewing Machines and Wheel Chairs	Cheque No.0598739 dated 23.6.2017	The Bank of Khyber Mingora A/C No.CD-00235-00-2	4,802,000
2	District ADP 2016-17 Fund 2 nd Release	Cheque No.0571042 dated 25..05.2018	The Bank of Khyber Mingora A/C No.CD-00235-00-2	9,995,000
Total				14,797,000

Unauthorized transfer was occurred due to weak financial controls, which resulted in violation of rules and government orders.

The irregularity was pointed out in November 2018, management stated that the matter regarding subject account has already been discussed in DAC Meeting and the said Account opened on the direction of the DAC on current basis. Reply was not satisfactory as no evidence in support of reply provided.

Request for convening DAC meeting was made in November 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit suggests investigations and fixing responsibility on the person(s) at fault.

AIR Para No.01

1.2.3.24 Loss due to award of contract on high rates Rs 1.242 million

According to Rule 3 (iv) of the Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014, the lowest offer from the qualified bidder shall be accepted for award of the contract and will be the best evaluated bid.

GFR-23 requires that every government officer will be held personally responsible for any loss sustained to government through negligence or fraud on his part or on the part of his subordinate staff.

District Officer Social Welfare Swat advertised the contract for purchase of Sewing Machines and Wheel Chairs under District ADP during 2017-18. In response (21) bidders took part in the tender process as per comparative statement wherein lowest rate offered by “Madina Traders Peshawar” at S.No.15 as Rs 5,733 including tax per Machine along with Electric Motor which was rejected with the remarks that the contractor “did not apply” whereas tender documents and attendance sheet for contractor of Purchase Committee Meeting held on 29/08/2017 shows that the contractor applied and attended the meeting. However the contract was awarded at the rate of Rs 6,664 without tax to per machine to Ali Trader Mingora which resulted in loss of Rs 660,502 as detailed below:

S#	Item	Awarded Rate (Rs)	Lowest Rate (Rs)	Difference (Rs)	Qty (Nos)	Overpayment (Rs)
1	Sewing Machine with Motor	6,664	5,733 including 4.5% tax i.e.Rs.258 Net Rate = 5,475 (5733-258)	1,189	458	544,562
2	Sewing Machine without Motor	5,935	4,786-215= 4,571	1,364	85	115,940
					Total	660,502

Moreover in other case the local office advertised the contract for supply of food items for various institutions/Centers of Social Welfare Department Swat during 2016-17. In response (04) bidders took part in the tender process as per comparative statement wherein lowest rate offered by “Zahoor Ahmad Govt. Contractor Peshawar” at S.No.4 as Rs 1,448 including tax for all food items which was rejected with the remarks that “no registration was found attached” and awarded at high rate of Rs 1,555 to “Zahoor Ahmad Ghala Marchants & General Store Saidu Sharif” who was not a tax payer which resulted in loss of Rs 582,075 as per detail at Annexure-12.

Award of contracts on high rates was occurred due to weak managerial control which resulted in loss to Government.

The irregularity was pointed out in November 2018, management stated that the bid of M/S Zahoor Ahmad Peshawar was rejected due to non availability of proper registration. Reply was not satisfactory as the supplier was a registered contractor as clear from FBR verification and supply order of the same nature items by other Government departments.

Request for convening DAC meeting was made in November 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.02 & 04

1.3 TMA Babuzai, Matta, Barikot, Bahrain Khwazakhela & Charbagh

1.3.1 Misappropriation

1.3.1.1 Embezzlement in collections of tax on transfer of immovable property – Rs 6.452 million

According to Para 23 of GFR Vol.-I, 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 20 of GFR embezzlement when discovered be immediately reported to higher authority as well as DG Audit if the loss has been made good by the party responsible for it.

Tehsil Municipal Officer, TMA Matta Shamizai District Swat collected, through Mr. Muhammad Rashid Rent Inspector BPS-11, Rs 35,793,748 on account of 2% property tax on transfer of immovable property from the offices of Tehsildar and Naib Tehsildar Matta during financial year 2017-18 against which Rs 29,341,160 was deposited in the account of TMA while the remaining amount of Rs 6,452,588 was misappropriated. Moreover, collections for the months of July to September 2018 in the current financial year 2018-19 was also made by the same official which needs detailed verification to determine misappropriation in these three months also.

Embezzlement occurred due to weak internal and financial control which resulted in loss to the TMA/Council.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends immediate recovery from the person (s) responsible besides disciplinary action under intimation to audit. **AIR PARA NO. 01**

1.3.2 Irregularity/Non-compliance

1.3.2.1 Irregular expenditure without Technical Sanction – Rs 9.209 million

According to Para 32 of CPWD Code, no work shall be executed without Administrative Approval/Technical Sanction and Budget allotment. Further, according to Para 56 of CPWD Code, if subsequent to the grant of technical sanction, material structural alterations are contemplated, orders of the original sanctioning authority should be obtained, even though no additional expenditure may be involved by the alterations.

TMO Mingora incurred an expenditure of Rs 9,209,883 on account of remaining work of TMA commercial plaza during 2017-18. During scrutiny of record, it was observed that Technical Sanction was not obtained from the competent authority before commencement of work. Thus, the expenditure made was held irregular.

Irregular expenditure occurred due to weak financial control, which resulted in violation of Government Rules.

When pointed out in December 2018, Management stated that technical sanction was in process and would be shown to audit.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends obtaining technical sanctions from the competent forum and action against the person(s) at fault authorizing execution/payment without technical sanction.

AIR Para No.04

1.3.2.2 Irregular payment on AOM & R without open tender – Rs 2.048 million

According to Rule 18 C (v) of KPPPRA Rules 2014, subject to the conditions of contract, a procuring entity may, insure a variation order to a contractor to include works which were outside the original scope of works to ensure interests of Government and for reasons of economy, compatibility and efficiency provided that:

- (a) The original contract is still in force.
- (b) The procuring entity has satisfied itself for technical reasons that the placing of the variation order is cost effective.
- (c) The value of variation order is not more than fifteen percent of the original contract.
- (d) There may be more than one variation orders as long as the total value of all the variation orders remains within 15 percent of the original contract.

TMO Mingora paid Rs 2,048,569 on account of AOM & R during the financial year 2017-18. During scrutiny of record, it was observed that open tender system was not adopted to achieve economical rates as the contract was enhanced from Rs 3,000,000 to Rs 5,048,569 which was 68.28 % above from the original contract. Moreover, Rs1,480,790 was paid to Mr. Muhammad Rahim Government contractor instead of Mr. Bahadur Khan Government contractor who was awarded the contract of AOM &R during the financial year 2017-18. Hence, the amount paid was held irregular.

Audit observed that the irregularity occurred due to weak financial control, which resulted in violation of rules.

When pointed out in December 2018, Management did not respond to the observation.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends probe in the matter and action against the person(s) at fault.

AIR Para No.03

**1.3.2.3 Irregular payment on account of firewood and charcoal–
Rs 5.714 million**

According to Para 148 of GFR Volume-, all material received should be examined, counted, measured, weighed as the case may be, when delivery is taken, and they should be taken on charge by a responsible government officer who should see that quantities are correct and their quality is good, and record a certificate to that effect.

TMO Mingora incurred expenditure of Rs 5,714,121 on account of purchase of firewood and charcoal charges during the financial year 2017-18. During scrutiny of record, the following discrepancies were observed.

1. Stock Register was not available on the record of the local office.
2. No supporting vouchers like purchase order, delivery challans were available on the record of local office.

The irregularity occurred due to weak financial control, which resulted in violation of rules.

When pointed out in December 2018, Management did not respond to the observation.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends to justify the expenditure or recover the amount from the concerned.

AIR Para No.06

1.3.2.4 Loss to Government due to non-availability of Sui Gas Meter – Rs 2.114 million

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

TMO Mingora incurred expenditure of Rs 5,714,121 on account of purchase of firewood and charcoal charges during the financial year 2017-18. During audit, it was observed that no efforts were made by the local office for installation of Sui Gas Meter as the Sui Gas was available in the Mingora city. If a minimum amount of Rs 300,000 of Sui Gas bill was to be calculated, then a loss of Rs 2,114,121 {5,714,121 – 3,600,000 (300,000 x 12 months)} was sustained by Government.

Audit observed that irregularity occurred due to weak financial control, which resulted in loss to Government.

When pointed out in December 2018, Management did not respond to the observation.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends to install Sui gas connection to avoid further loss and action against the person(s) at fault.

AIR Para No.07

1.3.2.5 Irregular expenditure on installation of GI and HDPE pipes – Rs 2.400 million

According to circular No11/Dev-14/PHE (N) dated 14-7-2015 in order to stop the entry of the sub-standard product the field staff must be instructed to adopt the following quality assurance steps for compliance

- i. Original Manufacturer/confirmation through his letter head and seal.
- ii. Gate Pass No./Sales Tax invoice.
- iii. Confirmation that manufacturers all documents are original
- iv. Code No, on Product (year, month, date)

Tehsil Municipal Officer Mingora incurred expenditure of Rs 2,400,679 on account of supply and fixing GI and HDPE pipes in various water supply schemes during 2017-18. On scrutiny of record, it was observed that that the Local office did not adopt the following quality assurance steps to ensure the quality and health of the people of locality.

- i. Original Manufacturer/confirmation through his letter head and seal
- ii. Gate Pass No./Sales Tax invoice.
- iii. Confirmation that manufacturers all documents are original
- iv. Code No, on Product (year, month, date).

In the absence of the above mentioned documents, the execution of substandard pipes could not be ruled out. Detail is as under:

S. No.	Name of scheme	Amount (Rs)
01	DWSS at Murghuzar	196,090
02	DWSS at Kokarai	304,650
03	DWSS at Islampur	236,124
04	DWSS kokarai	167,104
05	DWSS at Mohallah City Mill, Usman Khel	82,495
06	DWSS at Manglawar	170,330
07	DWSS at Rahim Abad	663,490
08	DWSS at Banr Tahir Abad	369,883
09	DWSS at Faizabad	210,513
Total		2,400,679

The matter was reported to the Management in December 2018, but management did not respond to the observation.

Audit observed that non compliance of the field staff occurred due to weak internal control, which resulted in violation of Government instruction.

When pointed out in December 2018, Management did not respond to the observation.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility and action against the person(s) at fault.

AIR Para No.08

1.3.2.6 Loss to Government due to unjustified deposit of sales proceeds of auction of old vehicles Rs 1.382 million

According to Government of Khyber Pakhtunkhwa Directorate General Local Government Elections and Rural Development Department Notification No. Dir (LG) Transport Committee Report 2015-16 dated 14.10.2016, condition No. a. the existing old/unserviceable vehicle shall be auctioned according to rules and sale proceeds from auction shall be deposited in to the Government treasury through Challan.

Tehsil Municipal Officer, TMA Matta Shamizai District Swat auctioned two vehicles for Rs 1,382,000 during financial year 2017-18, after purchase of two new vehicles, the sales proceeds of which was deposited in the designated bank account of the TMA instead of deposit into Government treasury. Detail is as under:

1. Pick up Datson bearing No. A 1015 Buner model 1995 for Rs 1,070,000 taken by Mr. Amjad Ali
2. Suzuki Van bearing No. A 1132 model 1996 for Rs 312,000 taken by Mr. NawabAli

Unjustified deposit in the TMA account occurred due to violation of rules which resulted in loss to the Government.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

When pointed out in December 2018, Management did not respond to the observation.

Audit recommends recovery and fixing responsibility on the person (s) at fault under intimation to audit.

AIR Para No. 02

1.3.2.7 Non deduction of income tax, sales tax, DPR and stamp duty – Rs 1.788 million

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

According to Section 153 (1) (a) of Income Tax Ordinance 2001, 4.5 % income tax for supply for sales of goods was deductible from the supplier with effect from 1st July 2017.

According to Section-11 of the “Disabled Persons (Employment & Rehabilitation) Ordinance 1981 and the Government of Khyber Pakhtunkhwa Disabled Persons (Employment & Rehabilitation) Rules,1991 read with the Establishment and Administration Department Khyber Pakhtunkhwa letter NO.SORV(E&AD)11-26/96 Vol-III dated 25th July 2002 followed by several reminders and Federal Cabinet Decision and Directorate of Social Welfare Special Education & Women Empowerment Department Khyber Pakhtunkhwa Circular letter No.DPR/Pub/PCRD/15374-403 dated 23.01.2012 deduction of DPR fund @ Rs 2,000 each per million may be made in the bills of the contractors/firms who have completed business of one million or above in a financial year.

Tehsil Municipal Officer, TMA Matta Shamizai District Swat paid Rs 8,157,908 to M/S Gollibrative Heavy Industries (Pvt) Limited Lahore vide Cheque No. 30337789 dated 18.04.2018 and Cheque No. 30337801 dated 24.05.2018 as advance payment for purchase of Machinery and equipment. Deductions of stamp duty, income tax, sales tax and DPR fund of Rs1,788,199 was made from the bill of the supplier but were not deposited into Government treasury under proper heads. Detail is as under:

S.No	Nature of deduction	Amount (Rs)
01	Sales tax @ 17% of Rs 8,157,908	1,386,844
02	Income tax @ 4% of Rs 8,157,908	367,105
03	Stamp duty	18,250
04	DPR fund	16,000
Total		1,788,199

Non deposit occurred due to weak financial management due to which Government revenues were not realized/understated.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends immediate deposit into Government treasury under intimation to audit.

AIR Para No.03

1.3.2.8 Loss due to refund of forfeited amount to defaulter and without pre-audit – Rs 3.850 million

According to condition No. 4 & 5 of the model terms and conditions for 2015-16, circulated to all TMOs vide Khyber Pakhtunkhwa, Local Government & Rural Development Department (Local Council Board) letter No.AO-II/LCB/6-11/2011 dated 01.06.2015, the successful bidder within seven days of the acceptance of his bid, will deposit 5% security and 15% advance.

According to condition No. 14 of the of terms and conditions *ibid*, the successful bidder within seven days of the acceptance of his bid, shall produce a surety bond on a stamped paper to the extent of the bid amount and shall execute an agreement with the concerned councils of contract duly attested by a Judicial/Municipal Magistrate to the satisfaction of council. In case, the contractor/firm does not deposit advances or does not enter into agreement the bid shall be considered as cancelled and loss if any shall be recouped at the risk & cost of the contractor and recoverable under land revenue act, along with blacklisting of the contractor/firm.

Tehsil Municipal Officer, TMA Matta auctioned the contract “2% tax on transfer of immovable property” for the financial year 2015-16 in which the highest bid offer of M/S Faramosh Khan for Rs 48,500,000 was accepted. As per terms and conditions, the successful bidder was bound to deposit 5% security and 15% advance amounting to Rs 9,700,000. The contractor deposited Rs 1,000,000 in cash and two Cheques of Rs 4,850,000 and failed to deposit the remaining amount of Rs 3,850,000. The deposited amount of Rs 5,850,000 was forfeited in favor of TMA and the contract was run departmentally for the period from 1st July to 30th September 2015 and Rs 7,176,154 were realized. The contract was re-auctioned for 9 months with effect from October 2015 to 30th June 2016 and awarded to the highest bid of Rs 28,500,000 to M/S Khan Zada. Upon application by the contractor for remission and refund of forfeited amount, Tehsil Accounts Committee recommended to forfeit Rs 2,000,000 and refund Rs 3,850,000. Therefore, the amount was refunded in 2017-18 vide Cheque No.0000149 dated 01.08.2017. Audit held that refund of Rs 3,850,000, already forfeited in favor of TMA due to failure of the highest bidder and payment without pre-audit was unauthorized.

The irregularity occurred due to violation of terms and conditions which resulted in loss the Council.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery and action against the persons at fault.

AIR Para No.04

1.3.2.9 Non recovery of loss occurred due failure of 1st bidder and award at lesser rate and departmental recovery – Rs 14.673 million

According to condition No. 14 of the of terms and conditions ibid, the successful bidder within seven days of the acceptance of his bid, shall produce a surety bond on a stamped paper to the extent of the bid amount and shall execute an agreement with the concerned councils of contract dully attested by a Judicial/Municipal Magistrate to the satisfaction of council. In case, the contractor/firm does not deposit advances or does not enter into agreement the bid shall be considered as cancelled and loss if any shall be recouped at the risk & cost of the contractor and recoverable under land revenue act, along with blacklisting of the contractor/firm.

Tehsil Municipal Officer, TMA Matta auctioned the contract “2 % tax on transfer of immovable property” for the financial year 2015-16 in which the highest bid offer of M/S Faramosh Khan for Rs 48,500,000 was accepted. As per terms and conditions, the successful bidder was bound to deposit 5% security and 15% advance amounting to Rs 9,700,000. The contractor deposited Rs 1,000,000 in cash and two Cheques of Rs 4,850,000 and failed to deposit the remaining amount of Rs 3,850,000. The deposited amount of Rs 5,850,000 was forfeited in favor of TMA and the contract was run departmentally for the period from 1st July to 30th September 2015 and Rs 7,176,154 were realized. The contract was re-auctioned for 9 months with effect from October 2015 to 30th June 2016 and awarded to the highest bid of Rs 28,500,000 to M/S Khan Zada due to which the Council sustained loss of Rs 14,673,546 for recovery of which no concrete efforts were made and the amount was outstanding so far. Detail is given below:

Description	Amount (Rs)
Highest bid of 1 st auction	48,500,000
Less: Actual recovery during 2017-18 through departmental recovery plus award of contract in 2 nd auction for 9 months	35,676,154
Loss sustained by the Council	1,282,356
Less: Forfeited amount	2,000,000

Net Loss	1,082,356
Plus: Refund of forfeited amount	3,850,000
Actual loss sustained by the Council	14,673,546

The irregularity occurred due to violation of terms and conditions which resulted in loss the Council.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery and action against the persons at fault.

AIR Para No. 05

1.3.2.10 Non recovery of revenue from vegetable & fruit market illegally run by unauthorized persons–Rs 10.500 million

According to TMO letter No. 74/MC Matta dated 14.03.2013 and Tehsil Council minutes of meeting held on 15.12.2015 and 15.01.2016 read with notice No. 878 -83 dated 09.07.2014, the unauthorized person (Muhammad Ismail) earned a handsome amount through illegal vegetable and fruit market.

During audit of the accounts of the office of TMO Matta for the financial year 2017-18 it was noticed that vegetable and fruit market has been illegally run by unauthorized persons led by Muhammad Ismail for 6 years since 2011-12 but no revenue realized. According to letter of TMO dated 14.03.2014, addressed to the Assistant Commissioner, average income of the unauthorized person from the said illegal market was about Rs 1,500,000 per year while a single rupee was collected from the person (s) due to which the Council sustained loss of Rs 10,500,000 in six years. Moreover, 16 kanal land at Khasra No. 869 was acquired on lease basis for the said market and agreement for three years was executed with M/S Salahuddin at 50:50 ratio but was not implemented and the land was not used as vegetable and fruit market. The lessee has now filed a case for rent of the land and, in case of decision in his favor, the Council will further sustained loss.

Non recovery occurred due to weak internal control which resulted in loss to the Council.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery from the person (s) responsible under intimation to audit.

AIR Para No. 06

1.3.2.11 Unauthentic receipts of 2% property tax without reconciliation with revenue department– Rs17.132 million

According to Government of Khyber Pakhtunkhwa Local Government & Rural Development Department, Local Council Board, letter No.AO II/LCB/6-11/2017 dated 06.06.2017, contracts of the 2% property tax on transfer of immovable property for the year 2017-18 shall not be auctioned hence forth and collection of the said 2% Tax on immovable property may be made departmentally. The TMAs who have already auctioned their contracts for the year 2017-18 and have got vetted from Local Council Board shall immediately cancel the same.

According to Para 89(4) (viii-2) of GFR Vol-I, that main object of the reconciliation is to ensure that the departmental accounts are sufficiently accurate to render possible and efficient departmental control.

Tehsil Municipal Officer, TMA Barikot District Swat realized Rs 17,132,833 from the office of Tehsildar during financial year 2017-18 on account of 2% tax on transfer of immovable property. Verification and authentication of the tax was impossible as collections were made in cash the officials of the office of tehsildar and officials of the TMA without any reconciliation between revenue department and TMA. Neither acknowledgements were obtained nor progress report was maintained and no account of issue and returns of receipts books (LC-5) was maintained. The entire collection process of huge amounts was fully

dependent upon the collecting officials and no tool of internal control was developed by management to ascertain the volume of the amount collected as 2% property tax by official of the office of tehsildar, on behalf of TMA from the public, collected and deposited by official of the TMA. Hence the process was materially risky and chances of misappropriation could not be ruled out.

Unauthentic realization occurred due to maintaining cash based system due to which chances of misappropriation existed.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends developing effective and trustworthy accounting system and factual reconciliation between revenue department and TMA.

AIR Para No. 03

1.3.2.12 Un-necessary expenditure on construction of boundary wall and protection wall at dumping ground - Rs1.562 million

According to Para 23 of GFR Vol.-I, 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.

Tehsil Municipal Officer TMA Barikot District Swat purchased 4 kanal and 2 marla land for dumping ground during financial year 2016-17 at the cost of Rs 7,060,000 out of the funds of CMD for the year 2014-15. A scheme “construction of boundary wall and protection wall at dumping ground” was approved in the funds of 30% ADP for Rs 1,800,000. Boundary wall at three sides of the land was constructed for Rs 712,000 and protection wall @ Rs 850,000. During physical verification of the site, it was noticed that the protection wall was constructed to other personal land of a private person instead of constructing to the land of the dumping ground for subsequent construction of boundary wall at the remaining one side of the land. The land was not used for dumping ground due to public resistance and another land was hired for dumping ground for annual rent of Rs 250,000 per annum. Audit held that expenditure on

purchase of land was wasteful and expenditure on construction of boundary wall and protection wall was unnecessary and illegal due to which loss sustained by the Council.

Unnecessary expenditure occurred due to weak managerial control which resulted in loss to the Government and Council also.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends fixing responsibility on the person (s) at fault under intimation to audit.

AIR Para No. 04

1.3.2.13 Irregular expenditure on installation of GI and HDPE pipes-Rs3.105million

- i. According to circular No11/Dev-14/PHE (N) dated 14-7-2015 in order to stop the entry of the sub-standard product the field staff must be instructed to adopt the following quality assurance steps for compliance Original Manufacturer/confirmation through his letter head and seal.
- ii. Gate Pass No./Sales Tax invoice.
- iii. Confirmation that manufacturers all documents are original
- iv. Code No, on Product (year, month, date)

Tehsil Municipal Officer Charbagh incurred expenditure of Rs 3105000 on account of Supply and Fixing GI and HDPE pipes in various Water supply Schemes during 2016-17. On scrutiny of record, it was observed that that the Local office did not observed/fulfilled the above mentioned conditions for quality assurance steps to ensure the quality and health of the people of locality. Detail is given below:

S.No	Name of Scheme	C/name	Expenditure (Rs)
1	DWSS Jabagai	Al Habib Const:	975,000

11	DWSS at Mangar Kot	M/S Malam Jaba	830,000
18	DWSS pipe UC Kishawara	M/S Mohammad Rahim	300,000
19	DWSS pipe UC Guli bagh	M/S Mohammad Rahim	500,000
26	Pvt: of Streets PCC at UC Gulibagh	M/S Jaag &Co	500,000
Total			3,105,000

In the absence of the above mentioned documents the entry of substandard Pipes cannot be rolled out.

Audit observed that noncompliance of the field staff occurred due to weak internal control, which resulted in violation of Government instruction.

The irregularity was pointed out in December 2018, management stated that the required documents will be furnished to audit, but no evidence was produced so for.

Request for convening DAC meeting was made in December 2018, however meeting of DAC could not be convened till finalization of this report.

Audit Recommends enquiry into the matter for fixing of responsibility and action against the person at fault.

(AIR No.03)

1.3.2.14 Irregular expenditure without Technical Sanction –Rs 9.5 million

According to Para 2.4 of B&R Department Code, no work shall be started without administrative approval, technical sanction and allotment of funds.

Tehsil Municipal Officer Charbagh incurred an expenditure of Rs 9501000 on various developmental schemes during 2017-18 without obtaining technical sanction from the competent authority as per annexure:

S.No	Name of Schemes	Amount (Rs)
1	Boring & installation of hand pumps at U/C Charbagh	2,480,000
2	Const: of Kacha Road at Shinkad UC Talegram	596,000
3	Cleaning of Khiri kaka UC Charbagh	150,000

4	Pavt: of Street with tuff tiles UC Charbagh-1	975,000
6	Const: of PCC road at shoom shingle	300,000
7	Const : water supply t/well boring hand pump	5,000,000
	Total	9,501,000

Irregularity occurred due to weak internal control, which resulted in violation of government rules.

When pointed out in December 2018, management stated that the Technical sanction would be obtained from the competent forum, but no TS was produced so far.

Request for convening DAC meeting was made in December 2018, however meeting of DAC could not be convened till finalization of this report.

Audit recommends obtaining Technical Sanction from the competent forum and action against the person(s) authorizing execution /payment without Technical Sanction.

(AIR No. 05)

1.3.3 Internal Control Weaknesses

1.3.3.1 Non imposition of penalty on late completion of schemes - Rs 2.660 million

According to Clause 2 of the Contract Agreement, penalty of 1% per day and up to maximum of 10% of the tender cost may be imposed for delay in completion of work.

TMO Mingora did not impose 10% penalty of Rs 2,660,000 during 2017-18 on various contractors for late completion of developmental schemes. Detail as per annexure-13.

Audit observed that non recovery of penalty occurred due to lack of internal control which resulted in loss to Government.

When pointed out in December 2018, Management stated that time extension has been granted by the competent forum. Reply was not convincing as no documentary proof was provided to audit.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends completion of schemes and recovery of penalty besides action against the person(s) at fault.

AIR Para No.01

1.3.3.2 Non transfer of 3% RTA share – Rs 2.912 million

According to Serial No. V of part-II, Terms & Conditions of the contractor circulated vide Government of KPK Local Government Department No. AO/LCB/6-11/2009 dated 12th January 2010, TMA shall be bound to pay 3% tax to RTA.

TMO Mingora collected Rs 97,080,225 as income of GBS Mingora, Shahdara, Naikpikhael, Haji Baba and Shahgay during the financial year 2017-

18. During scrutiny of record, it was observed that the local office did not transfer RTA share amounting to Rs 2,912,406.

Audit observed that the irregularity occurred due to weak financial control, which resulted in violation of rules.

When pointed out in December 2018, management stated that the funds would be transferred to RTA.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends transfer the amount under intimation to audit.

AIR Para No.02

1.3.3.3 Loss to Government due to non deposit of Government receipts of Canteen Fiza Gat park- Rs 1.232 million

According to Para 28 of GFR Volume-I, no amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

TMO Mingora awarded contract of Fiza Gat Parking to Mr. Insha Allah Khan R/O Bashir Abad Peshawar for Rs 3,230,000 during the financial year 2017-18. During scrutiny of record, it was observed that the contractor deposited Rs 2,320,600. The contractor failed to deposit Rs 909,400 (3,230,000 – 2,320,600). Moreover, income tax amounting to Rs 323,000 (3,230,000 x 10%) was also not deducted from the contractor.

The irregularity occurred due to weak internal control, which resulted in loss to Government.

When pointed out in December 2018, management stated that the recovery would be deposited.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AIR Para No.05

1.3.3.4 Non recovery of outstanding dues of 2% property tax from the contractor Rs 2.185 million

According to condition No.25 of terms and conditions for 2015-16, circulated to all TMOs vide Khyber Pakhtunkhwa, Local Government & Rural Development Department (Local Council Board) letter No.AO-II/LCB/6-11/2011 dated 01.06.2015, no clause for remission shall be provided in the agreement or in the auction notices. Remission could however, be considered in case of wide spread civil disturbance provided it disrupts the normal trade in big way. Small local strikes will not be taken into consideration for remission. No remission on account of rain shall be allowed in any way.

Tehsil Municipal Officer, TMA Bahrain District Swat auctioned the contract of 2% property tax and awarded to the highest bidder (Mr. Farman Ali Son of Umar Zaman) for Rs 21,850,000 for the financial year 2015-16. The contractor applied for 60 % remission while the Taxation Committee recommended for 10% remission and passed a resolution by the Tehsil Council on 16th December 2016. The case was forwarded to the provincial Government for approval of remission which was rejected by the provincial on the pleas that there was no remission clause in the approved terms and conditions framed by the provincial Government and agreement executed with the contractor. A guarantee in shape of Cheque of Rs 2,180,000 had been deposited with the TMA to be cashed in case of non-approval by the provincial Government while as per rules Cheque was not acceptable. Neither the Cheque was deposited in the account of TMA nor recovery effected so far.

Non recovery was occurred due to violation of terms and conditions and agreement which resulted in loss to the Council.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery from the concerned contractor or person (s) responsible under intimation to audit.

AIR Para No.01

1.3.3.5 Non recovery of outstanding amount of tourist entry fee and accrued penalty Rs 1.063 million

According to condition No. 6 of the model terms and conditions for 2015-16, circulated to all TMOs vide Khyber Pakhtunkhwa, Local Government & Rural Development Department (Local Council Board) letter No.AO-II/LCB/6-11/2017 dated 20.02.2017, the successful bidder within seven days of the acceptance of his bid, will deposit 5% security and 15% advance.

According to condition No. 13 of the of terms and conditions ibid, the successful bidder within seven days of the acceptance of his bid, shall produce a surety bond on a stamped paper to the extent of the bid amount and shall execute an agreement with the concerned councils of contract duly attested by a Judicial/Municipal Magistrate to the satisfaction of council. In case, the contractor/firm does not deposit advances or does not enter in to agreement within the specified period the bid shall be considered as cancelled while the earnest money shall be forfeited in favour of the concerned local councils.

Tehsil Municipal Officer, TMA Bahrain auctioned the contract “Tourist Entry Fee” for the financial year 2017-18 on 2nd May 2017 in which the highest bid offer of M/S Anwar Ali for Rs 2,817,000 was accepted and sent to provincial Government for vetting. Charge of the contract was handed over the successful bidder and as per serial 9 of the approved terms and conditions, the contractor did not deposit daily collections in the account of TMA. His call deposit was forfeited and the contract was run departmentally. The contract was re-auctioned on 15th August 2017 for 9 months with effect from 1st September 2017 to 30th

June 2018 and awarded to Muhammad Imran for Rs 1,500,000. The contractor failed to deposit monthly installments of Rs 743,656 for the period from 1st September 2017 to 7th March 2018. The contract was again cancelled and run departmentally. His call deposit and additional security amounting to Rs 170,000 was not forfeited and monthly installments of Rs 743,656 and accrued penalty of Rs 180,000 for 10 days was also recoverable. Hence total amount of Rs 1,063,656 was not recovered from the deflator contractor so far.

Non recovery of principal amount and accrued penalty due to violation of terms and conditions which resulted in loss the Council.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery and action against the persons at fault.

AIR Para No.02

1.3.3.6 Unauthentic receipts of 2% without reconciliation with revenue department Rs23.504 million

According to Government of Khyber Pakhtunkhwa Local Government & Rural Development Department, Local Council Board, letter No.AO II/LCB/6-11/2017 dated 06.06.2017, contracts of the 2% property tax on transfer of immovable property for the year 2017-18 shall not be auctioned hence forth and collection of the said 2% Tax on immovable property may be made departmentally. The TMAs who have already auctioned their contracts for the year 2017-18 and have got vetted from Local Council Board shall immediately cancel the same.

According to Para 89(4) (viii-2) of GFR Vol-I, that main object of the reconciliation is to ensure that the departmental accounts are sufficiently accurate to render possible and efficient departmental control.

Tehsil Municipal Officer, TMA Bahrain District Swat realized Rs23,504,217 from the office of Tehsildar on account of 2% tax on transfer of immovable property during financial year 2017-18. Verification and authentication of the tax was impossible as collections were made in cash between officials of the office of Tehsildar and officials of the TMA without any reconciliation between revenue department and TMA. Neither acknowledgements were obtained nor progress report was maintained and no account of issue and returns of receipts books (LC-5) was maintained. The entire collection process of huge amounts was fully dependent upon the collecting officials and no tool of internal control was developed by the management to ascertain the volume of the amount collected as 2% property tax by official of the office of Tehsildar, on behalf of TMA from the public, collected and deposited by officials of the TMA. Hence the process was significantly risky and chances of misappropriation could not be ruled out.

Unauthentic realization occurred due to maintaining cash based system due to which chances of misappropriation existed.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends developing effective and trustworthy accounting system and factual reconciliation between revenue department and TMA.

AIR Para No.03

1.3.3.7 Non deduction of income tax and sales tax – Rs1.947 million

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

According to Section 153 (1) (a) of Income Tax Ordinance 2001, 4% income tax for supply for sales of goods was deductible from the supplier with effect from 1st July 2016.

Tehsil Municipal Officer, TMA Bahrain District Swat spent Rs13,535,000 on purchase of official vehicles and machinery and equipment from various firms of taxable area during financial year 2016-17. Deduction of Rs 138,634 @ 1/5th of the total sales tax instead of deductions of Rs2,085,858 on account of sales tax and income tax due to which non deduction of Rs 1,947,224 was incurred as per detail given below:

S.No	Name of supplier	Quantity	Price (Rs)	Sales tax 17%	Total amount (Rs)	Deducted sales tax 1/5 th	Net payment (Rs)
01	Suzuki Ravi 800cc	02	1,140,171	193,829	1,334,000	36,765	1,297,235
02	Tractor MC 385	01	1,613,500	80,675	1,694,175	16,135	1,678,040
03	Tractor MC 260	02	1,564,600	78,230	1,642,830	15,646	1,627,184
04	Mini Dumper	02	1,124,786	191,214	1,316,000	38,243	1,277,757
05	Frontier Blade Loader	01	823,825	57,624	880,825	11,524	869,300
05	Hydraulic Tripping Trolley	02	1,451,560	101,609	1,553,170	20,321	1,532,848
Total			7,718,442	703,181		138,634	8,282,364
Income tax @ 4 %				308,737		0	0
Gross total			7,718,442	1,011,918	8,421,000	138,634	8,282,366
Net non-deduction (Rs 1011918 – Rs 138,634)=							873,284
Double Cab for Tehsil Nazim: Rs 3,776,500 X 21 % (17% +4%) =							793,065
Suzuki Cultus for TMO: Rs 1,337,500 x 21% (17% + 4%)=							280,875
Total non-deduction of sales tax and income tax (Rs 873,284 + Rs 793,065 + Rs 280,875)=							1,947,224

Non deposit occurred due to weak financial management due to which Government revenues were not realized/understated.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends immediate deposit into Government treasury under intimation to audit.

**1.3.3.8 Non recovery of outstanding amount of property tax
– Rs 1.605 million**

According to condition No.25 of terms and conditions for 2015-16, circulated to all TMOs vide Khyber Pakhtunkhwa, Local Government & Rural Development Department (Local Council Board) letter No.AO-II/LCB/6-11/2011 dated 01.06.2015, no clause for remission shall be provided in the agreement or in the auction notices. Remission could however, be considered in case of wide spread civil disturbance provided it disrupts the normal trade in big way. Small local strikes will not be taken into consideration for remission. No remission on account of rain shall be allowed in any way.

Tehsil Municipal Officer, TMA Khwazakhela District Swat auctioned a contract of “2% tax on transfer of immovable property” for the financial year 2017-18 on 29th June 2015 and awarded to the highest bidder M/S Faramosh for Rs 29,200,000 with 112.80% increase over last year’s bid. The contractor deposited Rs 27,594,171 and the remaining amount of Rs1,605,829 was outstanding so far.

Non recovery occurred due to violation of rules which resulted in loss to the Council.

Request for convening DAC meeting was made in December 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery and deposit in the account of the Council under intimation to audit.

1.4 AD LG&ERDD/VCs/NCs SWAT

1.4.1 Irregularity/Non-compliance

1.4.1.1 Irregular expenditure without Technical Sanction –Rs 20.847 million

According to Para 2.4 of B&R Department Code, no work shall be started without administrative approval, technical sanction and allotment of funds.

Assistant Director LG&RDD Swat incurred an expenditure of Rs 20847000 on various developmental schemes during 2017-18 without obtaining technical sanction from the competent authority as detail as per Annexure-14.

The irregularity occurred due to weak internal control, which resulted in violation of government rules.

When pointed out in January 2019, management stated that the Technical sanction would be obtained from the competent forum, but no TS was produced so far.

Request for convening DAC meeting was made January 2019, however meeting of DAC could not be convened till finalization of this report.

Audit recommends obtaining Technical Sanction from the competent forum and action against the person(s) authorizing execution /payment without technical sanction.

(AIR NO.04 2017-18)

1.4.1.2 Irregular payment in cash instead of cheques /Banks Rs 6.65 million

According to Accountant General KPK Peshawar letter No DO.NO.CC/PIFRA/F2008-08/53 dated 18-4-2009 the employees of all the provincial departments should provide bank accounts to their respective Account Offices to directly credit /transfer their salaries and advances.

Assistant Director LG&RDD Swat incurred expenditure of Rs 6,654,758 on account of salaries of the employees of the defunct District Council Swat during the Financial Year 2017-18 in cash instead of payments through Cheques in violation of aforementioned rules. Hence, disbursements through cash, actual payments to the concerned could not be verified and chances of misappropriation could not be rolled out.

Irregular payment occurred due to weak internal control which, resulted in violation of Government order.

When point out in January 2019, management stated that detailed reply will be given after scrutiny of record.

Request for convening DAC meeting was made January 2019, however meeting of DAC could not be convened till finalization of this report.

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

(AIR NO.05 2017-18)

1.4.1.3 Irregular expenditure on installation of GI and HDPE pipes- Rs6.468 million.

- i. According to circular No11/Dev-14/PHE (N) dated 14-7-2015 in order to stop the entry of the sub-slandered product the field staff must be instructed to adopt the following quality assurance steps for compliance Original Manufacturer/confirmation through his letter head and seal.
- ii. Gate Pass No./Sales Tax invoice.
- iii. Confirmation that manufacturers all documents are original
- iv. Code No, on Product (year, month, date)

According to Public Health Engineering Department KPK Peshawar circular No. DPM/3-23/2016-17/standardization/1397 dated 13/02/2017 the pipes standardization required the following formalities and conditions.

- i) the firm will be bound to provide test report of the pipe supplied to the contractors with a direct copy to the concerned officer.
- ii) each pipe will bear the engraved stamp of manufacturers with pipe classification identification code as per international standard specification

Assistant Director LG&RDD Swat incurred expenditure of Rs 6,468,484 on account of Supply and Fixing GI and HDPE pipes in various Water supply Schemes during 2017-18. On scrutiny of record, it was observed that that the Local office did not observe/fulfills the above mentioned conditions for quality assurance steps to ensure the quality and health of the people of locality. In the absence of the above mentioned documents the entry of substandard Pipes cannot be rolled out. Detail at Annex-15.

Irregularity occurred due to weak internal control, which resulted in violation of Government instruction.

When pointed out in December 2019, Management stated that the required documents will be furnished to audit, but no evidence was produced so for.

Request for convening DAC meeting was made January 2019, however meeting of DAC could not be convened till finalization of this report.

Audit recommends enquiry in to the matter for fixing of responsibility and action against the person(s) at fault

(AIR NO.02 2017-18)

1.4.2 Internal Control Weaknesses

1.4.2.1 Loss to government due non imposition of penalty- Rs 2.28 million

According to Government of Khyber Pakhtunkhwa C & W Department letter No SO (PAC) DAC/2-2009/Distt Audit W & SD dated July, 20 2009 read with Secretary C & W letter No. WM/General/ W& S/ATD/2008-09/688-98 dated 19.05.2009 and No. SO (A)/ VI/ 3-86/ C& WD/ Volume-XII dated 17.08.1995, up to 10% penalty be levied on defaulting contractors for delayed works.

Assistant Director LG&RDD incurred expenditure of Rs 22,842,000 on execution of various developmental schemes in 2017-18.but such schemes were not completed within the stipulated period of time. The local office was required to impose 10% penalty amounting to Rs 2,284,2000ut failed to do so. Detail as per Annexure-16.

Non recovery of penalty occurred due to weak internal control, which resulted in loss to government.

When pointed out in January 2019, management stated that detailed reply would be given after scrutiny of record.

Request for convening DAC meeting was made January 2019, however meeting of DAC could not be convened till finalization of this report.

Audit recommends immediate completion of schemes and recovery of penalty besides action against the person at fault.

(AIR NO.03 2017-18)

**1.4.2.2 Loss to Government due to non-adjustment of 7% income tax in PC-1
Rs 1.67 million**

According to Finance Department Khyber Pakhtunkhwa Notification NO. SO(Dev-II) FD/12-6/14-5 dated 21.04.2015, all Provincial Works Departments, while preparing Cost Estimates of developmental projects which fall in the tax exempted areas such as PATA, shall frame the same on Market Rate System-2015 (MRS-2015) but with 7% less cost to defray the amount added in the rate analysis of all works/construction/supply items to meet withholding tax.

Assistant Director LG&RDD Swat incurred expenditure of Rs 23,882,000 account of execution of civil Works in 2017-18 .During scrutiny of record it was observed that 7% Income tax amounting to Rs 1,671,740 was not adjusted in the contractor's bills which need immediate recovery. Detail as per annexure-17.

Non adjustment of income tax occurred due to due to weak financial control which resulted in loss to the Government.

When point out in January 2019, management stated that detailed reply will be given after scrutiny of record.

Request for convening DAC meeting was made January 2019, however meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery of overpayment and action against the persons at fault under intimation to audit.

(AIR NO.01 2017-18)

1.5 Swat Development Authority

1.5.1 Irregularity and Non compliance

1.5.1.1 Unauthorized expenditure without Technical Sanction - Rs 17.626 million

According to Para 178 of GFR read with Para 56 of CPWD Code that no work should be commenced or liability incurred until administrative approval and sanction has been obtained from the competent authority, a properly detailed design and estimate has been sanctioned and funds to cover the charge have been provided by the competent authority.

Project Director SDDA Swat incurred expenditure of Rs 17,626,111 on Water Supply Scheme at Kanju Township Swat during 2016-17 without obtaining technical sanction from the competent authority.

Audit observed that irregular expenditure occurred due to weak internal control, which resulted in violation of rules regarding ascertaining the estimate of actual quantities to be executed during the work based on engineering specification and schedules of rates.

When pointed out it was stated that the work was technically sanctioned. Reply was not satisfactory as no evidence was provided in support of reply.

Request for convening DAC meeting was made in June 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends action against the person(s) at fault and inquiry by the competent forum into the actual quantities required to be executed.

AP No.116 (2016-17)

1.5.2 Internal Control Weaknesses

1.5.2.1 Non recoupment of loss from the defaulting contractor – Rs 2.251 million

According to Para (13&31) of the Policy Guidelines of contracts notified by the Government of Khyber Pakhtunkhwa Local Government Department vide No. AO-II/LCB/6-11/2013 dated 14/03/2016, the successful bidder within seven days of his acceptance of bid shall execute an agreement on the stamped paper. In case, the contractor/firm does not enter into an agreement or does not deposit the advances within specified period, the bid shall be considered as cancelled and the earnest money shall be forfeited and loss if any shall be recouped at the risk & cost of the contractor and recoverable under the land revenue act, along with blacklisting the contractor/firm.

Project Director SDDA Swat auctioned the contract of “Taxi Stand at Sector-D” on 09.06.2016, the highest bid was offered by Mr. Sultan Ali for Rs 3,301,000. He was directed to deposit 1/4th of the amount but he did not deposit the amount. Instead of awarding to the 2nd and 3rd lowest bidders, the contract was re-auctioned on 12.07.2016 and awarded to the same contractor in the name of his son Mr. Junaid Ali S/O Sultan Ali at a bid price of Rs 10,50,000 which resulted in loss of Rs 2,251,000. The local office neither recouped the loss of Rs 2,251,000 from the defaulting contractor nor blacklisted him for future participation.

Audit observed that non recoupment of loss occurred due to deviation from the policy guidelines of contracts, which resulted in loss to the Government.

When pointed out it was stated that the call deposit of Rs 100,000 of the contractor was forfeited and was also blacklisted. Reply was not satisfactory as the contractor was extended undue favour by only forfeiting his call deposit instead of recoupment of loss.

Request for convening DAC meeting was made in June 2018, however, meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery of loss from the contractor under the land revenue act and action against the person(s) at fault.

AP No.107 (2016-17)

1.5.2.2 Non recovery of water charges – Rs 2.200 million

According to Para 28 of GFR Vol.-I, no amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

Project Director SDDA Swat failed to recover water charges amounting to Rs 2,199,446 from 1,118 consumers of KTS Swat as on 30-6-2017. Due to non recovery of water charges the authority is losing benefit /profit on the said amount if invested in a bank.

Audit observed that non recovery occurred due to weak financial control, which resulted in loss to authority.

When pointed out it was stated that maximum recovery has been made and recovery of balance outstanding amount is in progress. Reply was not tenable as no progress of recovery of the outstanding amount was shown.

Request for convening DAC meeting was made in June 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AP No.108(2016-17)

1.5.2.3 Non recovery of non-user charges – Rs 1.412 million

According to Para 28 of GFR Vol.-I, no amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

Project Director SDDA Swat did not recover non user charges (for not under taking construction on allotted plots) amounting to Rs 1,412,368 from the Allottees of KTS during 2016-17 as detailed below:

Total outstanding amount of Non User charges for 2016-17 as per General Ledger	Rs 12,000,000
Amount received during 2016-17	Rs 10,587,632
Outstanding amount on 30.6.2017	Rs 1,412,368

Audit observed that non recovery occurred due to weak financial control, which resulted in loss to authority.

When pointed out it was stated that the recovery of balance amount is in progress and notices have also been issued to the Allottees for deposit of non user charges. Reply was not satisfactory as no evidence in support of reply was provided.

Request for convening DAC meeting was made in June 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AP No.109 (2016-17)

1.5.2.4 Non Imposition of Penalty for Incomplete Schemes- Rs 13.028 million

According to Clause 2 of the Contract Agreement requires that penalty of 1% per day and up to maximum of 10% of the tender cost may be imposed for delay in completion of work.

Project Director SDDA Swat failed to impose penalty of Rs 13,028,850 @ 10% of the estimated cost of Rs 130,288,500 in (03) number schemes which were not completed in stipulated time period as detailed below:

S#	Name of Scheme	Work Order date	Completion date	Actual completion	Delay	Estimated Cost (Rs)	10% Penalty (Rs)
1	WSS at KTS Phase-I Swat	25.02.2015	25.08.2016	Still incomplete i.e. 06/2017	10 months	29,562,000	2,956,200
2	Provision of balance infrastructure facilities at KTS Swat	-do-	-do-	-do-	-do-	41,860,000	4,186,000
3	Rehabilitation/Repair of Militancy damaged Infrastructure at KTS Swat	-do-	-do-	16.06.2017	-do-	58,866,500	5,886,650
					Total	130,288,500	13,028,850

Non imposition of penalty was occurred due to violation of rules, which resulted in loss to Government.

When pointed out, Management stated that the record will be checked and the detail reply would be furnished later on. No reply was furnished by the department.

Request for convening DAC meeting was made in June 2018, however, meeting of DAC could not be convened till finalization of this report.

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

AP No.117(2016-17)

ANNEXURES

Annex-1

MFDAC

S#	AIR No	Department	Caption	Amount in millions	Reason
1	8	Deputy Commissioner Swat	Double drawl of entertainment charges on account of Polio meetings	0.186	Not full filling the criteria of 1 million
2	7	District Health Officer Swat	Non deposit of stamp duty	0.244	-do-
3	11	-do-	Loss due to non award of shops on lease as per market rates	0.304	-do-
4	14	-do-	Unauthorized issuance of medicines to Saidu Group of Teaching Hospital	0.128	-do-
5	2	DEO(Male) Swat	Unauthentic expenditure on TA/DA	0.467	-do-
6	6	-do-	Less deduction of stamp duty	0.108	-do-
7	7	-do-	Unauthorized expenditure on account of Science Festival	0.475	-do-
8	5	DEO(Male) Swat	Less deduction of stamp duty	0.089	-do-
9	6	-do-	Unauthorized expenditure on account of Science Festival	0.425	-do-
10	1	DD Agriculture Swat	Unauthorized purchase of Airconditions for District Council Swat	0.158	-do-
11	2	-do-	Overpayment due to non deduction of Conveyance Allowance	0.115	-do-
12	3	-do-	Overpayment due to purchase of seeds/fertilizers on high rates	0.106	-do-
13	1	DO Fisheries Swat	Irregular purchase of furniture due to non adopting open tender system	0.255	-do-
14	2	-do-	Loss due to non achievement of revenue target	0.763	-do-
15	1	DD Live	Irregular purchase of medicines and	0.525	-do-

		Stock Swat	others without adopting open tender system		
16	2	-do-	Overpayment due to allowing high rate instead of approved rate	0.258	-do-
17	3	-do-	Loss due to non-deduction of stamp duty	0.054	-do-
18	4	-do-	Unauthorized expenditure on rent of office building	0.383	-do-
19	5	-do-	Overpayment of HRA, Conveyance Allowance and ARA-2010 & 2014	0.093	-do-
20	6	-do-	Irregular payment of salaries through DDOs instead of Bank Accounts	0.704	-do-
21	7	-do-	Irregular purchase of medicines and others without adopting open tender system	0.525	-do-
22	5	DO Sports	Overpayment due to allowing high rates	0.221	-do-
23	6	-do-	Loss due to non-deduction of sales tax, income tax and stamp duty	0.588	-do-
24	7	-do-	Unauthentic payment to Pak Army on account of Sports activities	0.749	-do-
25	8	-do-	Unauthorized expenditure on contingent paid staff	0.896	-do-
26	3	DO Social Welfare Swat	Non recovery of penalty for late supply of Sewing Machines & Wheel Chairs	0.115	-do-
27	5	-do-	Non deposit of Savings of Developmental Schemes, Stamp duty & Tender Form fee	0.513	-do-
28	1	DO Population Welfare Swat	Non supply of medicines and non recovery of penalty	0.158	-do-
29	2	-do-	Overpayment of Pay and allowances during leave without Pay	0.099	-do-
30	3	-do-	Loss due to non-deduction of stamp duty	0.003	-do-

Annex-2

Para 1.2.1.1

Detail of Vehicle purchased by DC Swat during 2017-18

S#	Designation of Officer	Entitlement	Cost	Purchased vehicle	Purchased price (Rs)	Difference/ Loss	Remarks
1	Deputy Commissioner	Hilux Revo A/T 4x4	4,676,000	Fortuner 4x4 A/T 2700 CC	5,508,500	832,500	Without obtaining approval from the Govt. Further the DC Swat has already allotted (04) Vehicles as per record i.e. Vehicle No.A-2001 Model 2011 4x4, Vehicle No.A-2002, A-1436 & A-1010. The vehicles were neither declared condemned nor returned to the Administration Department.
2	DO (F&P)	1000 CC	1,391,000	Hilux Revo A/T 4x4	4,676,000	3,285,000	The officer was already allotted Vehicle No.A-1403 Model 2010 XLI which was neither condemned nor returned to Administration

							Department.
3	District Nazim	1300 CC	1,684,500	Fortuner 4x4 A/T 2700 CC	5,508,500	3,824,000	Purchased without obtaining approval from the Govt.
4	Distt. Niab Nazim	1300 CC	1,684,500	Hilux Revo A/T 4x4	4,676,000	3,285,000	Purchased without obtaining approval from the Govt.
				Total	20,369,000	11,226,500	

Annex-3

Para 1.2.1.2

Detail of Misappropriation of Receipts during 2017-18

S. No	Name of Unit	Total Receipts as per Unit Record (Rs)	Receipts Deposited as per DAO Record (Rs)	Difference (Rs)
1	CD Rang Mohellah	117,190	107,000	10,190
2	CD Ghaligay	122,590	105,580	17,010
3	C.D Utror	25,900	19,750	6,150
4	CD Nawakalay	86,790	83,980	2,810
5	CD Shahoo	39,320	33,040	6,280
6	CD Dardiyal	47,550	47,450	100
7	CD Gamser	49,090	0	49,090
8	BHU Kishawra	55,830	50,900	4,930
9	BHU Kotlai	80,750	77,110	3,640
10	BHU Miandam	121,970	112,660	9,310
11	BHU Bahrain	75,010	74,700	310
12	BHU Chail	66,200	61,320	4,880
13	BHU Fatehpur	127,610	108,560	19,050
14	BHU Bar Shawar	101,370	95,800	5,570
15	BHU Liakot	65,230	54,358	10,872
16	BHU Gwalarai	62,430	52,710	9,720
17	BHU Taghma	86,800	70,730	16,070
18	BHU Islampur	108,050	96,000	12,050
19	RHC Deolai	550,529	311,988	238,541
20	RHC Chupriyal	583,427	521,192	62,235
21	RHC Khazana	275,090	261,568	13,522

22	CH Kabal	3,672,691	3,593,851	78,840
23	CH Barikot	3,231,066	3,021,774	209,292
24	CH Manglore	807,687	802,437	5,250
25	CH Madyan	2,134,354	1,658,957	475,397
26	CH Kalam	771,758	398,366	373,392
27	CH Khwazakhela	6,393,870	6,380,820	13,050
28	THQ Matta	10,120,332	7,153,897	2,966,435
	Total	29,980,484	25,356,498	4,623,986

Annexure-4

Para 1.2.1.2

Detail of Medicines not received during 2017-18

S #	Name of Firm	Name of Medicine/equipments	Supply Order date	Qty	Rate (Rs)	Amount (Rs)	Remarks
1	Getz Pharma Karachi	Inj. Pantra 100mg	06.06.2018	8,000	13.64	108,320	Not received till 16.8.2018
2	-do-	Tab. Claritek 250mg	-do-	100,000	5.70	570,000	--do--
3	Macter Karachi BHUS	Cap. Maxil 500mg	-do-	200,000	3.90	780,000	
4	-do- BHUs	Susp. Maxil 125 mg	--do--	12,000	27	324,000	--do--
5	-do- CDs		-do-			112,698	-do-
6	Cotton Craft	Absorbent Cotton Wool	01.06.2018	1,000	8.50	83,500	--do--
7	-do-	Cotton Bandage 6.5cmx4.5cm	-do-	4,000	8.50	34,000	--do--
8	-do-	2 items BHUS	15.1.2018			176,100	--do--
9	-do-	3 items -do-	-do-			338,000	-do--
10	-do-	One item THQ	06.06.2018			109,969	--do--
11	-do-	-do-	-do-			22,980	-do-
12	-do-	2 items	-do-			368,954	-do-
13	-do-	5 items GHCs	01.06.2018			276,720	-do-
14	Frontier Dextroz Lahore	2 items	-do-			154,520	-do-
15	Al Hamad	2 items	05.06.2018			526,800	-do-
16	Getz Pharma (TBC)	Cap.Zetro 250 mg	22.6.2018	12,000	7.90	94,800	-do-
17	-do-	Tab. Claritek 500mg	-do-	20,000	13.50	270,000	-do-

18	-do-	Susp. Claritek 250mg/5ml	-do-	4,200	184	772,800	-do-
19	Stanley (TBC)	Tab. Loratadine 10mg	-do-	14,000	2	28,000	-do-
20	Rakaposhi (TBC)	Tab. Pantaprazole 40mg	-do-	13,000	2.29	29,770	-do-
Total						5,181,931	
Penalty @ 7%						362,735	
Detail of 3% penalty for late supply of Medicines							
1	Nabi Qasim	Tab Folic Acid 5mg	15.1.18	7.3.18	50 days	108,000	7,560
2	Stanley	Various items	-do-	20.3.18	35 days	1,501,000	105,070
3	Velor	Two items	-do-	6.4.18	52 days	264,000	18,480
4	Cirin	Two items	-do-	3.3.18	18 days	431,380	30,196
5	Alhama d	IV Cannulla	21.11.17	17.1.18	28 days	649,974	45,498
6	Sami Pharm	Klint Tab 400mg	-do-	30.12.17	10 days	228,000	6,840
Total 3% Penalty						213,644	
G. Total Penalty						576,379	

Annexure-5

Para 1.2.2.3

Detail of non-imposition of penalty for late supply of equipments

S#	Name of Firm	Name of Medicine/equipments	Supply Order date	Delivery date as per supply order	Actual delivery as per unit record	Delay	Cost (Rs)	Penalty
1	M/S Altrudent Peshawar	Dental Unit with Chair	11.12.17	90 days i.e. 11.3.2018	10.6.2018	3 months	1,078,000	75,460
2	Noor Enterprises Peshawar	24hrs BP Monitor & BP Set	6.12.2017	90 days i.e. 6.3.2018	26.4.2018	50 days	8,120,400	568,428
3	Novatek Faisalabad	Air Purification System	-do-	-do-	17.03.2018	11 days	35,250,000	1,057,500
4	Friends Traders Peshawar	Anesthesia Machine	--do--	-do-	29.3.2018	20 days	11,475,000	803,250
5	-do-	Ultrasound Machine	-do-	-do-	Not supplied	--	7,225,000	505,750
6	Metora Engineering Peshawar	Mobile C-Arm Image Intensifier	11.12.2017	90 days i.e. 11.3.2018	Not supplied	--	9,828,000	687,960
7	-do-	X-Ray Plant 500MA Serbia	6.12.2017	90 days i.e. 6.3.2018	28.3.2018	20 days	11,934,000	835,380
8	Qazafi Surgical Lahore	Wheel Chairs	30.11.2017	60 days i.e. 30.01.2018	26.3.2018	2 months	615,000	43,050
9	Jasani Scientific Karachi	Slit Lamp	06.12.2017	90 days i.e. 6.3.2018	28.3.2018	22 days	630,000	44,100
10	-do-	Auto Refractor	11.12.2017	90 days i.e. 11.3.2018	28.3.2018	17 days	780,000	54,600
11	IBS Pharma Peshawar	Abmbo bags	30.11.2017	60 days i.e. 30.1.2018	28.3.2018	2 months	852,800	59,696
12	-do-	Normal Delivery Set/ ECG Machine	6.12.2017	90 days i.e. 6.3.2018	28.3.2018	22 days	622,400	43,568
13	IBP Peshawar	D&C Delivery Tables	-do-	-do-	8.5.2018	2 months	600,000	42,000
						Total	89,010,600	4,820,742

Annex-6
Para 1.2.2.12

Detail of Irregular Purchase of Sports Items

S#	Name of Firm Qualified	Item approved	Rate	Qty	Amount (Rs)
1	Barcad Sports Industries Bahrain Swat	Hockey Uniform	600	120	72,000
2	-do-	Foot Ball Uniform	650	596	387,400
3	-do-	Volley ball Pumps	345	50	17,250
4	-do-	Volley ball Uniform	750	80	60,000
5	-do-	Hockey Uniform	600	120	72,000
6	-do-	Foot Ball Uniform	650	596	387,400
7	-do-	Volley ball Pumps	345	50	17,250
8	-do-	Volley ball Uniform	750	80	60,000
9	-do-	Badminton Rackets	1,500	200	300,000
10	-do-	Volley Ball	700	250	175,000
11	-do-	Cricket Stumps	300	170	51,000
12	-do-	Cricket Soft Bat	650	2,248	1,461,200
13	-do-	Gymnastic Mat/ Parallel Bars Ring	95,000	1	95,000

Total				3,155,500	
14	Various Firms	Sports items	--	--	1,050,000
G. Total				4,205,500	

Annexure-7

Para 1.2.3.16

**DETAIL OF HPA& CA PAID DURING THE PERIOD OF
LEAVE BY DHO SWAT**

S #	Name & Designation	P.No.	Period of Leave	HPA	CA	Total
1	Ajab Khan S.Clical Tech:(dental)	75653	12/01/2017 to 07/02/2017	8,951	2,556	11,507
2	Dr.Humera Jabeen Medical Officeer	841456	17/11/2017 to 23/11/2017	14,466	1,166	15,632
3	Subhania Charge Nurse	431723	28/11/2017 to 27/12/2017	10,000	5,000	15,000
4	Dr.Abdul Wakil Surgical Specialist	76238	31/07/2017 to 03/08/2017	8,266	0	8,266
5	Sohni Bibi F.CT Dental	712975	19/07/2017	8,450	29,590	38,040
6	Dr.Safia Medical Officer	813069	1/7/2017	181,86 6	14,667	196,533
7	Dr.Saifur Rahman Medical officer	816550	11/12/2017 to 17/12/2017	14,000	1,129	15,129
8	Hayat malook Chowkidar	76066	04/12/2017 to 12/12/2017	0	518	518
9	Dr.Haroon Rashid Medial officer	812630	15/08/2017 to 15/09/2017	75,484	5,242	80,726
10	Dr.Sajjadur Rahman Medical officer	816555	14/02/2018 to 20/02/2018	18,000	1,249	19,249
11	Dr.Naheed Akhtar Medical officer	337660	06/02/2018 to 10/02/2018	11,071	0	11,071
12	Muhammad Ismail CT Pharmacy	63568	31/01/2018 to 09/02/2018 & 13/3/18 to 18/3/18	5,150	1,470	6,620
13	Dr.Sagheer Khan Medical officer	818406	17/08/2017 30/09/2017	106,83 8	0	106,838
14	Sakina Bibi LHV	441237	26/02/2018 to 11/03/2018	6,047	1,428	7,475
15	Hussan Jehan Charge Nurse	75659	15/03/2018 to 21/03/2018	2,258	1,129	3,387
16	Hurmat Bibi PHC Tech:(MCH)	202405	14/12/2017 to 27/01/2018	14,515	4,145	18,660
17	Baz Muhammad Khan D/Attdt	73526	12/03/2018 to 18/03/2018	0	436	436

18	Tahira Naz PHC Tech:(MCH)	115587	15/01/2018 to 14/04/2018	30,151	8,610	38,761
19	Noreen Malik PHC Tech:(MP)EPI	815452	20/02/2018 to 05/04/2018	14,880	4,250	19,130
20	Abdul Wahid PHC Tech:(MP) EPI	73716	30/01/2018 to 13/02/2018	4,965	1,418	6,383
21	Dr.Rashed Ali Khan Medical Officer	868906	26/03/2018 to 01/04/2018	14,000	1,129	15,129
	-do-	868906	wef:08/11/2017	20,666	1,666	22,332
22	Dr.Habibur Rahman Medical Officer	820021	09/03/2018 to 14/04/2018	14,000	1,129	15,129
23	Dr.Muhammad Ibrahim MO	820015	23/02/2018 to 01/03/2018	14,000	1,129	15,129
24	Nowreen Syed LHV	419932	28/02/2018 to 06/03/2018	2,292	654	2,946
25	Shaukat Ali X.Ray Attendant	857185	16/02/2018 to 22/02/2018	0	446	446
26	Sidra Bibi CT Cardiology	801046	02/02/2018 to 08/02/2018	2,500	714	3,214
27	Muhammad Waseem Ward Attdt:	857189	20/02/2018 to 26/02/2018	0	446	446
28	Dr.Muhammad ayaz Khan Medical officer	816105	wef:16/10/2017	12,000	967	12,967
	,-do-	816105	13/03/2018 to 19/03/2018	14,000	1,129	15,129
29	Iqbal Begum PHC Tech:(MCH)LHV	68365	45 days Hajj Leave	14,838	4,237	19,075
30	Dr.Raham Zeb Medical officer	815214	1/03/2018 to 07/03/2018	16,258	0	16,258
31	Dr.Ajmal Khan Medical officer	813084	wef:24/12/2017	12,000	967	12,967
32	Dr.Asghar Khan Orthopaedic Surgeon	338497	wef:28/12/2017	18,064	1,129	19,193
33	Khalida Dai	738911	24/03/2018 to 01/04/2018	0	518	518
34	Nargas Dai	696905	26/03/2018 to 31/03/2018	0	345	345
35	Dr.Reshma shafiq Medical officer	815225	16/02/2018 to 22/02/2018	15,500	1,250	16,750
36	Shabir Ahmad Male Nurse	772562	28/02/2018 to 06/03/2018	2,333	1,129	3,462
37	Dr.Imtiaz Ali Dental Surgeon	880163	19/02/2018 to 24/02/2018	15,428	1,071	16,499

	,-do-	880163	8/03/2018 to 14/03/2018	16,258	1,129	17,387
	-do-	880163	18/7/2018 to 26/07/2018	20,903	1,451	22,354
3 8	DR.Farhan Khan Medical officer	816089	19/03/2018 to 28/03/2018	16,258	1,129	17,387
	-do-		05/3/2018 to to 05/04/2018	26,400	1,774	28,174
3 9	Dr.Saira Khan Medical officer	836891		32,516	2,258	34,774
4 0	Liaqat Ali Ward Attendant	854715	13/03/2018 to 26/03/2018	0	806	806
4 1	Laila Khalid PHC Tech:(MCH)LHV		08/01/2018 to 145/01/2018	2,258	0	2,258
4 2	Dr.Muhammad Riaz Medical officer	741557	02/04/2018 to 08/04/2018	14,466	1,166	15,632
4 3	Dr.Khurshid ali Disst:Eye spt	654843	30/03/2018 to 05/04/2018	18,666	1,166	19,832
4 4	Mrs.Zakia Bibi Charge Nurse	713465	16/03/2018 to 22/03/2018	2,258	1,129	3,387
4 5	Hashmat Ali PHC Tech:(MP)MT	74139	05/01/2018 to 14/01/2018	3,226	921	4,147
4 6	Dilaweiza Dai	67136	wef:20/01/2018	0	1,990	1,990
4 7	Dr.Hafsa Dental surgeon	836316	16/04/2018 to 22/04/2018	14,466	1,167	15,633
4 8	Abdullah Ward Attdt:	857184	10/02/2018 to 24/02/2018	0	956	956
4 9	Muhammad Ibrahim CT Anaesthesia		vide DHO No.6471-75	1,667	476	2,143
5 0	Dr.Kashif Ahmad Medical officer	816091	vide DGHS No.5410-12/E.1	72,000	5,000	77,000
5 1	Hussan Begum Charge Nurse	815452	23/04/2018 to 01/05/2018	2,990	1,494	4,484
5 2	Irfanullah CT Cardiology	852040	23/04/2018 to 29/04/2018	2,333	666	2,999
5 3	Ashfaq Ahmad CT Pharamcy		23/04/2018 to 29/04/2018	2,333	666	2,999
5 4	Dr.M.Awais Khan Dental surgeon	824878	7/5/2018 to 12/05/2018	12,000	968	12,968
5 5	Hazrat Ali PHC Tech:(MP)EPI		11/04/2018 to 30/04/2018	6,667	1,904	8,571
5	Salahuddin CT Anaesthesia	698690		7,333	2,094	9,427

6						
5	Obaidullah PHC	63633	wef:13/03/2018	10,000	2,856	12,856
7	Tech:(MP)MT					
5	Subhania Dai	69562	wef:04/06/2018	0	1,932	1,932
8						
5	Naheed Akhtar PHC	71857	22/06/2018 to	14,612	4,173	18,785
9	Tech:(MCH)LHV		05/08/2018			
6	Iqbal Hussain CT Pharamcy	66589	wef:16/02/2018	6,901	1,971	8,872
0						
6	Kalsoon PHC	710121	26/06/2018 to	1,666	476	2,142
1	Tech:(MCH)LHV		30/06/2018			
6	Dr.Muhammad Ali Jan	96059	wef:18/04/2018	39,266	3,167	42,433
2	S.Medical officer					
6	Dr.Shah Kamin Khan MO	74075	wef:06/08/2017	101,639	8,196	109,835
3						
6	Ghofran ud din Charge Nurse	772603	wef:20/06/2018	3,000	1,499	4,499
4						
6	Kaleem ullah Charge Nurse	762886	wef:04/04/2018	2,333	1,166	3,499
5						
			Grant Total:			1,337,456

Annexure-8

Para 1.2.3.17

Detail of less deduction of Income tax and Sales tax on Medicines

S.No	Name of Firm	cheque No. & date	Amount (Rs)	Income tax deduction required @4.5%	Income tax deducted	Diff (Rs)
1	various firms	0778588 dated 22.6.2018	5,383,720	242,267	88,616	153,651
2	various firms	0778579 dated 22.6.2018	594,998	26774.91	4700	22,075
3	various firms	0778579 dated 22.6.2018	989,660	44534.7	20564	23,971
4	various firms	0776723 dated 27.6.2018	1,210,954	54492.93	23638	30,855
5	various firms	0776714 dated 27.6.2018	2795092	125779.1	78099	47,680
6	various firms	0776881 dated 27.6.2018	1,195,370	53791.65	0	53,792
7	various firms	0690542 dated 16.4.2018	1,271,820	57231.9	44153	13,079
8	Stanley Pharma	0690553 dated 16.4.2018	1,501,000	67545	0	67,545
9	various firms	0690348 dated 29.3.2018	3106180	139778.1	124247	15,531
10	Alhamad Karachi	0689906 dated 27.2.2018	1,651,874	74334.33	0	74,334
11	Sami Pharm	0689908 dated 27.2.2018	228,000	10260	0	10,260
12	Allied Distributers Karachi	0690092 dated 16.3.2018	261500	11767.5	0	11,768
13	Mactor	0689902 dated 27.2.2018	319,524	14378.58	0	14,379
14	various firms	0690331 dated 29.3.2018	3149930	141746.9	49000	92,747
15	Stanley Pharma	0689905 dated 27.2.2018	959,000	43155	0	43,155
16	Unisa Pharma	0689900 dated 27.2.2018	1,409,200	63414	0	63,414
17	M/S Injection System	689911 dated 27.2.2018	380,000	17100	0	17,100

18	Syah Impex Karachi	0689910 dated 27.2.2018	465,000	20925	0	20,925
19	Zafa Pharma	1555701 dated 22.1.2018	863,700	38866.5	34548	4,319
20	Mactor	1555706 dated 25.1.2018	451,000	20295	0	20,295
21	Stanley Pharma	1555697 dated 25.1.2018	1,734,000	78030	0	78,030
22	various firms	0571487 dated 22.6.2018	895,900	40315.5	0	40,316
23	Brooks Pharma		1,146,740	51603.3	0	51,603
24	various firms	0778579 dated 22.6.2018	330,868	14889.06	13235	1,654
25	various firms	0776714 dated 27.6.2018	858,700	38641.5	19020	19,622
		Total				992,100
Detail of 17% Sales tax not deducted						
1	MKJ Associates DIKhan	0690207 dated 22.3.18	660,736	112,325	0	112,325
2	Ihtesham Enterprises Peshawar	0689675 dated 13.2.18	224,745	38,207	0	38,207
3	Sadiqs Public Chemicals Haripur	0776714 dated 27.6.18	49,180	2,474	0	2,474
		Total				153,006

Detail of Income tax less deduction of Income tax on Equipments

S No	Name of Firm	Cheque No. & date	Cost (Rs)	Income tax @ 4.5%
1	M/S Altradent Peshawar	91617179 dated 22.6.2018	3,234,000	145,530
2	Noor Enterprizes Peshawar	91617205 dated 28.6.2018	9,092,100	409,145
3	Novatek Faisalabad	78372892 dated 30.5.2018	35,250,000	1,586,250
4	Friends Traders Peshawar	78372891 dated 30.5.2018	11,475,000	516,375
5	-do-	-do-	7,225,000	325,125
6	Metora Engineering	91617188 dated 14.6.2018		442,260

	Peshawar		9,828,000	
7	-do-	-do-	11,934,000	537,030
8	Qazafi Surgical Lahore		615,000	27,675
9	Jasani Scientific Karachi	78372894 dated 31.5.2018	630,000	28,350
10	-do-	78372894 dated 31.5.2018	780,000	35,100
11	IBS Pharma Peshawar	78372901 dated 6.6.2018	852,800	38,376
12	-do-	78372902 dated 6.6.2018	622,400	28,008
13	Ideal Business Products Peshawar	91617191 dated 26.6.2018	600,000	27,000
		Total	92,138,300	4,146,224
		G.Total		5,291,330

Annexure-9

Para 1.2.3.19

Detail of illegal accommodation and non-recovery of rent

S.No	Detail of Accommodation	Particulars of occupants	Period	Estimated Rent per month (Rs)	Total Rent (Rs)
1	Quarter at BHU Gulibagh Swat	NGO DKT	01 Years	5,000	60,000
2	Quarter at BHU Charbagh Swat	-do-	-do	5,000	60,000
3	Quarter at BHU Gowalera	Police personnel	-do-	5,000	60,000
4	Doctor Bunglow at BHU Rahat Kot	NGO running Private Vocational Center	-do-	15,000	180,000
5	Doctor Bunglow at BHU Shalpin	Police Personnel	-do-	15,000	180,000
6	Doctor Bunglow No.3 at CH Barikot	Mr. Faheem AAC	-do-	15,000	180,000
7	Doctor Bunglow No.4 at CH Barikot	Mr. Mohsin AAC	-do-	15,000	180,000
8	Quarter No.4 at CH Barikot	Police Personnel	-do-	5,000	60,000
9	Bungalow No.1 at THQ Matta	Judge	-do-	15,000	180,000
10	Bungalow No.3 at THQ Matta	Judge	-do-	15,000	180,000
11	Bungalow No.5 at THQ Matta	Judge	-do-	15,000	180,000
12	05 number Quarters at CH Kalam	Agriculture employee, VC Nazim, Live stock employee, school teachers	-do-	25,000	300,000
13	Quarter at BHU Islampur	Police personnel	-do-	5,000	60,000
				Total	1,860,000

Annexure-10**Para 1.2.3.20****Detail of Wasteful Expenditure on Pay and Allowances**

S. No	Pers. No.	Name of Employee	Cost Center	Cost Center Description	BP S	Position Description	Total Pay
1	65222	ABDUL AHAD	SW6185	Assistant Registrar Cooperative	7	SUB INSPECTOR	483,149
2	73447	ABDULLAH	SW6185	Assistant Registrar Cooperative	7	SUB INSPECTOR	465,101
3	74805	AMIR HATAM	SW6185	Assistant Registrar Cooperative	7	SUB INSPECTOR	482,993
4	74863	MAJEED ULLAH	SW6185	Assistant Registrar Cooperative	7	SUB INSPECTOR	492,101
5	93253	BAKHT ZADA	SW6185	Assistant Registrar Cooperative	7	SUB INSPECTOR	492,101
6	16504 7	WARIS ALI	SW6185	Assistant Registrar Cooperative	12	INSPECTOR	508,248
7	23024 3	MUHAMMAD ISRAR	SW6185	Assistant Registrar Cooperative	12	INSPECTOR	649,692
8	31503 2	SULTAN ROOM	SW6185	Assistant Registrar Cooperative	12	INSPECTOR	564,420
9	68508 3	ZIAULLAH KHAN	SW6185	Assistant Registrar Cooperative	7	SUB INSPECTOR	193,239
10	73902 9	IMRANULLAH KHAN	SW6185	Assistant Registrar Cooperative	7	SUB INSPECTOR	249,653
11	73903 0	MUMTAZ ALI	SW6185	Assistant Registrar Cooperative	7	SUB INSPECTOR	249,653
						Total	4,830,350

Annex-11

Para 1.2.3.21

Detail of Excess payment of Loans by AR Cooperatives Swat

S#	Name of Cooperative Society	Name of Tehsil	Registration No and date	Nature of Business	Credit/ Loan Granted	Approved Credit Limit	Excess Payment (Rs)
1	Kota M/P	Barikot	245/15.6.1987	Agriculture	406,572	250,000	156,572
2	Wali Khel West	Barikot	245/15.6.1987	-do-	213,570	200,000	13,570
3	Zarakhela MP	Barikot	308/11.3.1987	-do-	372,045	300,000	72,045
4	Nawankaley Koto	Barikot	248/6.12.1986	-do-	359,545	200,000	159,545
5	Barsamteer MP	Babozai	449/11.2.1988	-do-	228,500	200,000	28,500
6	Sour Ban MP	Babozai	450/11.2.1988	-do-	220,000	200,000	20,000
7	Amankot Sharqi	Babozai	309/12.3.1987	-do-	567,828	180,000	387,828
8	Churat Matiltan	Kalam	217/6.5.1987	-do-	761,043	350,000	411,043
9	Pesal MP	Kalam	299/14.2.1987	-do-	575,093	200,000	375,093
10	Palogat	Kalam	321/19.3.1987	-do-	564,534	200,000	364,534
11	Malkana Ushoo	Kalam	435/8.2.1988	-do-	282,893	120,000	162,893
12	Ubith MP	Kalam	324/19.3.1987	-do-	302,108	200,000	102,108
				Total	4,853,731	2,600,000	2,253,731

Annex-12

Para 1.2.3.22

Detail of Loss due to accepting high rates of Sports Items

S.No	Item Name	Rate Accepted	Lowest Rate	Difference	Quantity	Loss (Rs)
1	Cricket Net	5,900	950	4,950	2	9,900
2	Miscellaneous Sound System	75,000	69,000	6,000	1	6,000
3	Hockey Stick	1,190	637	553	270	149,310
4	Hockey Ball	569	199	370	50	18,500
5	Hockey Uniform	600	429	171	120	20,520
6	Badminton Racket	867	549	318	190	60,420
7	Cricket Soft Bat	650	450	200	2,248	449,600
8	Lawn Tennis Ball	139	88	51	641	32,691
9	Football Uniform	650	429	221	596	131,716
10	Cricket Tracksuit	697	490	207	1290	267,030
11	Cricket Complete Bag	12,849	530	12,319	39	480,441
12	Football Net	5,400	850	4,550	8	36,400
13	Football Shoes	1,248	949	299	312	93,288
14	Cricket Hard Bat	3,350	1,490	1,860	29	53,940
15	Volley Ball	439	399	40	180	7,200
16	Volley Ball Pump	345	89	256	50	12,800
17	Volley Ball Kit/Uniform	750	429	321	80	25,680
18	Cricket Squash Taps	28	17	11	318	3,498
19	Cricket Stumps	204	70	134	85	11,390
20	Cricket Shoes	1,699	1,450	249	125	31,125
21	Table Tennis Table	16,000	10,849	5,151	4	20,604
22	Cricket Batting Gloves	998	469	529	164	86,756
23	Cricket Pad	975	250	725	64	46,400
24	Cricket Safeguards	100	35	65	64	4,160
25	Cricket Helmet	699	590	109	20	2,180
26	Cricket Shin Guards	850	150	700	72	50,400
27	Basket Ball	639	225	414	10	4,140
28	Badminton Shuttle Cocks	560	380	180	10	1,800
29	Kareem Board	1,800	1,200	600	10	6,000
30	Badminton Uniform	799	429	370	50	18,500

31	Cricket Hard Ball	300	249	51	24	1,224
32	Gymnastic Mat/Parallel Bars Ring	95,000	93,000	2000	1	2000
					Total	2,145,613

Annex-13

Para 1.3.3.1

Detail of loss due to award on high rates by DO SW

S.No	Item	Awarded Rate	Lowest Rate	Tax 4.5%	Net Rate	Diff	Qty	Overpayment (Rs)
1	Basmati Rice	100	90	4.05	85.95	14.05	2011.8	28265.79
2	Meat	300	300	13.5	286.5	13.5	2043.2	27583.2
3	Read Beam	100	75	3.375	71.625	28.375	548	15549.5
4	Tea	150	210	9.45	200.55	-50.55	116.94	-5911.32
5	Rooti	13	12	0.54	11.46	1.54	101851	156850.5
6	Milk	130	95	4.275	90.725	39.275	6117.84	240278.2
7	Sugar	70	75	3.375	71.625	-1.625	1974.9	-3209.21
8	Ghee	140	175	7.875	167.125	-27.125	1867.1	-50645.1
9	Vegetable	100	74	3.33	70.67	29.33	4307.52	126339.6
10	Masala	100	60	2.7	57.3	42.7	105.87	4520.649
11	Salt	1	1	0.045	0.955	0.045	12	0.54
12	Matche	1	1	0.045	0.955	0.045	12	0.54
13	LPG	100	130	5.85	124.15	-24.15	1307	-31564.1
14	Dall Chana	120	60	2.7	57.3	62.7	799	50097.3
15	Dall Masoor	130	90	4.05	85.95	44.05	543	23919.15
	Total	1555	1448	65.16	1382.84	172.16		582,075

Annex-14**Para 1.4.1.1****Detail of expenditure without TS by ADLGRDD Swat**

S.NO.	Name of Scheme	E.cost
1	Pvt: of Street &DWSS at UC Hazara	1,400,000
2	Const: of Jeepable Track Kach Road at Village Shonga	792,000
3	Const: of Jeepable Track Kach Road at Village kalwara UC Miadam	792,000
4	Street Pavement Kuz abakhel	693,000
5	StreetPvt: Drains & Jeepable Track UC Arkot	1,485,000
6	Const: of Street at Uc Fathepur	1,700,000
7	Jeepable Track UC Madian	2,000,000
8	Const: of S/P and jeepable tracknUC kalam	1,485,000
9	Dwss,Jeepable Track & masjid Repair Kishora	1,400,000
10	Pvt: of Street &DWSS Ghalegay	8,000,000
11	Street Pvt:P/Wall UC manglawar	100,000
12	Street Pvt: jeepable track islam pur	1,000,000
	Total	20,847,000

Annex-15**Para 1.4.1.3****Detail of Schemes AD LGRDD Swat**

S.NO.	Name of schemes	E.Cost	Expenditure
1	Const: of P/Wall & DWSS at UC Totano Bandi	800,000	490,000
2	Street Pvt: &Dwss Uc teerat	800,000	634,000
3	DWSS UC BeshGram	800,000	280,000
4	Street Pvt and DWSS UC madyan	1,000,000	691,000
5	DWSS Qalangay	1,287,000	1,287,000
6	DWSS UC Rahim abad	1,200,000	1,088,255
7	Dwss,Jeepable Track & masjid Repair Kishora	1,400,000	852,441
8	DWSS UC Balakot	500,000	198,000
9	Const: of DWSS RCC SlabCulvert UC Kotani	1,300,000	768,388
10	DWSS ashrat	500,000	179,400
	Total	9,587,000	6,468,484

Annex-16**Para 1.4.2.1****Detail of penalty not imposed by AD LGRDD Swat**

S.No.	Name of Scheme	E.Cost	Penalty (Rs)
1	Pvt: of Street & DWSS at UC Hazara	1,400,000	140,000
2	Const: of Jeepable Track Kach Road at Village Shonga	792,000	79,200
3	Const: of P/Wall & DWSS at UC Totano Bandi	800,000	80,000
4	Street Pavement Kuz abakhel	693,000	69,300
5	StreetPvt: Drains & Jeepable Track UC Arkot	1,485,000	148,500
6	Const: of Bridge UC Miandam	2,000,000	200,000
7	Const: of Water Storage Tank DWSS RCC UC Bahrain	1,500,000	150,000
8	Street Pavement UC khawazkhela	800,000	80,000
9	Street Pvt and DWSS UC madyan	1,000,000	100,000
10	Jeepable Track UC Madian	2,000,000	200,000
11	Const: of Witing Shed UC kalakalay	500,000	50,000
12	Const: of S/P and drain gul kada	1,485,000	148,500
13	Jeepable track UC Behrain	1,000,000	100,000
14	Pvt: of Street & DWSS Ghalegay	800,000	80,000
15	Pvt of Street p/wall tehsil matta	2,000,000	200,000
16	Const: of DWSS RCC SlabCulvert UC Kotani	1,300,000	130,000
17	Street Pvt: babozai	1,287,000	128,700
18	Street Pvt: qamber	2,000,000	200,000
	Total	22,842,000	2,284,200

Annex-17

Para 1.4.2.2

Detail of non-adjustment of income tax in ADLGRDD Swat

S#	Name of Schems	E.Cost (Rs)	Income tax (Rs)
1	Street Pavement Kuz abakhel	693,000	48,510
2	Street Pvt: &Dwss Uc teerat	800,000	56,000
3	StreetPvt: P/Wall &RCC Slab UnionUC kabal	1300,000	91,000
4	Const: of Street at Uc Fathepur	1,700,000	119,000
5	Pvt : of street & Drain UC Janoo	1,300,000	91,000
6	Const: of Water Storage Tank DWSS RCC UC Bahrain	1,500,000	105,000
7	Street Pavement UC khawazkhela	800,000	56,000
8	Street Pvt and DWSS UC madyan	1,000,000	70,000
9	Const: of P/w & tuff tiles UC Charbagh	800,000	56,000
10	Const: of Street Pvt: at UC Utror	1,300,000	91,000
11	Street Pvt: & P/wall UC Dardyal	1,300,000	91,000
12	Const: of Witing Shed UC kalakalay	500,000	35,000
13	Street Pvt: UC Dewlai	700,000	49,000
14	DWSS UC Malook Abad	607,000	42,490
15	Street Pvt: UCislampur	1,200,000	84,000
16	Street Pvt UC Saidu Sharif	500,000	35,000
17	Jeepable track UC telegram	1,782,000	124,740
18	Dwss,Jeepable Track & masjid Repair Kishora	1,400,000	98,000
19	Const: of DWSS RCC SlabCulvert UC Kotani	1,300,000	91,000
20	Street Pvt:P/Wall UC manglawar	100,000	7,000
21	Pvt of street UC bar aba khel	700,000	49,000
22	Street Pvt: P/wall UC kanju	1,300,000	91,000
23	Street Pvt: Drain UC kota	500,000	35,000
24	Street Pvt: VC Parrai UC Barikot	800,000	56,000
Total		23,882,000	1,671,740