



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
LOCAL GOVERNMENTS  
DISTRICT TANK  
AUDIT YEAR 2018-19**

**AUDITOR GENERAL OF PAKISTAN**

## TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS .....	i
Preface .....	i
EXECUTIVE SUMMARY .....	iii
SUMMARY TABLES & CHARTS .....	vii
I: Audit Work Statistics.....	vii
II: Audit observations Classified by Categories.....	vii
III: Outcome Statistics.....	viii
IV: Table of Irregularities pointed out .....	ix
V: Cost Benefit Ratio .....	ix
1.1 Local Governments Tank.....	1
1.1.1 Introduction .....	1
1.1.2 Comments on Budget and Accounts (Variance Analysis) .....	5
1.1.3 Comments on the status of compliance with DAC / TAC Directives .....	7
1.2 District Government.....	10
1.2.1 Non Production of Record .....	10
1.2.2 Irregularities and Non Compliance .....	12
1.2.3 Internal Control Weaknesses.....	27
1.2 Tehsil Municipal Administration .....	37
1.3.1 Irregularities and Non Compliance .....	38
1.3.2 Internal Control Weaknesses.....	40
1.4 AD LG E&RDD & VCs/NCs Tank .....	45
1.4.1 Non Production of record.....	46
1.4.2 Irregularities and Non compliance .....	47
ANNEXURES .....	52
Annex-1 Detail of MFDAC Paras .....	52
Annex-2 Detail showing Irregular payment due to doubtful bills & vouchers.....	53
Annex-3 Statement showing Un-authorized Issuance of IT-Equipments .....	54
Annex-4 Non-deduction of house rent allowance from Doctors.....	55
Annex-5 Detail showing Loss due to non-deduction of Sales Tax .....	57
Annex-6 Statement showing detail of non-production of record of Distract ADP.....	58
Annex-7 Detail showing Non-deduction of sales tax on services .....	59

## **ABBREVIATIONS AND ACRONYMS**

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

## **Preface**

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections-8 and 12 of the Auditor General'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 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 Tank for the financial year 2017-18. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2018-19 on test check basis with a view to report significant findings to the relevant stakeholders. The main body of the audit report includes the systemic issues and significant audit findings. Relatively less significant issues are listed in the Annex-1 of the Audit Report. The audit observations listed in the Annex-1 shall be pursued with the Principal Accounting Officers at the DAC level. In all cases where PAO's do not initiate appropriate action, the audit observations will be brought to the notice of appropriate forum through the next year's Audit Report.

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

The observations included in this Report have been finalized in the light of written replies of the departments, except in few cases mentioned in report. However, in a few cases certain departments did not submit written replies, except Developmental Authorities DAC meetings were not convened despite repeated requests.

The Audit Report is submitted to the Governor, Khyber Pakhtunkhwa in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 37 of Khyber Pakhtunkhwa Local Government Act, 2013, for laying before the appropriate legislative forum.

Islamabad  
Dated:

**(Javaid Jehangir)**  
**Auditor General of Pakistan**

## EXECUTIVE SUMMARY

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

The Regional Directorate has a human resource of 07 officers and staff with a total of 1757 person days. The annual budget amounting to Rs 10.840 million was allocated to the office during financial year 2018-19. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audits of programs/ projects.

Local Governments of district Tank are consist of three tiers which perform their operations 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 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 one tehsil administrations in district Tank. The third tier- Village and Neighborhood Council have one principal accounting officer for development funds of these councils. There are 74 NC/VC's in district Tank.

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

There are nine offices in District Government Tank, one Tehsil Municipal Administration, one AD LGE&RDD, 74 VC/NC's out of which the accounts of 09 offices of District Government, five TMA's, one AD LGE &RDD and 74 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 Tank for the Financial Year 2017-18 was Rs 2,254.225 million against available budget of Rs 2,260.07 million. Out of this, RDA D I Khan audited an expenditure of Rs 766.436 million which, in terms of percentage, was 34% of auditable expenditure. The total expenditure of five TMA was Rs 152.776 million against available budget of Rs 193.418 million. Out of this, RDA D I Khan audited an expenditure of Rs 59.582 million which, in terms of percentage, was 39% of auditable expenditure. The total expenditure of AD LGE & RDD Tank for the Financial Year 2017-18 was Rs 625.356 million against available budget of Rs 747.761 million. Out of this, RDA D I Khan audited an expenditure of Rs 281.410 million which, in terms of percentage, was 45% of auditable expenditure.

The receipts of the District Government Tank, for the Financial Year 2017-18 were nil as the receipts were collected in Provincial Account-I. The receipts of five TMA's were Rs.177.232 million Out of which Rs. 120.517 million were audited which in terms of percentage was 68% of the auditable receipts. The total receipts of 74 VC/NC's was Rs. 0.73 million which Rs0.52million was audited in terms of percentage, was 71.5% of auditable.

The total expenditure of Local Governments of district Tank for the financial year 2017-18 was Rs 3,032.357 million against which the audit of Rs. 1107.428 million was conducted. In terms of the percentage was 36.5%. The total receipts of the Local Governments of district Tank were Rs 177.963 million against which a receipt of Rs121.037 million was audited which in terms of percentage was 68%. Recoveries at the instance of audit

**a. Recoveries at the instance of Audit**

Recovery of Rs 24.747 million was pointed out during the audit. Out of the total recoveries pointed out, Rs 8.421 million was not in the notice of the

executives before audit. However no recovery was made till finalization of this report.

**b. Audit Methodology**

Audit was conducted after understanding the business processes of Local Government, Tank with respect to their functions, control structure and key controls. This helped auditors in understanding the systems, procedures, environment of the audited entity before starting the audit. Audit used desk audit techniques for analysis of compiled data and review of actual vouchers called for scrutiny and substantive testing.

**c. Audit Impact**

Audit pointed out various irregularities of serious nature. Cases related to weak internal controls were also pointed out to which management has been sensitized. In certain cases management has taken action which may further be verified. However, no tangible impact was visible as the management failed to reply and the irregularities could not come to the light in the proper forum i.e DAC and proper legislative forum.

**Comments on Internal Control and Internal Audit department**

The purpose of internal control system is to ensure effective operation of an organization. It consists of measures employed by the management to achieve objectives, safeguard assets; accuracy, timeliness and reliability of financial and accounting information for decision making.

Another basic component of internal control, as envisaged under section 37(4) of LGA 2013, is internal audit which was not found in place in the domain of Local Governments Tank.

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

- i. Non production of record was noted in 03 cases amounting to Rs 63.45 million.<sup>1</sup>

- ii. Irregularities & Non-Compliance were noted in 23 cases amounting to Rs 260.516 million.<sup>2</sup>
- iii. Weak Internal Control was noted in 16 cases amounting to Rs 72.771 million.<sup>3</sup>

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

**e. Recommendations**

- i. Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money.
- ii. Strenuous efforts need to be made by the departments to recover long outstanding dues on account of water charges.
- iii. Deduction of taxes on supplies and contracts need to be ensured. .
- iv. Lapsed deposits need to be timely credited into treasury.
- v. Departments need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc. to ensure that lapses of the kind reported in this audit report are preempted and fair value for money is obtained from public spending.

---

<sup>1</sup> Para 1.2.1.1 to 1.2.1.2, 1.4.1.1

<sup>2</sup> Para 1.2.2.1 to 1.2.2.16, 1.3.1.1 to 1.3.1.2, 1.4.2.1 to 1.4.2.5

<sup>3</sup> Para 1.2.3.1 to 1.2.3.10, 1.3.2.1 to 1.3.2.6



## SUMMARY TABLES & CHARTS

### I: Audit Work Statistics

(Rs in million)

S. No.	Description	No.	Budget		
			Expenditure	Receipts	Total
1.	Total Entities (PAO) in Audit Jurisdiction	07	3,032.357	177.963	3,210.320
2.	Total formations in audit jurisdiction	45	3,032.357	177.963	3,210.320
3.	Total Entities (PAO) Audited	07	1,107.428	121.037	1,228.465
4.	Total formations Audited	18	1,107.428	121.037	1,228.465
5.	Audit & Inspection Reports	18	1,107.428	121.037	1,228.465

### II: Audit observations Classified by Categories

(Rs in million)

S. No.	Description	Amount Placed under Audit Observation
1.	Unsound asset management	-
2.	Weak financial management	72.409
3.	Weak Internal controls	72.771
4.	Others	251.557
	<b>Total:</b>	<b>396.737</b>

### III: Outcome Statistics

(Rs in million)

S. No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year (2017-18)	Total last year (2016-17)
1.	Outlays Audited	37.500	121.235	177.232	771.460	1,228.465	1211.621
2.	Amount Placed under Audit Observations /Irregularities of Audit	9.083	83.078	120.517	184.129	396.737	187.342
3.	Recoveries Pointed Out at the instance of Audit	2.401	23.346	-	-	24.747	8.311
4.	Recoveries Accepted /Established at the instance of Audit		1.300	3.570	3.551	8.421	
5.	Recoveries Realized at the instance of Audit						

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

<b>S. No.</b>	<b>Description</b>	<b>Amount Placed under Audit Observation</b>
1.	Violation of Rules and regulations, principle of propriety and probity in public operation	-
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3.	Accounting Errors (accounting policy departure from NAM <sup>4</sup> , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4.	Quantification of weaknesses of internal control systems.	72.771
5.	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	24.747
6.	Non-production of record	63.45
7.	Others, including cases of accidents, negligence etc.	235.769
	<b>Total</b>	<b>396.737</b>

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

<b>S.No</b>	<b>Description</b>	<b>Amount</b>
1.	Outlays Audited (item 1 of Table 3)	1,1047.428
2.	Expenditure on audit	0.240
3.	Recoveries realized at the instance of audit	0
	Cost-Benefit Ratio	1:0

---

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

## **1.1 Local Governments Tank**

### **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 Tank consist of one Tehsil i.e. Tank. The office of a Tehsil Municipal Administration is managed by the Tehsil Municipal Officer. He is assisted by a Tehsil officer Finance (TOF), Tehsil Officer Revenue (TOR) and Tehsil Officer Infrastructure (TOI).

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

- (a) Monitor and supervise the performance of functionaries of Government offices located in the Tehsil and hold them accountable by making inquiries and reports to the district government or, as the case may be, Government for consideration and action;
- (b) Prepare spatial plans for the Tehsil including plans for land use and zoning and disseminate these plans for public enquiry;
- (c) Execute and manage development plans for improvement of municipal services and infrastructure;
- (d) Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including for agriculture, industry, commercial markets, shopping centers; residential, recreation, parks, entertainment, passenger and freight transport and transit stations;

- (e) Enforce municipal laws, rules and bye-laws;
- (f) Prevent and remove encroachments;
- (g) Regulate affixing of sign-boards and advertisements;
- (h) Provide, manage, operate, maintain and improve municipal services;
- (i) Prepare budget, long term and annual municipal development programmes;
- (j) Maintain a comprehensive data base and information system on services in the Tehsil municipal record and archives and provide public access to it on nominal charges;
- (k) Collect taxes, fines and penalties provided under this Act;
- (l) Organize sports, cultural, recreational events, fairs and shows;
- (m) Organize cattle fairs and cattle markets;
- (n) Co-ordinate and support municipal functions amongst village and neighborhood councils;
- (o) Regulate markets and services, issue licenses, permits, grant permissions and impose penalties for violation thereof;
- (p) Manage municipal properties, assets and funds;
- (q) Develop and manage schemes, including site development in collaboration with District Government;

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

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

- i. Providing secretarial support to the Council

- ii. Matters relating to Local Government Commission
- iii. Matters relating to local taxes and local rate
- iv. Coordination and supervision of village and neighborhood councils
  - v. Grants, establishment and budget of village and neighborhood councils
- vi. Coordination of activities relating to local council elections, population census and surveys in the district
- vii. Rural Development Works including water supply, rural access roads, embankment and drainage works
- viii. Overseeing registration of births, deaths and marriages in village and neighborhood councils
- ix. Working as interface for knowledge management and communication on local governance issues in the district
- x. Review, evaluation and assessment of local government system, processes and procedures in the district particularly at the village and neighborhood level
- xi. Collection, compilation and dissemination of primary data Training and research in the areas of local governance.

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

- i. Functions of the village council and neighborhood council, as the case may be, shall be to:
- ii. Monitor and supervise the performance of functionaries of all government offices located in the area of the respective village council or neighborhood council, including education, health, public health engineering, agriculture, livestock, police and revenue, and hold them accountable by making inquiries and reports to the Tehsil municipal administration, district government or, as the case may be, the Government for consideration and action;
- iii. Provide effective forum for out of court amicable settlement of disputes and, for this purpose, constitute panels of members as conciliators;
- iv. Register births, deaths and marriages;

- v. Implement and monitor village level development works;
- vi. Improve water supply sources, maintain water supply distribution system and take measures to prevent contamination of water;
- vii. Maintain village level infrastructure, footpaths, tracks, streets, prevent and abate nuisances and encroachments in public ways, public streets and public places.
- viii. Maintain and improve collective property including playgrounds, graveyards, funeral places, eid-gah, parks, public open spaces and community centers;
- ix. Identify development needs of the area for use by municipal administration and district government in prioritizing development plans;
- x. Make arrangements for sanitation, cleanliness, disposal of garbage and carcasses, drainage and sewerage system;
- xi. Display land transactions in the area for public information;
- xii. Mobilize community for maintaining public ways, public streets, culverts, bridges and public buildings, de-silting of canals and other development activities;
- xiii. Develop sites for drinking and bathing of cattle;
- xiv. Organize cattle fairs and agriculture produce markets;
- xv. Organize sports teams, cultural and recreational activities;
- xvi. Organize watch and ward in the area;
- xvii. Promote plantation of trees, landscaping and beautification of public places;
- xviii. Regulate grazing areas, establish cattle ponds and provide protection against stray animals and animal trespass;
- xix. Consider and approve annual budget presented by the respective Nazim, village council or neighborhood council;
- xx. Facilitate formation of voluntary organizations for assistance in functions assigned to it;
- xxi. Facilitate the formation of co-operatives for improving economic returns and reduction of poverty;
- xxii. Elect an Accounts Committee and review its recommendations on the annual statement of accounts and audit reports; and

xxiii. Report cases of handicapped, destitute and of extreme poverty to district Government.

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

#### District Government

(Rs in million)

2017-18	Budget	Actual Expenditure/ Receipts	Excess/(Saving)	%age
Salary	1,670.52	1,667.003	(3.517)	(0)
Non-salary	539.55	537.292	(2.258)	(0)
Developmental (A/C-IV)	0	0	0.000	0
Developmental (A/C-I)	50	49.93	(0.070)	(0)
<b>Total</b>	<b>2,260.07</b>	<b>2,254.225</b>	<b>(5.845)</b>	<b>(0)</b>
<b>Receipts</b>	1,628.369	1,628.369	0	0

#### TMA's

(Rs in million)

2017-18	Budget	Actual Expenditure/ Receipts	Excess/(Saving)	%age
Salary	98.31	63.615	(34.695)	(35)
Non-salary	11.208	9.361	(1.847)	(16)
Developmental	83.9	79.8	(4.100)	(5)
<b>Total</b>	<b>193.418</b>	<b>152.776</b>	<b>(40.642)</b>	<b>(21)</b>
<b>Receipts</b>	177.232	177.232	0	0

#### AD LGE&RDD

(Rs in million)

2017-18	Budget	Actual Expenditure/ Receipts	Excess/(Saving)	%age
Salary	105.56	104.463	(1.097)	(1)
Non-salary	6.461	6.23	(0.231)	(4)
Developmental	635.74	514.663	(121.077)	(19)
<b>Total</b>	<b>747.761</b>	<b>625.356</b>	<b>(122.405)</b>	<b>(16)</b>
<b>Receipts</b>	1	0.73	(0.270)	(27)

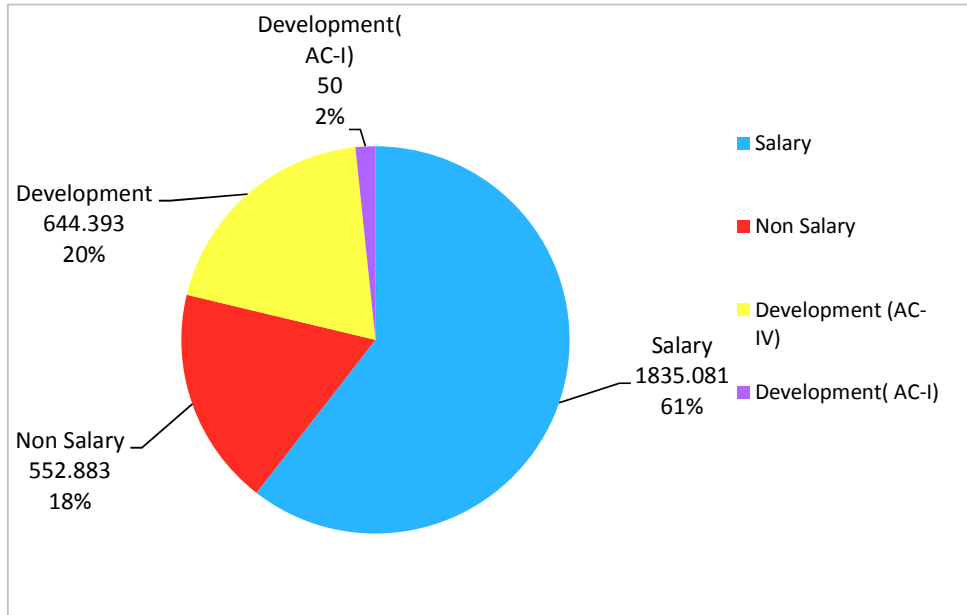


**Grant Total Expenditure and Receipts (Distt Govt, TMAs, AD LGE&RDD)**

<b>2017-18</b>	<b>Budget</b>	<b>Actual Expenditure/ Receipts</b>	<b>Excess/(Saving)</b>	<b>%age</b>
Salary	1,874.39	1,835.081	(39.309)	(2)
Non-salary	557.219	552.883	(4.336)	(1)
Developmental (AC-IV)	719.64	594.463	(125.177)	(17)
Developmental (AC-I)	50.00	49.93	(0.070)	(0)
<b>Total</b>	<b>3,201.249</b>	<b>3,032.357</b>	<b>(168.892)</b>	<b>(5)</b>
<b>Receipts</b>	1,806.601	1,806.331	(0.270)	(0)

The savings of Rs 168.892 million indicate inefficiency in the capacity of District Government Departments to utilize the amount allocated.

**EXPENDITURE 2017-18  
(Rs in million)**



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

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

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

3.	2005-06	Not Convened
4.	2006-07	Not Convened
5.	2007-08	Not Convened
6.	2008-09	Not Convened
7.	2009-10	Not Convened
8.	2010-11	Not Convened
9.	2011-12	Not Convened
10.	2012-13	Not convened
11.	2013-14	Not Convened
12.	2016-17	Not Convened
13.	2017-18	Not Convened

# **District Government**

## **1.2 District Government**

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

#### **1.2.1.1 Non-production of record of recruitment of staff-Rs.28.13 million**

According to Para 17 of GFR Vol-I read with section 14(b) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, no such information nor any books or other documents, to which the Auditor General has a statutory right of access, may be withheld from the Director General Audit.

District Education Officer (Female), Tank paid Salaries amounting to Rs.7,679,280 to Class-IV and Rs.20,466,780 to teaching & clerical staff recruited during 2016-18 without observing the codel formalities besides record was not produced to Audit;

- i. The posts of Class-IV were not advertised in Newspapers;
- ii. Departmental Selection Committee was not constituted for recruitment process of Class-IV;
- iii. Qualification and Domiciles of candidates was not available on record;
- iv. Merit Lists of the candidates was also not provided.
- v. NTS Merit and Appointment orders were not available on record;
- vi. Qualification and Domiciles of candidates was also not produced;
- vii. Testimonials and Degrees/Certificates of candidates were not got verified from the issuing Institutions.

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

When reported in November 2018, Management replied that all the recruitment process was made according to rules & regulations and no irregularity was found.

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

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

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

**1.2.1.2 Non-production of Auditable Record-Rs.22.045 million**

According to Section-14 (3) of the Auditor General's Ordinance, 2001, no such information nor any books of accounts or any other document, to which the Auditor-General has the statutory right of access, be withheld from Audit.

District Education Officer (Male), Tank incurred expenditure of Rs.22,045,280 on purchase of furniture out of ADP during 2016-17 and but record including AC Bills, Supply Orders, Delivery Challans, proof of payment & Supply Completion Report of furniture was not produced to Audit despite of repeated requests.

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

When reported in November 2018, Management replied that all the furniture was purchased from Wood Working Center, D.I.Khan according to directions of Provincial Government and no irregularity was found.

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

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

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

## **1.2.2 Irregularities and Non Compliance**

### **1.2.2.1 Un-authentic supply of furniture-Rs.7.884 million**

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

District Education Officer (Female), Tank purchased furniture of Rs.7,884,728 during 2017-18 but Inspection Report of furniture dully signed by the members & Chairman of District Purchase Committee was not available on record and thus makes the total quantity and quality of furniture doubtful. It was also not known that whether the pipe used was made by IIL & Sheesham Wood was used in the furniture besides Stock Registers of schools receiving furniture were also not produced to Audit.

Audit observed that irregularity was occurred due to non-compliance of rules.

When reported in November 2018, Management replied that problems occurred in supply due to lack of funds from the Provincial Government. The funds are now received and arrangement for payment is being made to supplier for timely completion of supply.

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

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

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

### **1.2.2.2 Irregular payment due to doubtful bills & vouchers-Rs.5.990 Million**

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

District Sports Officer, Tank drawn Rs.5,990,100 on account of various sport events during the period 2016-18 as detail in Annex-2 which was irregular on the following grounds.

- i. Doubtful bills and vouchers were attached to justify the payment as some bills were without names of byers besides the bills were not attested by the DSO.
- ii. Cash payment was made instead of cross cheques in the name of suppliers.
- iii. Tender/Quotation process was not adopted.

Doubtful payment occurred due to weak internal control.

When pointed out in August 2018, management stated that attested copies of vouchers would be provided to audit.

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

Audit recommends detail inquiry and action accordingly.

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

### **1.2.2.3 Un-authorized excess expenditure on purchase of vehicles for AACs-Rs.5.156 million**

According to Government of Khyber Pakhtunkhwa Administration Department Notification No.SOT(AD) 3-20/2013 dated 7-10-2015, all the Departments must ensure that the entitled officers use the vehicles of engine capacity as per entitlement i.e. BPS-17 of 800CC, BPS-18 of 1000CC and BPS-19 & 20 of 1300CC.

Board of Revenue & Estate and Local Government Department vide letters dated 28-9-2016 & 7-2-2017 conveyed the approved summary in which 2 No. vehicles of 800 CC, @ Rs.692,000 for 2 No. Additional Assistant Commissioners of Tank District were allowed.

According to Para-6 of Summary approved by the Chief Minister that proposed purchase of new vehicles should be in accordance with the entitlement



of the Additional Assistant Commissioners as per Transport Committee Report of Administration Department.

Deputy Commissioner, Tank incurred expenditure of Rs.6,540,000 on purchase of 3 No. vehicle including 2 No. Suzuki Swift & 1 No. Vitara of.1300 CC & 1600 CC during 2017-18 whereas the Board of Revenue & Local Government Departments vide letters dated 28-9-2016 & 7-2-2017 conveyed the approved summary in which 2 No. vehicles of 800 CC for Additional Assistant Commissioners of District Tank were approved. This resulted into unauthorized excess expenditure of Rs.5,156,000 as per detail given below.

S.No.	Description	Price per Vehicle (Rs.)	No. of Vehicles Purchased	Amount (Rs.)
1.	Suzuki Vitara GLX 2700 CC	3,790,000	01	3,790,000
2.	Suzuki Swift DLX 1300 CC	1,375,000	02	2,750,000
<b>Total</b>				<b>6,540,000</b>
Less: Cost of 2 No. vehicles of 800 CC @ Rs.692,000				1,384,000
<b>Excess Expenditure</b>				<b>5,156,000</b>

Audit observed that excess expenditure was incurred due to non-compliance of rules which resulted in loss to Government.

When reported in September 2018, Management stated that reply will be submitted in due course of time.

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

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

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

#### **1.2.2.4 Un-authorized expenditure over and above the Tender Cost- Rs.5.11million**

According to Rule at S.No. 19(3) (V) (d) of KPPRA Rules-2014, there may be more than one variation orders as long as the total value of all the variation orders remains within 15% of the original contract.

District Officer Social Welfare, Tank called tender for purchase of Sewing Machines & Wheel Chairs for an Estimated Cost of Rs.4,700,000 out of District ADP during 2017-18 but expenditure of Rs.9,813,800 was made and thus resulted in to un-authorized excess expenditure of Rs.5,117,100 which was against the KPPRA Rules-2014.

S.No.	Name of Schemes	Name of Supplier	Expenditure (Rs.)
1.	Provision of Sewing Machines to Poor & Widows Families out of ADP 2015-16.	M/S Sarhad Machinery, Lahore.	4,720,000
2.	Provision of Sewing Machines to Poor & Widows Families out of ADP 2016-17.		2,479,100
3.	Provision of Sewing Machines to Poor & Widows Families out of ADP 2016-17.		2,118,000
4.	Provision of Wheel Chairs	M/S Malik Wood Complex, Lahore.	500,000
<b>Total</b>			<b>9,817,100</b>
<b>Cost of Tender</b>			<b>4,700,000</b>
<b>Difference</b>			<b>5,117,100</b>

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

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

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

Audit recommends inquiry and action against the person(s) responsible for un-authorized expenditure.

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

**1.2.2.5 Un-authorized drawl of ADP Funds due to defective scheme- Rs.4.810 million**

According to Clause-3 of Administrative Approval accorded by the Deputy Commissioner, Tank “the mode of payment for incurrence of expenditure

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

According to Para-7 of GFR Vol-I, money may not be removed from Public Account for deposit elsewhere without the consent of Finance Department.

District Officer Social Welfare, Tank drawn Rs.4,810,000 from Government Treasury through Simple receipt out of District ADP for a scheme “Stitching Hope Capacity Building of Skilled Women in District Tank” during 2017-18 which was held un-authorized on the following grounds.

- I. Formal sanction was not obtained from the DC, Tank besides amount was drawn from treasury through Simple Receipt instead of fully vouched bills as required under Clause-3 of Administrative Approval that payment is required “bill to bill” on work done basis.
- II. The PC-I & Feasibility Report of scheme is defective and non-practical as training was proposed to be imparted to Women in Islamabad through NGO, which was not possible due to conservative environment and also against the traditional values of District Tank.
- III. Rs.4,810,000 were drawn on 22-1-2018 and deposited in a Designated Bank Account which was still lying in a Bank without any progress on execution of scheme despite elapsed of more than 8 months ( till date of Audit 9/2018).

Audit observed that unauthorized drawl of funds occurred due to defective scheme and non-compliance rules.

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

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

Audit recommends inquiry and action against the person(s) responsible for approving defective & non-practical scheme.

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

**1.2.2.6 Un-economical expenditure due to non-adopting Open Tender System-Rs.4.367 million**

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

Deputy Commissioner, Tank incurred expenditure of Rs.4,367,479 on purchase of 15 No. Laptops, stationery & miscellaneous items during 2017-18 without adopting Open Tender System as required under KPPRA Rules beside the items so purchased were neither entered on relevant stock register nor shown issued. Moreover, Income & Sales Tax on purchase of IT equipment amounting to Rs.301,591 was paid by the local office instead of deducting from the suppliers bills.

S.No.	Particulars	Expenditure (Rs.)
1.	<b>15 No. Laptops and other IT-equipment</b>	1,370,869
2.	<b>Others items</b>	1,841,260
3.	<b>Stationery Items</b>	1,155,350
<b>Total</b>		<b>4,367,479</b>

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

When reported in September 2018, Management stated that reply would be submitted in due course of time.

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

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

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

**1.2.2.7 Un-authorized payment for purchase of Science Equipment- Rs.4.307million**

According to Para-9 of GFR Vol-I, no authority may incur any expenditure from Public Funds until the authority, to which powers have been delegated, has sanctioned the expenditure.

According to Contract Agreement dated 12-1-2018 (a) Supplier will be bound to supply the Science Equipments to concerned High Schools on FOR basis ;(b) Supply shall be completed up to 31-4-2018 and Payment will be made after the completion of supply and production of satisfactory Inspection Report of Distinct Purchase Committee and (c) 10% Performance Security as Bank Draft or Call Deposit must be deposited which will be forfeited in case of non-completion of supply within stipulated time period.

District Education Officer (Male), Tank paid Rs. Rs.4,307,100 to M/s Wahid Scientific Store for purchase of Science Equipments for Government High Schools in District Tank during 2017-18 which was held un-authorized on the following grounds.

- i. Sanction for incurring the expenditure was not obtained from the Competent Authority.
- ii. Violating the Terms & Conditions of Agreement, full payment was made to supplier without obtaining satisfactory Inspection Report from the Distinct Purchase Committee regarding completion & quality of items supplied.
- iii. The Supplier did not supply the Science Equipments to concerned High Schools on FOR basis as neither Delivery Challans of supply to concerned High Schools were available on record nor Incharge of High Schools acknowledged the completion of supply.
- iv. 10% Performance Security of Rs.430,710 was not forfeited due to non-completion of supply.

Audit observed that irregularities were occurred due to non-compliance of terms & conditions of Contract Agreement.

When reported in November 2018, Management replied that all the tendering process was made under the supervision of Deputy Commissioner, Tank through District Purchase Committee and bids were evaluated according to KPPRA Rules and no irregularity was committed.

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

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

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

**1.2.2.8 Un-economical and un-authorized expenditure without adopting Open Tender System- Rs.3.520 million**

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

Secretary District Council , Tank incurred expenditure of Rs.3,520,000 on purchase of 40 KVA Generator during 2017-18 without adopting Open Tender System as required under KPPRA Rules-2014 beside sanction was also not obtained from the Competent Authority. Generator was purchased through hand-collected quotations from un-authorized Supplier without provision of any Warranty and after sale service.

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

When reported in November 2018, Management did not respond to audit observation.

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

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

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

**1.2.2.9 Non-forfeited of Performance Security due to non-completion of supply of furniture-Rs.3.306 million**

According to Terms & Condition of Agreement executed with M/S Burhan & Brothers for Supply of furniture on 12-1-2018 & 26-7-2018 (a) Supply shall be completed up to 31-3-2018 which was further extended up to 31-08-2018 and (b) 10% Performance Security as Bank Draft or Call Deposit must be deposited which will be forfeited in case of non-completion of supply within stipulated time period.-

District Education Officer (Male), Tank placed supply order of Rs.33,064,000 for purchase of furniture on 13-1-2018 with a completion period up to 31-3-2018 which was further extended up to 31-08-2018 as per Contract Agreements executed with the M/S Burhan & Brothers. However, the supply of furniture was not yet completed despite elapsed of more than 3 months from the extended target date. This fact was also revealed from the statement submitted by the ADEO (Store) that 1,661 items were received against the supply order of 5,950 items up to 15-11-2018 but 10% Performance Security of Rs.3,306,400 was not forfeited.

Audit observed that non-forfeiter of security occurred due to non-compliance of terms & conditions of Contract Agreement.

When reported in November 2018, Management replied that problems occurred in supply due to lack of funds from the Provincial Government.

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

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

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

**1.2.2.10 Doubtful & Un-economical award of Contract for purchase of IT Equipments-Rs.2.53 million**

According Para-144 (Rule-16 of Annexure-A, Appendix-9) of GFR Vol-I, If the response to any invitation to tender is inadequate due to any reasons and favorable tenders have not been received, then fresh tenders should be invited.

District Education Officer (Male), Tank called tender for purchase of IT-Equipments during 2017-18 in which three (3) bidders were submitted their Technical & Financial Proposals. The Purchase Committee technically disqualified 2 bidders out of 3 without assigning any cogent reasons and the rates of remaining single bidder M/S Khattak Trade Zone was approved instead of re-tender the contract. The local office produced neither Technical Proposals of Bidders nor Technical Evaluation Proformas of 3 Bidders were available on record and thus tender of Rs.2,530,000 was awarded in a doubtful & un-economical way to a single firm without any competition.

Audit observed that un-economical award of contract was made due to non-compliance of rules.

When reported in November 2018, Management replied that all the tendering process was made under the supervision of Deputy Commissioner, Tank through District Purchase Committee and bids were evaluated according to KPPRA Rules and no irregularity was committed.

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

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

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

**1.2.2.11 Un-authorized expenditure on purchase of IT-Equipments-Rs.2.53 million**

According to Para-9 of GFR Vol-I, no authority may incur any expenditure from Public Funds until the authority, to which powers have been delegated, has sanctioned the expenditure.

According to Contract Agreement executed with M/S Khattak Trade Zone, Karak, Supply shall be completed up to 31-4-2018 and Payment will be made in two installments i.e. first installment will be made on half supply, while the second installment will be paid after the completion of supply and production of satisfactory Inspection Report of Distinct Purchase Committee.



District Education Officer (Male), Tank paid Rs. Rs.2,530,000 to M/S Khattak Trade Zone, Karak vide Cheque No.0565280 dated 5-4-2018 for purchase of IT-Equipment for Government High Schools in District Tank during 2017-18 which was held un-authorized as sanction for incurring the expenditure was not obtained from the Competent Authority besides full payment was made to supplier without obtaining satisfactory Inspection Report from the Distinct Purchase Committee regarding completion and quality of items supplied.

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

When reported in November 2018, Management replied that all the tendering process was made under the supervision of Deputy Commissioner, Tank through District Purchase Committee and bids were evaluated according to KPPRA Rules and no irregularity was committed.

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

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

**1.2.2.12 Un-authorized expenditure on use of additional vehicles- Rs.1.620 million**

According to Deputy Commissioner, Tank letter No.4381-84 dated 4-6-2018 addressed to SO (Transport) Administration Department, Government of Khyber Pakhtunkhwa regarding provision of information on “Sue Moto Case No.11 of 2018 Supreme Court of Pakistan details of vehicles under the use of Govt. Departments” 6 No. vehicle bearing Nos. A-1112, A-1121, A-1122, APL-2018 Vitara, APL-2018 Swift and APL-2018 Swift were in the use of Deputy Commissioner, Tank office.

Deputy Commissioner, Tank incurred Rs.1,620,106 on POL & repair on use of additional 7 No. vehicles which were not disclosed to Transport Section of Administrative Department, Peshawar while submitting the information on case “Sue Moto Case No.11 of 2018 Supreme Court of Pakistan regarding details of vehicles in the use of Deputy Commissioner, Tank. Detail of 6 No. vehicles was provided vide letter referred above which were shown allotted to DC, ADC, AC, DO ( F&P), DO Planning & 2 AACs whereas following 7 No. vehicles were not

disclosed in which 3 vehicles pertained to APA office and thus expenditure on use of additional vehicles was held unauthorized .

S.No.	Vehicle No.	Expenditure on POL (Rs.)	Expenditure on repair (Rs.)	Total (Rs.)	Remarks
1.	Jandola-2	497,183	160,155	652,343	-
2.	A-1110	241,550	160,158	401,708	-
3.	A-1002	36,746	7,700	44,446	Relate to APA Office
4.	A-4967	118,463	0	118,463	-
5.	Jandola-3	122,278	0	122,278	Relate to APA Office
6.	A-7153	251,142	9,150	260,292	-
7.	FR-1004	20,576	0	20,576	Relate to APA Office
<b>Total</b>				<b>1,620,106</b>	

Audit observed that un-authorized expenditure was incurred due to non-compliance of rules, which resulted in loss to Government.

When reported in September 2018, Management stated that reply will be submitted in due course of time.

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

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

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

### **1.2.2.13 Irregular expenditure on Entertainment-Rs.1.472 million**

According to Rule at S. No.22 Note (d) & (e) of Delegation of Powers 2001, expenditure shall be incurred on official entertainment charges for light refreshment not exceeding Rs.10/- per head on meeting convened for official business and serving launch boxes not exceeding Rs.150/- per head in meetings which are prolonged beyond office hours without break in the public interest.

Deputy Commissioner, Tank incurred expenditure of Rs.1,472,044 on Entertainment Charges during 2017-18 which was held irregular as expenditure of Rs.25,000 to Rs.68,000 was shown incurred on arranging heavy Launch & Tea

Programs on number of occasions during each month but no proof was available on record that the same was served to Participants of meetings as required under the Rule at S. No.22 Note (d) & (e) of Delegation of Powers 2001.

Audit observed that un-authorized expenditure was incurred due to non-compliance of rules, which resulted in loss to Government.

When reported in September 2018, Management stated that reply would be submitted in due course of time.

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

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

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

#### **1.2.2.14 Irregular expenditure on appointment of Patwaris -Rs.1.328 million**

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

Deputy Commissioner, Tank paid Rs.1,328,629 as pay & allowances to 7 No. Patwaris which were appointed without observing the codel formalities as neither posts were advertised nor any test & interview was conducted besides one year Certificate in Information Technology from the Board of Technical Education was also not obtained by the Patwaris as required under Board of Revenue & Estate Department Notifications referred above and thus appointment of Patwaris was held irregular.

<b>S.No.</b>	<b>Name of Patwari</b>	<b>Personal.</b>	<b>Date of Joining</b>	<b>Payment during 2017-18 (Rs.)</b>
1.	Aftab Ahmad	784359	30-09-2015	155,110

2.	Muhammad Riaz Khan	757760	01-01-2016	283,613
3.	Nisar Ahmad	757768	01-01-2016	282,989
4.	Farman Ullah	761323	01-01-2016	209,975
5.	Afnan Khan	872023	29-11-2017	132,314
6.	Khalid Hamid Akhtar Khan	872025	29-11-2017	132,314
7.	Imran Ullah	872026	29-11-2017	132,314
<b>Total</b>				<b>1,328,629</b>

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

When reported in September 2018, Management stated that reply will be submitted in due course of time.

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

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

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

**1.2.2.15 Irregular expenditure on seeds and fertilizers-Rs.1.203million.**

According to Para-148 of GFR Vol-I, all material received should be examined, counted, measured, weighed as the case may be, when delivery is taken, and a responsible government officer who should see that the quantities are correct and their quality is good, and record a certificate that he has actually received the materials and recorded them in a appropriate stock register.

District Director Agriculture, Tank incurred expenditure of Rs.1,203,600 on purchase of seed, pesticides and urea fertilizer from Farm Services Centre, Tank during 2017-18 without calling tender from open market besides Stock Register was not produced to verify further issuance to formers.

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

When reported in August 2018, Management stated that all the purchases were made on economical rates as compared to the open market. The reply is not convincing as no codal formalities were full filed while making the purchases.

Request for convening for DAC meeting was made on 16.10.2018. DAC meeting could not be convened till finalization of this Report.

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

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

**1.2.2.16 Un-authorized and Doubtful Issuance of IT-Equipment purchased for High Schools-Rs.1.168 million**

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

According to agreement executed between DEO (Male), Tank & M/S Khattak Trade Zone for Supply of IT-Equipment on 12-1-2018, the Supplier will be bound to supply the IT-Equipment to concerned High Schools on FOR basis.

District Education Officer (Male), Tank purchased IT-Equipment for Rs. Rs.2,530,000 for High Schools in District Tank during 2017-18. The DEO (M), Tank instead of issuing the entire items to concerned High Schools, items amounting to Rs.1,168,600 were retained in the office or shown issued to some other offices other than High Schools which was held unauthorized as the budget was released for purchase of IT-Equipment for High Schools only besides the receipts of items were also not available on record and thus creating a doubt about actual issuance. Detail in Annex-3.

When reported in November 2018, Management replied that items were issued to concerned offices according to their actual requirements and no irregularity was committed.

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

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

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

### **1.2.3 Internal Control Weaknesses**

#### **1.2.3.1 Doubtful issuance of Sewing Machines-Rs.9.317 million**

According to Para-149 of GFR Vol-I, when materials are issued, the officer Incharge of store should see that an indent in prescribed form has been made by a properly authorized person for issue of items and sign it.

District Officer Social Welfare, Tank purchased 1811 No. Sewing Machines worth Rs.9,317,100 out of District ADP funds during 2017-18 but the same were handed over to District Nazim & Council Members for further distribution among Widow & Poor Women but details pertaining to recipients like applications, copies of NICs & acknowledgment were not available on record to ascertain that Sewing Machine were actually distributed among Widow & Poor Women.

Audit observed that Sewing Machine distributed without observing the code formalities.

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

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

Audit recommends inquiry to ascertain that distribution of Sewing Machines was among needy and poor women.

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

#### **1.2.3.2 Non-deposit of income tax-Rs.5.983 million**

According to Section-153 (3) (ii) of the Income Tax Ordinance 2001, income tax to be deducted @ 7.5% of the gross amount payable on rendering or providing services.

District Education Officer (Female), Tank incurred expenditure of Rs.79,328,815 through PTCs on construction of Play Grounds, additional class rooms and other missing facilities during 2016-18 but income tax amounting to

Rs.5,983,044 was not deposited into Government Treasury as per detail given below.

S.No.	Description	Head of A/c	Expenditure (Rs.)	Income Tax @7.5% (Rs.)
1.	Play Areas Grant	A03970	3,840,000	297,600
2.	DI6110 DD Code 2017-18	A03970	58,394,320	4,525,559
3.	DI6110 DD Code 2016-17	A03970	13,194,995	857,674
4.	Distract ADP	A03970	3,899,500	302,211
<b>Total</b>				<b>5,983,044</b>

Audit observed that non-deposit of income tax occurred due to non-compliance of rules, which resulted in loss to government.

When reported in November 2018, Management replied that income tax is not required for expenditure incurred from PTC as per Finance & Education Department Guidelines for PTC.

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

Audit recommends deposit of income tax into Government Treasury and action against the person(s) at fault.

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

### **1.2.3.3 Loss to Government due to ignoring Lowest Rate-Rs.5.168 million**

According to Clause-6 (3) of KPPRA Rules-2014, Procurement through Single Envelope Two Stage Method consists of two stages (i) In the first stage, each bid shall comprise of a single package containing envelope marked as Technical Proposal which will be evaluated in accordance with the evaluation criteria set forth and a list of Qualified and Un-qualified Bidders will be formulated (ii) In the second stage, the Qualified Bidders will be required to submit Financial Proposals and the lowest offer from the Qualified Bidders shall be accepted for award of the contract and will be considered the best evaluated bid.

District Education Officer ( Male), Tank awarded a contract for supply of 2-Seater Desk Bench, Teacher Chair & Tablet Chair to M/S Burhan Brothers @ Rs.6,990, Rs.2,650 & Rs.2,745 respectively whereas M/S Khan Traders, Taunsa Sharif offered @ Rs.5,830, Rs.2,650 & 2,745 but the lowest rates were ignored without assigning any cogent reasons and thus resulted into loss to Government of Rs.5,168,500 as worked out below.

Name of Item	Rate Paid to M/S Burhan Brothers (Rs./ item)	Rate offered by M/S Khan Traders (Rs./ item)	Difference (Rs./ Set)	Qty	Loss (Rs.)
2-Seater Desk & Bench	6,990	5,830	1,130	3,950	4,463,500
Teacher Chairs	2,650	2,370	280	1,000	280,000
Tablet Chairs	2,745	2,320	425	1,000	425,000
<b>Total</b>					<b>5,168,500</b>

Audit observed that procurement was made without observing the KPPRA Rules which resulted in loss to Government.

When reported in November 2018, Management replied that all the tendering process was made under the supervision of Deputy Commissioner, Tank through District Purchase Committee and bids were evaluated according to KPPRA Rules and no irregularity was committed.

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

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

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

**1.2.3.4 Loss to Govt. due to purchase of Generator on Higher Rate- Rs.2.370 million**

According to Para 10 (i) of GFR Vol- I, every public officer is expected to exercise the same vigilance in respect to expenditure incurred from public



moneys as a person of ordinary prudence would exercise in respect of his own money.

Secretary District Council , Tank purchased 40 KVA Generator @ Rs.3,520,000 during 2017-18 without adopting Open Tender System whereas the same Generator is available in market @ Rs.950,000 to Rs.1,150,000 and thus resulted into a loss of Rs.2,370,000 to Government.

Audit observed that Generator was purchased on higher rate due to weak internal control, which resulted in loss to Government.

When reported in November 2018, Management did not respond to audit observation.

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

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

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

#### **1.2.3.5 Non-deduction of house rent allowance from Doctors-Rs.1.521 million**

According to Allotment & Residential Accommodation Rules-1980 as amended in 1992, the government servants who have been provided government accommodation are not entitled to house rent allowance.

District Health Officer, Tank paid Rs.1,521,233 as house rent allowance to Doctors posted in BHUs/ RHCs despite of the fact that designated bungalows were available in the health facilities. Detail is given in Annex-4.

Audit observed that non-deduction of house rent allowance occurred due to weak internal control which resulted into loss to Government.

When reported in October 2018, Management did not respond to audit observation.

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

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

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

**1.2.3.6 Loss to Government due to ignoring Lowest Rate-Rs.1.308 million**

According to Clause-6 (3) of KPPRA Rules-2014, Procurement through Single Envelope Two Stage Method consists of two stages (i) In the first stage, each bid shall comprise of a single package containing envelope marked as Technical Proposal which will be evaluated in accordance with the evaluation criteria set forth and a list of Qualified and Un-qualified Bidders will be formulated (ii) In the second stage, the Qualified Bidders will be required to submit Financial Proposals and the lowest offer from the Qualified Bidders shall be accepted for award of the contract and will be considered the best evaluated bid.

District Education Officer (Female), Tank awarded a contract for supply of 2-Seater Desk Bench to M/S Burhan Brothers @ Rs.6,990 whereas M/S Khan Traders, Taunsa Sharif offered @ Rs.5,830 but the lowest rate was ignored without assigning any cogent reasons and thus resulted into loss to Government of Rs.1,308,480 as worked out below.

Name of Item	Rate Paid to M/S Burhan Brothers (Rs./ item)	Rate offered by M/S Khan Traders (Rs./ item)	Difference (Rs./ Set)	Qty	Loss/ Overpayment (Rs.)
2-Seater Desk & Bench	6,990	5,830	1,160	1,128	<b>1,308,480</b>

Audit observed that procurement was made without observing the KPPRA Rules, which resulted in loss to Government.

When reported in November 2018, Management replied that all the tendering process was made under the supervision of Deputy Commissioner, Tank through District Purchase Committee and bids were evaluated according to KPPRA Rules and no irregularity was committed.

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

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

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

**1.2.3.7 Loss to Government due to ignoring lower rate-Rs.2.070 million**

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

District Officer Social Welfare, Tank approved rates of Rs.5,000 & Rs.5,700 per Sewing Machine quoted by the M/S Sarhad Machinery, Lahore whereas M/S Noor Shahzodin & Brother offered @ Rs.4,000 per Sewing Machine and thus resulted into loss of Rs.2,070,700 due to ignoring lower rate. It was astonishing to note that lowest rate was not rejected on technical or quality basis but rejected on the minor plea that the Contractor did not submit the Affidavit on Stamp Paper and no signature on documents. The plea was not tenable as M/S Noor Shahzodin submitted Affidavit on paper as per specimen provided and also signed the tender documents besides the Contractor submitted Call Deposit and signed the Attendance Sheet at the opening date of tender.

S.No.	Name of Schemes	Rate offered by M/S Sarhad Machinery (Rs./ Machine)	Rate offered by M/S Noor Shahzodin (Rs./ Machine)	Difference (Rs./ Machine)	No. of Machine Purchased	Loss/ Overpayment (Rs.)

1.	Provision of Sewing Machines out of ADP 2015-16.	5,000	4,000	1,000	944	944,000
2.	Provision of Sewing Machines out of ADP 2016-17.	5,000	4,000	1,000	496	496,000
3.	Provision of Sewing Machines out of ADP 2016-17.	5,700	4,000	1,700	371	630,700
<b>Total</b>						<b>2,070,700</b>

Audit observed that overpayment occurred due to weak internal control, which resulted in loss to Government.

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

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

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

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

#### **2.1.3.8 Loss due to non-recovery of Income Tax-Rs.1.133 million**

According to Deputy Commissioner Inland Revenue Regional Tax Office, Peshawar letter dated 12-7-2017, Income Tax @ 4% & 4.5 for filer in case of Co. & Individual and 7% & 7.75 % for Non-filer in case of Co. & Individual on supply u/s 153(1) (a) as per Income Tax Ordinance 2001.

District Officer Social Welfare, Tank drawn Rs.14,627,100 from Government Treasury through Simple Receipt as 5% share for Women Development out of District ADP Funds during 2017-18 but neither DAO, Tank deducted Income Tax from the bills at source nor the local office recovered the

same while payment to Suppliers and thus resulted into a loss of Rs.1,133,601 to Government due to non-recovery of income tax as per detail given below.

S.No.	Name of Schemes	Name of Supplier	Expenditure (Rs.)	Income Tax Due @ 7.75% (Rs.)
1.	Provision of Sewing Machines to Poor & Widows Families out of ADP 2015-16.	M/S Sarhad Machinery, Lahore.	4,720,000	365,800
2.	Provision of Sewing Machines to Poor & Widows Families out of ADP 2016-17.		2,479,100	192,131
3.	Provision of Sewing Machines to Poor & Widows Families out of ADP 2016-17.		2,118,000	164,145
4.	Provision of Wheel Chairs	M/S Malik Wood Complex, Lahore.	500,000	38,750
5.	Stitching Hopes Capacity Building of Skilled Women in District Tank out of ADP 2016-17.	Through DDO	4,810,000	372,775
<b>Total</b>				<b>1,133,601</b>

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

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

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

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

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

**1.2.3.9 Doubtful drawl of funds for purchase of Science Equipments- Rs.1.078 million**

According to Para-96 of GFR Vol-I, it is contrary to the interest of the state that money should be spent hastily or in an ill-considered manner merely because it is available or that the laps of a grant could be avoided.

District Education Officer (Male), Tank placed supply order of 250 Science Equipment items for High Schools on 12-1-2018 and Supplier submitted bill/ Sales Tax Invoice of Rs.3,000,000 on 19-3-2018 and available released amount was drawn from Government Treasury accordingly. Later on, the DC, Tank released an additional amount of Rs.1,078,000 on 26-6-2018 and the local office drawn the same amount from Treasury through Simple Receipt on next day and payment was also shown to supplier on same day i.e. on 27-6-2018 without completion of supply and Inspection Report of District Purchase Committee. The local office neither issued supply order for additional items nor the suppliers submitted any detail of items supplied and thus creating a doubt that amount was drawn without any supply just to avoid the lapse of available grant and chance of misappropriation of funds cannot be ruled out.

Audit observed that funds were drawn due to non-compliance of rules.

When reported in November 2018, Management replied that purchases were made as per requirements of High and Higher Schools and no irregularity was committed.

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

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

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

**1.2.3.10 Loss due to non-deduction of Sales Tax-Rs.1.06 million**

Sales tax must be deducted as 17 % prescribed rate from the unregistered persons under the sales tax act 1990 as provided in the S.R.O. 660(I) /2007 dated 30-6-2007.

Secretary District Council, Tank paid Rs.6,253,047 to various suppliers on purchase of taxable items during 2017-18 but sales tax @ 17% was not deducted from the bills. Detail is given at Annex-5:

Audit observed that non-deduction of sales tax occurred due to weak internal control, which resulted in loss to Government.

When reported in November 2018, Management replied that all taxes were deduced except sales tax registered firms who provided sales tax invoices.

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

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

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

# **TEHSIL MUNICIPAL ADMINISTRATION**



### 1.3 Audit Paras TMA Tank

#### 1.3.1 Irregularities and Non Compliance

##### 1.3.1.1 Unauthorized expenditure on Pay & Allowances out of Tehsil ADP Share-Rs.109.00 million

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

Tehsil Municipal Officer, Tank shown incurred Rs.109,000,000 on pay & allowances and other contingencies out of Tehsil ADP Share during 2017-18 which was held unauthorized as the same was required to be meant for execution of developmental schemes under the rule. Detail is given below.

S.No.	Cheque No. & Date	Amount (Rs.)
1.	No 146228 dated 19-10-2017	9,000,000
2.	No 146308 dated 26-12-2018	20,000,000
3.	No 146346 dated 27-12-2018	20,000,000
4.	No.146385 dated 30-4-2018	30,000,000
5.	No.473741 dated 25-6-2018	30,000,000
<b>Total</b>		<b>109,000,000</b>

Audit observed that incurring of development funds on pay & allowances occurred due to non-compliance of rules.

When reported in December 2018, Management replied that amount was incurred on payment of salaries and pension.

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

Audit recommends inquiry to find out the factual position and action against the person(s) at fault.

AIR No.03 (2017-18)

**1.3.1.2 Doubtful Drawl of funds out of TMA Bank Account-Rs.27.42 million**

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

Tehsil Municipal Officer, Tank drawn Rs.27,427,537 out of TMA Bank Account No.3342-00-7 maintained in Khyber Bank from 5-10-2017 to 19-6-2018 which was held doubtful on the following grounds;

- i. Amount was drawn without recording any entries in Cash Book of Local Fund Account;
- ii. Paid vouchers in support of drawl were not available on record;
- iii. It was not known for what purpose the amount was drawn & to whom payment was made.

Audit observed that drawl of funds without supported by any documentary evidences leads to misuse of funds.

When reported in December 2018, Management replied that detail reply would be submitted in due course of time.

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

Audit recommends inquiry to find out the factual position and action against the person(s) at fault.

AIR No.04 (2017-18)

### 1.3.2 Internal Control Weaknesses

#### 1.3.2.1 Loss due to less-recovery of 2% Property Tax-Rs.24.058 million

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

Tehsil Municipal Officer, Tank departmentally collected Rs.9,944,330 as 2% Property Tax during 2017-18 whereas Revenue office of DC, Tank collected Rs.17,001,470 as 1% Tax during the same period and 2% of which comes to Rs.34,002,940 and thus local office less collected/ deposited of Rs.24,058,610 as compared to Revenue Office of DC, Tank and thus chance of misappropriation could not be ruled.

Revenue Collected by DC, Tank @1% during 2017-18 (Rs.)	Revenue Collected by TMO, Tank @ 2% during 2017-18 (Rs.)	Difference (Rs.)
17,001,470 (34,002,940@ 2%)	9,944,330	24,058,610

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

When reported in December 2018, Management stated that detail reply would be submitted after scrutiny of record.

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

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

AIR No.01 (2017-18)

**1.3.2.2 Loss due to recovery of Income Tax by the FBR Outstanding against the Contractors-Rs.4.977 million**

According to Section-236(A) of the Income Tax Ordinance 2001, 10 % advance income Tax should be collected on the auction price of contract.

During audit of Tehsil Municipal Officer, Tank it was noticed that FBR directly deducted Rs.4,977,073 from the TMA Bank Account No.0010040080530015 of Allied Bank on 26-01-2017 on account of income tax which was outstanding against the different contractors on auction of contracts for the year 2016-17. The TMO, being a Withholding Agent, was personally responsible for recovery of income tax from the contractors at the time of auction of contracts but failed to recover the same from the contractors.

Audit observed that deduction of income tax by FBR occurred due to negligence, which resulted in loss to TMA.

When reported in December 2018, Management replied that notices are being issued to Contractors for deposit of income tax and progress will be shown to Audit accordingly.

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

Audit recommends recovery of income tax from the contractors and action against the person(s) at fault.

AIR No.02 (2017-18)

**1.3.2.3 Loss to Govt. due to non-recovery of Income Tax-Rs.4. 342 million**

According to Para-290 of CTR Vol-I, 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 Para-26 of GFR Vol-I, it is the duty of Controlling Office to see that all the sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

Tehsil Municipal Officer, Tank drawn Rs.21,000,000 & Rs.36,901,000 vide Cheque Nos. 0662254 & No.0662253 dated 4-1-2018 through Simple Receipt from Government Treasury out of 30% Tehsil ADP Shares irregularly during 2017-18 and instead of payment to contractors, deposited the funds in TMA Bank Account No.3342-00-7 of Khyber Bank without deducting income tax of Rs.4,342,575.

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

When reported in December 2018, Management replied that detail reply would be submitted in due course of time.

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

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

AIR No.05 (2017-18)

#### **1.3.2.4 Non-recovery of auction amount of contract-Rs.3.270 million**

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

Tehsil Municipal Officer, Tank awarded contract of Cattle Fair Market to M/S Nazir Ahmad @ Rs.13,100,000 during 2017-18. The contractor, however, deposited Rs.9,830,000 to TMA Account whereas a balance amount of Rs.3,270,000 was still outstanding against the contractor till date of Audit (5-12-2018).

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

When reported in December 2018, Management replied that notice is being issued to Contractor for deposit of balance auction amount and progress will be shown to Audit accordingly.

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

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

AIR No.07 (2017-18)

**1.3.2.5 Loss due to non-awarding of 2% Property Tax Contract - Rs.2.655 million**

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

Tehsil Municipal Officer, Tank not awarded contract of 2% Property Tax for the year 2017-18 to M/S Siffat Hussain Shah who offered highest bid of Rs.12,600,000 besides proceedings of auction were also not forwarded to Local Government Department for vetting. Departmental collection of Rs.9,944,330 was made and thus loss of Rs.2,655,670 was put to a TMA due to non-awarding of contract as worked out below.

<b>Bid offered (Rs.)</b>	<b>Departmental Collection (Rs.)</b>	<b>Difference (Rs.)</b>
12,600,000	9,944,330	<b>2,655,670</b>

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

When reported in December 2018, Management replied that detail reply would be submitted in due course of time.

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

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

**1.3.2.6 Non-recovery of Income Tax on auction of contracts-Rs.2.461 million**

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

Tehsil Municipal Officer, Tank auctioned various contracts for the collection of fees during 2017-18 but income tax amounting to Rs.2,461,650 was not recovered from the contractors as per detail given below.

S.No.	Name of Contract	Name of Contractor	Bid Amount (Rs.)	Income Tax@15% (Rs.)
1.	Cattle Fare Market fees	M/S Nazir Ahmad	13,100,000	1,965,000
2.	General Bus Stand	M/S Haleem Shah	3,311,000	496,650
<b>Total</b>				<b>2,461,650</b>

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

When reported in December 2018, Management replied that notices are being issued to Contractors for deposit of income tax and progress will be shown to Audit accordingly.

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

Audit recommends recovery of income tax from the contractors and action against the person(s) at fault.

## **AD LG E&RDD & VCs/NCs Tank**



## **1.4 AD LG E&RDD & VCs/NCs Tank**

### **1.4.1 Non Production of record**

#### **1.4.1.1 Non-production of record of District ADP-Rs.13.275 million**

According to Para 17 of GFR Vol-I read with section 14(b) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, no such information nor any books or other documents, to which the Auditor General has a statutory right of access, may be withheld from the Director General Audit.

Assistant Director Local Government, Tank incurred expenditure of Rs.13,275,258 on execution of various developmental schemes out of District ADP during 2017-18 but record including tender documents, PC-Is, contractor bills and MBs of said schemes were not produced to Audit despite of repeated written & verbal requests. Detail is given at Annex-6.

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

When reported in December 2018, Management did not give any reply to Preliminary Audit Observation.

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

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

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

## **1.4.2 Irregularities and Non compliance**

### **1.4.2.1 Unauthorized payment without obtaining Technical Sanction-Rs.25.954 million**

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

Assistant Director Local Government, Tank paid Rs.25,954,522 to various contractors for execution of developmental scheme out of District ADP during 2017-18 without obtaining Technical Sanction from the Competent Authority and thus the whole payment was un-authorized. Detail of schemes is as under.

<b>S.No.</b>	<b>Name of Schemes</b>	<b>Expenditure (Rs.)</b>
1.	Construction Work on Bhara Band at Shah Alam, Tank.	23,500,000
2.	Construction of PCC street Kirri Marwati.	1,104,000
3.	Installation of Pressure Pumps in Ward Ama Khel.	1,350,522
<b>Total</b>		<b>25,954,522</b>

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

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

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

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

### **1.4.2.2 Doubtful execution of developmental scheme-Rs.23.500 million**

According to Para-23 of the 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.

Assistant Director Local Government, Tank incurred expenditure of Rs.23,500,000 on execution of scheme "Construction Work on Bhara Band at

Shah Alam, Tank” out of District ADP during 2017-18 despite of the fact that protection work was also executed on same location by the WAPDA, D.I.Khan in 2012 as evident from the letter dated 13-02-2018 sent by the Superintendent Engineer P&D, CRBC Project, D.I.Khan to local office for clarification in order to avoid duplication of scheme. However, no clarification was given by the local office and thus creating a doubt about duplication of scheme.

Audit observed that scheme was executed due to weak internal control.

When reported in December 2018, Management stated that the scheme “Construction work on Bhara Band, Shah Alam” is separate scheme of same nature in the same area duly approved by the District Government Tank.

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

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

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

#### **1.4.2.3 Un-authorized excess payment over & above the AA-Rs.12.111 million**

According to Rule at S.No. 19(3) (V) (d) of KPPRA Rules-2014, there may be more than one variation orders as long as the total value of all the variation orders remains within 15% of the original contract.

According to Rule-65 of CPWD, revised administrative approval must be obtained if the expenditure likely to exceed the approved cost by more than 10%.

Assistant Director Local Government, Tank paid Rs.22,500,000 to M/S Haider Khan for execution of scheme “Construction work on Bhara Band ward Shah Alam Rodi Khel” during 2017-18 whereas the scheme was administratively approved at a cost of Rs.10,388,932 and thus resulted into excess payment of Rs.12,111,068 over & above the Administrative Approval/ Tender Cost which was against the KPPRA Rules-2014 as re-tender of the scheme was required.

Audit observed that expenditure was incurred due to weak internal control, which resulted into unauthorized excess payment.

When reported in December 2018, Management stated that the cost of scheme was enhanced due to requirement of site and nature work however the revised administrative approval and technical sanction of the scheme is still in progress.

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

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

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

#### **1.4.2.4 Non-deduction of sales tax on services-Rs.4.571 million.**

According to Rules at S# 26 & 31 of Schedule-II of KPRA Act 2013, Sale Tax @ 15% will be recovered from the persons engaged in contractual execution of work .

Assistant Director Local Government, Tank paid Rs.30,476,005 to various contractors on execution of various developmental schemes during 2017-18 but sales tax on services amounting to Rs.4,571,397 was not recovered as required under KPRA Act, 2013. Detail is given at Annex-7.

Audit observed that non-recovery of sales tax occurred due to non-compliance of rules, which resulted in loss to Govt.

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

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

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

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

**1.4.2.5 Doubtful expenditure on installation of Pressure Pumps-  
Rs.1.663 million**

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

Assistant Director Local Government, Tank incurred expenditure of Rs.1,663,084 on installation of Hand/ Pressure Pumps out of District ADP during 2017-18 which seemed doubtful on the following grounds.

S.No.	Scheme	No of Pumps	Expenditure (Rs.)
1.	Installation of Pressure/Hand Pumps in ward Ama Khel	02	262,458
2.	Installation of Pressure pumps in ward Ama Khel.	15	742,787
3.	Installation of Pressure pumps in Chadrar.	02	271,239
4.	Installation of Pressure pumps Ama Khel	04	386,600
<b>Total</b>		<b>23</b>	<b>1,663,084</b>

- i. The amount was shown incurred on installation of Pressure/ Hand Pumps in the homes of various individuals, not for community of the area which was against the Para-10 (iii) & (iv) of GFR Vol-I.
- ii. Exact locations of Pressure/Hand Pumps were neither mentioned in Administrative Approval nor in Technical Sanction.
- iii. The MB and office record was also silent about the locations of the Pressure Pumps.
- iv. The installations of Pressure Pumps were not acknowledged by the community of area.  
Audit observed that expenditure was incurred due to non-compliance of rules.

When reported in December 2018, Management stated that the Pressure Pumps were installed inside the homes of people on the recommendation of Public Representatives.

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

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

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

## ANNEXURES

### Annex-1

#### Detail of MFDAC Paras

(Rs in million)

S.No.	AIR No.	Department	Gist of Para	Amount
1.	03	DHO Tank	Unauthorized expenditure	0.200
2.	06		Unauthorized expenditure	0.200
3.	08	Do Social Welfare	Unauthorized expenditure	0.500
4.	09		Unauthorized drawl of cash	0.371
5.	10		Unauthorized payment	0.200
6.	12		Doubtful expenditure on TA/DA	0.225
7.	14		Irregular expenditure on training	0.160
8.	03	DC Tank	Doubtful expenditure	0.296
9.	04		Doubtful expenditure	0.260
10.	08	Population welfare	Doubtful expenditure	0.191
11.	10		Unauthorized drawal of funds	0.125
12.	10	DO Agriculture	Irregular expenditure on Telephone	0.110
13.	04		Irregular expenditure on POL	0.191

**Annex-2**

**Para 1.2.2.2**

**Detail showing Irregular payment due to doubtful bills & vouchers**

<b>S.No.</b>	<b>Name of Event</b>	<b>Amount (Rs.)</b>
1.	Jashn e Daman-2018	3,090,100
2.	Gull Immam games	200,000
3.	Union Concil Waraspon games	200,000
4.	Union Council Janatar,	200,000
5.	Jashn e Malazai ( Gulshavaiz Amman Foot ball Tournament)	200,000
6.	Jashn e Gomal	200,000
7.	UC Dabara games	200,000
8.	Shah Alam games	200,000
9.	Sarungzona games	200,000
10.	Ama Khel games	200,000
11.	Peerona Tournment games	200,000
12.	Jashn e Gulimam Special Grant	800,000
13.	Rehan Youth program	100,000
<b>Total</b>		<b>5,990,100</b>



## Annex-3

## Para 2.1.2.12

**Statement showing Un-authorized Issuance of IT-Equipments**

S.No.	Detail of Items	Issued to	Qty	Rate (Rs./Item)	Amount (Rs.)
1.	Laptops Computers	EMIS Cell, DEO (M, Steno, DEO (M), SDEO (M), Establishment, Superintendent, Balance	08	74,800	598,400
2.	Printers	EMIS Cell, DEO (M), Steno, SDEO (M), Establishment DA PST, Establishment DA Class-IV Superintendent , Shahid KPO	09	14,500	130,500
3.	Toners	EMIS Cell, DEO (M),Steno, SDEO (M), Establishment, P&D, Superintendent.	07	6,000	42,000
4.	Key Boards	EMIS Cell, DEO (M), P&D Branch, Steno, SDEO (M), Establishment Branch DA	12	2,500	30,000
5.	Mouse	EMIS Cell, DEO (M), P&D Branch, Steno, SDEO ( M)Establishment Branch DA	12	2,500	30,000
6.	USB	EMIS Cell, P&D	04	5,000	20,000
7.	Portable Hard Drive	EMIS Cell	02	14,00	28,000
8.	Paper Rims-A4	EMIS Cell, DEO (M), P&D Branch, Steno, SDEO (M), Establishment Branch DA	67	750	50,250
9.	Paper Rims-Legal	EMIS Cell, DEO (M), P&D Branch, Steno, SDEO (M), Establishment Branch DA	67	750	50,250
10.	Mobilink 4G Device	EMIS Cell, DEO (M), P&D Branch, Steno, SDEO (M), Establishment Branch DA	18	6,900	124,200
11.	Multi Media	EMIS Cell	01	65,000	65,000
<b>Total</b>					<b>1,168,600</b>

**Annex-4**

**Para 1.2.2.16**

**Non-deduction of house rent allowance from Doctors**

<b>S.No</b>	<b>Name of Doctor</b>	<b>BPS</b>	<b>Amount (Rs.)</b>
1.	DR. MOHAMMAD ASHFAQ	18	38,214.00
2.	DR SANAULLAH KHAN	19	58,662.00
3.	FALK NAZ	17	11,820.00
4.	AMAN ULLAH	18	46,476.00
5.	GHAZALA HIDAYAT	17	35,460.00
6.	DR INAYAT ULLAH KHAN MIANKHEL	18	40,050.00
7.	SYED RIAZUD DIN SHAH RIAZUD DIN	18	43,722.00
8.	WALI MOHAMMAD KHAN	18	40,968.00
9.	DR KHAIR MOHAMMAD BURKI	19	70,848.00
10.	MOHAMAD ANWAR	18	11,244.00
11.	MOHAMMAD THAIR JAVED	19	64,944.00
12.	SHIFI ULLAH	18	40,050.00
13.	MUHAMMAD IQBAL	18	15,492.00
14.	DR. HUMAYUN	17	17,730.00
15.	ZAINUD DIN	18	46,476.00
16.	ZAFAR ALI SHAH	19	57,009.00
17.	UMAR HAYAT	18	30,267.00
18.	ALAMGIR KHAN	18	46,476.00
19.	DR IHSAN ULLAH	19	46,854.00
20.	GHULAM QADIR	18	46,476.00
21.	MUHAMMAD TAYYUB ABBAS	18	46,476.00
22.	SAMI ULLAH	18	46,476.00
23.	MARIA ZIL-E-HUMA	18	45,558.00
24.	INAM ULLAH	17	32,505.00
25.	RAFI ULLAH	17	29,550.00
26.	Rehmat Gul Khan	17	35,460.00
27.	NIZAM UD DIN	19	35,424.00
28.	KASHIF ADNAN	17	35,460.00
29.	MANSOOR AHMAD	17	32,505.00
30.	HAROON LATIF KHAN	17	32,505.00
31.	IMRAN KHAN	17	26,595.00
32.	TUFAIL MUHAMMAD KHAN	17	35,460.00
33.	MUHAMMAD TUFAIL	17	35,460.00
34.	MISHQAT ULLAH	17	14,775.00
35.	KHAWAR NAWAZ	17	14,775.00

36.	IMRAN KHAN	17	4,290.00
37.	SANAT ULLAH KHAN	17	14,775.00
38.	MUHAMMAD SAJID	17	2,955.00
39.	IHSAN ULLAH	17	20,685.00
40.	MUHAMMAD BASIR KHAN	17	2,955.00
41.	MUHAMMAD ALTAF KHAN	17	2,955.00
42.	ABDUR RAUF	17	32,505.00
43.	SHAFaat ULLAH KHAN	17	28,466.00
44.	AZHAR UD DIN	17	5,910.00
45.	DR. DIL RUBA	17	20,685.00
46.	SHAH BARAT KHAN SAUD	17	20,685.00
47.	IRFAN ULLAH	17	20,685.00
48.	DR. AZIZ ULLAH	17	35,460.00
	<b>Total</b>		<b>1,521,233</b>

**Annex-5**

**Para 1.2.3.10**

**Detail showing Loss due to non-deduction of Sales Tax**

<b>S.No</b>	<b>Cheque No/Date</b>	<b>Description</b>	<b>Amount Paid (Rs. )</b>	<b>Sales Tax@17% (Rs. )</b>
1	0661969/14-9-17	Tyres for Vehicle No 3132+other parts	150,000	25,500
2	0661965/13-9-17	Purchase of generator (Fateh Shercont)	3,520,000	598,400
3	0662186/19-11-17	Misc. Electrical goods	94,267	16,025
4	0662040/17-10-17	Purchase of Furniture	647,200	110,024
5	0662303/28-12-17	Purchase of submersible pump	35,000	5,950
6	0662355/4-1-18	Purchase of LED+Dish	89,500	15,215
7	Do	Purchase of 2 UPS+4 Btteries	90,000	15,300
8	Do	Purchase of LED+Dish for Nazim	89,500	15,215
9	0565004/13-02-18	Pipe Electric board	89,800	15,266
10	Do	Purchase of stationery	18,740	3,186
11	0565146/8-3-18	Battery Electrical material	41,310	7,023
12	0565274/5-4-18	Purchase of Hadware supplies	119,730	20,354
13	Do	Purchase of vehicle parts etc	24,160	4,107
14	0565362/22-4-18	Purchase of Air Conditioner 5 No.	440,000	74,800
15	do	Purchase of plants, shingle, chairs etc.	524,200	89,114
16	0662651/06-18	1No. AC	88,000	14,960
17	do	4No. Exide batteries 220	78,000	13,260
18	do	2No.UPS homage 2000W	45,000	7,650
19	do	3000 feet pipe	42,000	7,140
20	do	Crockery	7,140	1,214
21	do	1No Stabilizer 1000W	19,500	3,315
<b>Total</b>			<b>6,253,047</b>	<b>1,063,018</b>

**Annex-6**

**Para 1.4.1.1**

**Statement showing detail of non-production of record of Distract ADP**

<b>S.No.</b>	<b>Name of Schemes</b>	<b>Sector</b>	<b>Expenditure (Rs.)</b>
1.	Construction of approach road to BHU DaudKhel.	<b>Health</b>	664,000
2.	Provision of Solar System & Installation of H/Pumps in Dabara.		332,000
3.	Provision of Solar System & Installation of H/Pumps in Kot Hakeem		332,000
4.	Construction of excess shingle street in GaraBaloch in BHU		664,000
5.	Repair of quarters in RHC Gomal.		200,000
6.	Installation of 2 No. Solar Pressure Pump in RHC Gomal.		664,000
7.	Solarization of BHU Andari.		200,000
8.	Installation of Pressure Pumps in ShadiKhel		300,000
9.	Construction of hospital road Ward Jatatar		664,000
10.	Construction of approach bridge to BHU Mullazai at Sulemanzai.		664,000
11.	Construction and earthfilling of approach road BHU Pai.		664,000
12.	Repair of Boundry Wall in Doctor Banglows in BHU Pai.		664,000
13.	Construction of approach PCC street with drain to BHU Sheikh Sultan.		1,014,700
14.	Various works in health facilities in BHU Sheikh Utar.		220,000
15.	Earthfilling and installation of hand pumps in BHU Mumraiz.		664,000
16.	Provision of Submersible Pumps in CD Jaffar Abad.		664,000
17.	Construction of main approach road to BHU KirriHaider.		664,000
18.	Excavation of agriculture channels in Ward Dabarra.	<b>Agriculture</b>	200,000
19.	Excavation of agriculture channels in GaraBaloch.		200,000
20.	Construction of flood protection band in Gazi Abad.		200,000
21.	Land leveling of agriculture land village Kot Kat.		200,000
22.	Provision of Pipeline and construction of Agriculture Talab in Badin Khel.		1,236,558
23.	Installation of Pressure Pumps in Nasurullah Gardan in village BazaiKhel.		200,000
24.	Construction of Protection Band and excavation line in Magzai.		1,800,000
<b>Total</b>			<b>13,275,258</b>

**Annex-7****Para 1.4.2.4****Detail showing Non-deduction of sales tax on services**

<b>S.No.</b>	<b>Name of Schemes</b>	<b>Name of Contractor</b>	<b>Amount (Rs.)</b>	<b>Sales Tax @ 15% (Rs.)</b>
1.	Installation of Pressure/Hand pumps in ward Ama Khel	Shah Nawaz	262,458	39,368
2.	Construction of PCC street Kirri Marwati	StatlyEngi: Co	1,104,000	165,600
3.	Shingle filling in streets Jalal Khel	SabirKhan	467,400	70,110
4.	Installation of Pressure/Hand pumps in ward Ama khel	Shah Nawaz	742,787	111,418
5.	Installation of pressure pumps in chaddar Tank	GhulamQasim	271,239	40,685
6.	Solarization of existing water bore in RHC Ama Khel	Sabir Khan	410,914	61,637
7.	Constriction of a room in BHU Kirriwrooki	Sabir Khan	419,218	62,882
8.	Construction of PCC road in Garamitha and Pattar	Malik Imran	1,967,396	295,109
9.	Construction of protection band waraspon	Faizullah	1,778,220	266,733
10.	Constt of approach street from Main road Kirri Haider	Statly Engg:	552,373	82,855
11.	Construction work on Bahara Band at Rodi Khel,	Haider Khan	22,500,000	3,375,000
<b>Total</b>			<b>30,476,005</b>	<b>4,571,397</b>