



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

**KHYBER PAKHTUNKHWA**

**AUDIT YEAR 2017-18**

**AUDITOR GENERAL OF PAKISTAN**

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## **ABBREVIATIONS AND ACRONYMS**

|         |   |
|---------|---|
| ADP     | Annual Developmental Plan                                     |
| AIR     | Audit and Inspection Report                                   |
| BOQ     | Bill of Quantity  |
| CPWD    | Central Public Works Department                               |
| CMD     | Chief Minister Directives                                     |
| DAC     | Departmental Accounts Committee                               |
| DDO     | Drawing and Disbursement Officer                              |
| DG      | Director General  |
| DPR     | Disable Person Rehabilitation                                 |
| FD      | Finance Department  |
| LCB     | Local Council Board   |
| LED     | Light Emitting Diode  |
| LGE&RDD | Local Government Election and Rural Development<br>Department |
| LGA     | Local Government Act  |
| MFDAC   | Memorandum for Departmental Accounts Committee                |
| MRS     | Market Rate Analysis  |
| VCs     | Village Councils  |
| P&D     | Planning and Development Department                           |
| PFC     | Provincial Finance Commission                                 |
| PLA     | Personal Ledger Account                                       |
| PLS     | Profit and Loss Sharing                                       |
| PPRA    | Public Procurement Regulatory Authority                       |
| RDA     | Regional Directorate of Audit                                 |
| RRM     | Random Rubble Masonry   |
| SDA     | Special Drawings Account                                      |
| SMD     | Surface Mount Device  |
| TMA     | Tehsil Municipal Administration                               |
| TMO     | Tehsil Municipal Officer                                      |
| TAC     | Tehsil Accounts Committee                                     |
| VCs     | Village Councils  |
| WSS     | Water Supply and Sanitation                                   |

## **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 Fund of Tehsil/Town Municipal Administrations.

The report is based on audit of the account of TMAs in District Swat for the financial year 2016-17. The Directorate General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit on test check basis during 2017-18 with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit finding. Relatively less significant issues are listed in the Annex-1 of the Audit Report. The Audit Observations listed in the Annex-1 shall be pursued with the Principal Accounting Officer at the DAC level. In all cases where the PAO does not initiate appropriate action, the Audit observations will be brought to the notice of appropriate legislative 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 TMAs. DAC meetings could not be convened despite repeated requests.

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

Islamabad  
Dated:

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

## EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Khyber Pakhtunkhwa carries out the audit of all Tehsil Municipal Administrations. The Regional Directorate of Audit Swat, on the behalf of the DG District Governments Audit, Khyber Pakhtunkhwa carries out the audit of District Governments, Tehsil Municipal Administrations and VCs/NCs of five Districts i.e. Swat, Shangla, Dir Lower, Dir Upper and Swat respectively.

The Regional Directorate has a human resource of six officers and staff with a total of 1,518 man-days. The annual budget amounting to Rs 11.447 million was allocated to the office during financial year 2017-18. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audits of programs/ projects.

Tehsil Municipal Administrations in the District Swat i.e. Mingora, Kabal, Charbagh, Matta, Bahrain, Khwazakhela & Barikot perform their functions under Khyber Pakhtunkhwa Local Government Act 2013. Each TMA has one Principal Accounting Officer (PAO) as provided in Rule 8 (1) (P) of the Khyber Pakhtunkhwa Tehsil and Town Municipal Administration Rules of Business 2015. Financial Provisions of the Act establish a local fund for each Tehsil and Town Administration. Annual budget is authorized by the Tehsil Council in the form of budgetary grants.

### **a. Scope of Audit**

The total expenditure of Tehsil Municipal Administration Mingora, Kabal, Charbagh, Matta, Bahrain, Khwazakhela & Barikot in District Swat for the Financial Year 2016-17 was Rs 987.846 million. Out of this, RDA Swat audited an expenditure of Rs 493.923 million which, in terms of percentage, is 50% of auditable expenditure.

The total of receipts of Tehsil Municipal Administration Mingora, Kabal, Charbagh, Matta, Bahrain, Khwazakhela & Barikot in District Swat for the Financial Year 2016-17 was Rs 327.887 million. Out of this, RDA Swat audited

receipts of Rs 327.887 million which, in terms of percentage, was 100% of auditable receipts.

The total of expenditure and receipt of Tehsil Municipal Administration Mingora, Kabal, Charbagh, Matta, Bahrain, Khwazakhela & Barikot in District Swat, for the financial year 2016-17 was Rs 1315.733 million. Out of this, RDA Swat audited the expenditure and receipt of Rs 821.810 million.

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

Recoveries of Rs 76.850 million were pointed out during the audit. However, no recovery was affected till the finalization of this report. Out of the total recoveries, Rs 76.850 million were not in the notice of the executive before audit.

**b. Audit Methodology**

Audit was conducted after understanding the business processes of TMAs, with respect to their functions, prioritization of risk areas by determining their significance and key controls. This helped auditors in understanding the systems, procedures, environment, and the audited entity before starting the audit. Audit used desk audit techniques for analysis of compiled data and review of actual vouchers called for during scrutiny and substantive testing in the field.

**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 impact was visible as the management failed to reply and thus irregularities could not come to the light in the proper forum i.e. DAC and PAC.

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

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

financial and accounting information for decision making. Deficiencies were observed in the internal control system as depicted in audit findings.

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

- i. Irregularities & non compliance were noticed in seven cases amounting to Rs 166.139 million.<sup>1</sup>
- ii. Internal control weaknesses were noticed in twenty two cases amounting to Rs 76.85 million.<sup>2</sup>

**g. Recommendations**

- i. Action needs to be taken for violation of the rules and regulations in spending the public money.
- ii. All sections of TMAs need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc to ensure that reported lapses are preempted and fair value for money is obtained from public spending.
- iii. Responsibilities need to be fixed for unauthorized withdrawals and losses sustained by the administration due to overpayments and non realization of receipts.
- iv. Deductions of taxes may be ensured and responsibility be fixed for non award of contracts of receipts.

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<sup>1</sup> 1.2.1.1, 1.4.1.1, 1.5.1.1, 1.5.1.2, 1.6.1.1, 1.7.1.1, 1.8.1.1

<sup>2</sup> 1.2.2.1 to 1.2.2.13, 1.3.1.1 to 1.3.1.5, 1.4.2.1, 1.5.2.1, 1.6.2.1, 1.7.2.1



## SUMMARY TABLES & CHARTS

### I: Audit Work Statistics

(Rs in million)

| S.No | Description                                | No. | Budget   |
|------|--|-----|----------|
| 1    | Total Entities in (PAO) Audit Jurisdiction | 02  | 1315.733 |
| 2    | Total formations in audit jurisdiction     | 02  | 1315.733 |
| 3    | Total Entities in (PAOs) Audited           | 02  | 657.866  |
| 4    | Total formations Audited                   | 02  | 657.866  |
| 5    | Audit & Inspection Reports                 | 02  | 657.866  |
| 6    | Special Audit Reports                      | -   | -        |
| 7    | Performance Audit Reports                  | -   | -        |
| 8    | Other Reports                              | -   | -        |

### II: Audit Observations classified by Categories

(Rs in million)

| S.No. | Description               | Amount Placed under Audit Observation |
|-------|---------------------------|---------------------------------------|
| 1.    | Unsound asset management  | 0                                     |
| 2.    | Weak financial management | 166.424                               |
| 3.    | Weak Internal controls    | 76.850                                |
| 4.    | Others                    | 0                                     |
|       | <b>Total</b>              | <b>243.274</b>                        |

### III: Outcome Statistics

(Rs in million)

| S. No | Description  | Expenditure on Acquiring Physical Assets Procurement | Civil Works | Receipts | Others  | Total For the year 2016-17 | Total for the year 2015-16 |
|-------|--|--|-------------|----------|---------|----------------------------|----------------------------|
| 1.    | Outlays Audited  | -  | 571.359     | 327.887  | 416.487 | 1315.733                   | 609.991                    |
| 2.    | Amount Placed under Audit Observation /Irregularities of Audit | -  | 213.883     | 15.183   | 14.208  | 243.274                    | 144.151                    |
| 3.    | Recoveries Pointed Out at the instance of Audit                | -  | 61.667      | 15.183   | -       | 76.850                     | 58.21                      |
| 4.    | Recoveries Accepted /Established at the instance of Audit      | -  | -           | -        | -       | -                          | -                          |
| 5.    | Recoveries Realized at the instance of Audit                   | -  | -           | -        | -       | -                          | -                          |

#### IV: Irregularities pointed out

(Rs in million)

| S. No | Description  | Amount Placed under Audit Observation |
|-------|--|---------------------------------------|
| 1     | Violation of Rules and regulations, principle of propriety and probity in public operation   | 166.424                               |
| 2     | Reported cases of fraud, embezzlement, thefts and misuse of public resources.  | -                                     |
| 3     | Accounting Errors (accounting policy departure from NAM <sup>3</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.  | 76.850                                |
| 5     | Recoveries and overpayment, representing cases of established overpayment or misappropriations of public monies  | -                                     |
| 6     | Non-production of record   | -                                     |
| 7     | Others, including cases of accidents, negligence etc.  | -                                     |
|       | <b>Total</b>   | <b>243.274</b>                        |

#### V: Cost Benefit

(Rs in million)

| S # | Description                                  | Amount   |
|-----|--|----------|
| 1   | Outlays Audited (item 1 of Table 3)          | 1315.733 |
| 2   | Expenditure on audit                         | 0.660    |
| 3   | Recoveries realized at the instance of audit | 0        |
| 4   | Cost-Benefit                                 | 1:0      |

<sup>3</sup> The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are IPSAS(Cash) compliant.

## **CHAPTER-1**

### **1.1 Tehsil Municipal Administrations Swat**

#### **1.1.1 Introduction**

District Swat has seven Tehsils i.e. Mingora, Kabal, Charbagh, Matta, Bahrain, Khwazakhela & Barikot. Each Tehsil office is managed by a Tehsil Municipal Officer. Each Tehsil has its own Tehsil Officer (Finance), Tehsil Officer (Infrastructure) and Tehsil Officer (Regulation).

**According to section 22 of the 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;
- (r) Authorize officers to issue notice, prosecute, sue and follow up criminal, civil and recovery proceedings against violators of municipal laws; and
- (s) Prepare financial statements and present them for audit.

#### 1.1.2 Comments on Budget and Accounts (variance analysis)

The budget and expenditure position of Tehsil Municipal Administrations in District Swat for the Financial Year 2016-17 is as under:

(Rs in million)

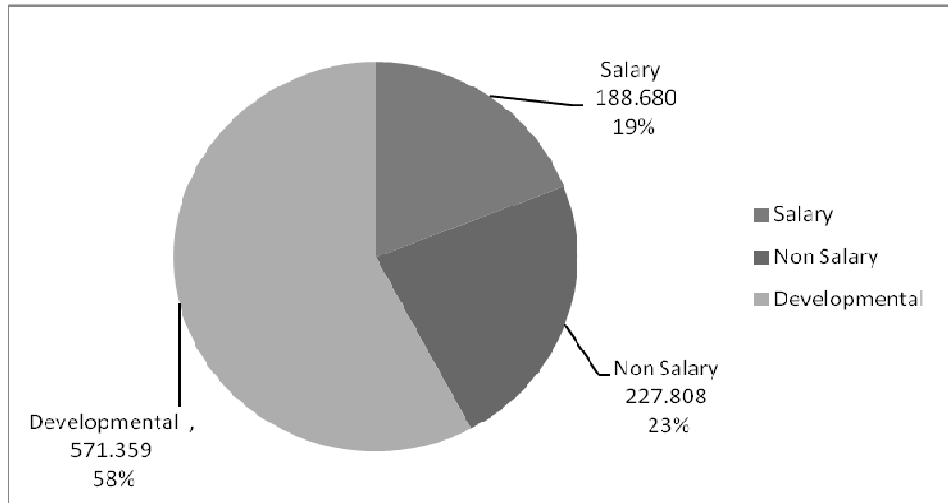
| 2016-17       | Budget          | Expenditure    | Excess/( Saving) | % age |
|---------------|-----------------|----------------|------------------|-------|
| Salary        | 233.256         | 188.680        | (44.576)         | (19)  |
| Non-salary    | 331.549         | 227.807        | (103.742)        | (31)  |
| Developmental | 1203.984        | 571.359        | (632.624)        | (52)  |
| <b>Total</b>  | <b>1768.789</b> | <b>987.846</b> | <b>(780.942)</b> |       |

| 2016-17         | Budget Receipts | Actual Receipts | Variation | % age        |
|-----------------|-----------------|-----------------|-----------|--------------|
| <b>Receipts</b> | 326.985         | 327.887         | 0.898     | <b>0.27%</b> |

The huge savings of Rs 780.942 million in all heads of accounts indicate weakness in the capacity of these local institutions to utilize the amounts allocated.

**Expenditure 2016-17**

**(Rs in million)**



**1.1.3 Brief comments on the status of Compliance with PAC/DAC Directives**

The Audit Reports pertaining to Financial Years 2009-10 to 2015-16 on accounts of Tehsil Municipal Administration/Municipal Committees Swat were prepared under Khyber Pakhtunkhwa Local Government Act, 2013 and submitted to Governor Khyber Pakhtunkhwa but have not yet been discussed in PAC. Provincial Assembly of Khyber Pakhtunkhwa vide letter No PA/KP/PAC/GEN. DISTT GOV/17/7935 dated 23.02.2017 has returned the Audit Reports with the remarks that the same may be examined by respective Accounts Committees of councils as provided under Khyber Pakhtunkhwa Local Government Act, 2013. Under the direction of the PAC the reports have been submitted to the District Nazim for placing before the District Accounts Committee constituted under LGA 2013.

**TEHSIL MUNICIPAL ADMINISTRATION MINGORA**

## **1.2 Audit Paras Tehsil Municipal Administration Swat**

### **1.2.1 Irregularity & Non Compliance**

- 1.2.1.1**
- i. Unauthorized expenditure without technical sanction- Rs 7.360 million**
  - ii. Non imposition of penalty for delay in completion of work – Rs 0.974 million**

According to Para-56 of CPWD Code that the work must not be started/ executed without obtaining technical sanction. According to Para 32 of CPWA Code, no work shall be executed without Administrative Approval / Technical Sanction and Budget allotment.

According to Clause 2 of the condition of Contract, 1% penalty (corporate) of the total estimated cost (shall not exceed 10%) be imposed on the contract for non completion of the work within stipulated time.

TMO Babozai Mingora, Swat incurred expenditure of Rs 7,359,891 up to 3<sup>rd</sup> running bill without obtaining technical sanction of the competent authority for the work “ Remaining work of TMA Commercial Plaza” during the year 2016-17.

Moreover, as per para 7 of the work order No. 9233 dated 27.09.2016, the work was required to be completed within six(6) months i.e. 26.03.2017 which was not completed within the stipulated period. Penalty of Rs 974,000 (9,740,000x10%) was required to be imposed which was not done.

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



The irregularity was pointed out to the management in January 2018. Management replied that technical sanction would be shown to audit. Reply was not convincing as technical sanction was not shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not convened till finalization of this report.

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

**AIR Para No.11 (2016-17)**

## 1.2.2 Internal Control Weaknesses

### 1.2.2.1 Non-recovery of outstanding water charges -Rs 14.463 million

According to Para 8 of GFR Vol-I, it is the duty of the Revenue or Administrative Department concerned to see that the dues of Government are correctly and promptly assessed collected and paid into the treasury.

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

TMO Babozai Mingora, Swat did not recover water user charges amounting to Rs 14,462,930 from 16103 No's of consumers during the year 2016-17. Detail is given is given below.

| No of Connections/Consumers | Amount of Demand for the year (Rs) | Recovered (Rs) | Outstanding Amount (Rs) |
|-----------------------------|------------------------------------|----------------|-------------------------|
| 16103                       | 26,067,120                         | 11,604,190     | 14,462,930              |

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

The irregularity was pointed out to the management in January 2018. Management replied that collection would be made and progress would be shown to audit. Reply was not convincing as no progress shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not convened till finalization of this report.

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

**AIR Para No.04 (2016-17)**

### 1.2.2.2 Non imposition of penalty- Rs 9.543 million

According to work order No. 7525/MC, Mingora dated 7.07.2015 of the work, condition No. 10, time completion for the work is 15.06.2016 and work order No. 7461/MC, Mingora dated 23.06.2015 of the work, condition No. 07, time completion for the work is 12 months i.e.30.06.2016.

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

TMO Babozai Mingora, Swat awarded two works with estimated cost of Rs 95,427,000 during financial year 2015-16. The works were not completed within the stipulated period of time and penalty of Rs 9,542,700 @ 10% of the estimated cost was not imposed. Detail is given below:

| S.No         | Name of scheme  | Due date of completion | Actual date of completion | Delay (months) | Estimated cost (Rs) | Penalty @ 10% of E. Cost (Rs) |
|--------------|---|------------------------|---------------------------|----------------|---------------------|-------------------------------|
| 01           | Establishment of Play Land in Existing Parks in KPK<br>SH: Up-gradation of Fiza Gat Park Swat | 30.06.2016             | Still in progress         | 12             | 42,997,000          | 4,299,700                     |
| 02           | Construction of Slaughter House Mingora Swat  | 30.06.2016             | 19.6.2017                 | 12             | 52,430,000          | 5,243,000                     |
| <b>Total</b> |   |                        |                           |                | <b>95,427,000</b>   | <b>9,542,700</b>              |

Non imposition of penalty occurred due to weak financial control which resulted in loss to the Government.

The irregularity was pointed out to the management in January 2018. Management stated that detail reply would be given after verification of record. Reply was not convincing as no progress shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not be convened till finalization of this report.

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

**AIR Para No.17 (2016-17)**

**1.2.2.3 Loss due to non exclusion of Income Tax in cost estimates of developmental schemes – Rs 6.680 million**

According to Government of Khyber Pakhtunkhwa Finance Department Notification No.SO (Dev-II)FD/12-6/2014-15 dated 21.04.2015, 7% income tax shall be deducted from the cost estimates of the development projects which fall in the tax exempted areas.

TMO Babozai Mingora, Swat awarded two works of estimated cost of Rs 95,427,000 during financial year 2016-17. According to instructions of the Finance Department, Khyber Pakhtunkhwa, income tax @ 7% was not excluded in the cost estimates due to which Government sustained loss of Rs 6,679,890 as per detail given below:

| S. No        | Name of scheme   | Estimated cost (Rs) | Income tax @ 7% of E. Cost (Rs) |
|--------------|--|---------------------|---------------------------------|
| 01           | Establishment of Play Land in Existing Parks in KPK SH: Up-gradation of Fiza Gat Park Swat | 42,997,000          | 3,009,790                       |
| 02           | Construction of Slaughter House Mingora Swat   | 52,430,000          | 3,670,100                       |
| <b>Total</b> |  |                     | <b>6,679,890</b>                |

Non exclusion of income tax occurred due to violation of rules which resulted in loss to the Government.

The irregularity was pointed out to the management in January 2018. Management stated that detail reply would be given after verification of record. Reply was not convincing as no progress shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not be convened till finalization of this report.

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

**AIR Para No.16 (2016-17)**

**1.2.2.4 Non recovery from the contractor of General Bus Stand – Rs 4.549 million**

According to Para 26 of GFR Vol-I, it is the duty of departmental controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the public account.

TMO Babozai Mingora, Swat awarded the contract of General Bus Stand Mingora to a contractor for the period of 19 months with effect from 1<sup>st</sup> December 2015 to 30<sup>th</sup> June 2017 for Rs 155,100,000. An amount of Rs 150,550,761 was actually recovered and the remaining amount of Rs 4,549,239 was not recovered till 24.01.2018 date of audit. Detail is given below:

| SNo | Name of Contract          | Year    | Bid Amount (Rs) | Collected Amount (Rs) | Outstanding Amount (Rs) |
|-----|---------------------------|---------|-----------------|-----------------------|-------------------------|
| 1   | General Bus stand Mingora | 2016-17 | 155,100,000     | 150,550,761           | 4,549,239               |

Non recovery of the outstanding amount occurred due to violation of agreement which resulted in loss to the entity.

The irregularity was pointed out to the management in January 2018. Management replied that the case was in the court of law, when decided progress would be shown to audit. Reply was not convincing as no progress shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not be convened till finalization of this report.

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

**AIR Para No.15 (2016-17)**

- 1.2.2.5**
- i. Overpayment due to allowing higher rate –Rs 303,315**
  - ii. Non imposition of penalty for delayed in completion of work- Rs 3.343 million**

According to BOQ / work order No. 7934/TMA, Babuzai dated 6.01.2015 of the work the rate of Rs 4189/M<sup>3</sup> was approved for item PCC (1:4:8) and Rs 115/M<sup>3</sup> was approved for the items Filling watering and ramming earth under floor. According to work order No. 7934/TMA, Babuzai dated 6.01.2015 of the work, condition No. 10, time completion for the work is 25.06.2016.

The Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the quantities and rates are correctly entered and that all the calculations have been checked arithmetically as per Para 220 and 221 of CPWA Code. According to Clause 2 of the condition of Contract, 1% penalty (corporate) of the total estimated cost (shall not exceed 10%) be imposed on the contract for non completion of the work within stipulated time.

TMO Babozai Mingora, Swat overpaid Rs 303,315 to the contractor due to allowing higher rates than approved in BOQ/ work orders of the works “Beatification of Divisional Head Quarters SH: Foot Paths, Drains, Roads and Green built” during the year 2016-17. Detail is given below:

| Items       | Paid rate (Rs) | Approved rate(Rs) | difference | Quantity M <sup>3</sup> | Amount (Rs) |
|-------------|----------------|-------------------|------------|-------------------------|-------------|
| PCC (1:4:8) | 5316           | 4189              | 1127       | 201.012                 | 226,541     |

|  |        |     |        |         |         |
|--|--------|-----|--------|---------|---------|
| Filling watering and ramming earth under floor | 234.61 | 115 | 119.61 | 641.873 | 76,774  |
|  |        |     |        | Total   | 303,315 |

Moreover, as per work order No. 7934/TMA, Babuzai dated 6.01.2015, the work was required to be completed upto 25.06.2016, which was not completed in stipulated period of time. Time extension was also not obtained. Therefore, penalty of Rs 3,343,507 (33,435,076x10%) was not imposed. Technical sanction and agreement was not shown to audit.

The overpayment occurred due to weak financial control, which resulted in loss to government.

The irregularity was pointed out to the management in January 2018. Management stated that detail reply would be given after verification of record. Reply was not convincing as no progress shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not convened till finalization of this report.

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

**AIR Para No.13 (2016-17)**

**1.2.2.6 Loss due to excess payment of rent of Shahdara Adda - Rs 3.337 million**

According to Agreement vide No. 7185/MC Mingora dated 13<sup>th</sup> May 2015 duly approved by Provincial Government vide Deputy Secretary LCB No. AOII/LCB/6-14/2015/D dated 13<sup>th</sup> August 2015 and approval of the Council in meeting held on 7<sup>th</sup> December 2015, rent of Shahdara adda, Rs 2.700 million per year with effect from January 2014 to 30<sup>th</sup> June 2017 was approved.

TMO Babozai Mingora, Swat paid Rs 12,561,990 to land owner of Shahdara Adda on account of rent of adda for thirty-two (41) months with effect from January 2014 to June 2017. Excess payment of Rs 3,336,990 was made as per detail given below:

| Monthly rent as per agreement (Rs) | Monthly rent actually paid (Rs) | Excess monthly payment (Rs) | No of months | Total excess payment (Rs) |
|------------------------------------|---------------------------------|-----------------------------|--------------|---------------------------|
| 225,000                            | 306,390                         | 81,390                      | 41           | 3,336,990                 |

Excess payment occurred due to undue favour to the landowner which resulted in loss to the local council.

The irregularity was pointed out to the management in January 2018. Management stated that detail reply would be given after verification of record. Reply was not convincing as no progress shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not be convened till finalization of this report.

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

**AIR Para No.06 (2016-17)**

**1.2.2.7 Loss due to allowing 15% above on the bid cost s– Rs 2.287 million**

According to work order condition No 10, No variation / Deviation will be allowed from the approved PC-I or scope of work. In case of any alteration, the same shall be got approved from the competent forum. According to Para 23 of GFR Vol-I, every Government officer is personally responsible for any loss sustained by Government through fraud or negligence either on his part or on the part of his subordinate staff.



TMO Babozai Mingora, Swat awarded 14 Nos of works to the contractors on below rates during the year 2016-17. Later on, allowed 15% above on the bid cost to the contractors without approval of the competent authority. Deductions of below rates were made from the bills, but also paid 15% additional amount of Rs 2,286,591 to the contractor causing loss to the Government. Detail is given at annexure-2.

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

The irregularity was pointed out to the management in January 2018. Management replied that as per KPPRA rules enhancement should not be more than 15%. Hence the utilization of 15% was made. Reply was not convincing as approval of the competent authority for utilization of saving was not shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not convened till finalization of this report.

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

**AIR Para No.10 (2016-17)**

**1.2.2.8 Non recovery of penalty due to late deposit of monthly installment – Rs 2.166 million**

According Para 7 of Government of Khyber Pakhtunkhwa Local Government and Rural Development Department Local Council Board letter No AO-II/LCB/6-11/2013 dated 14.3.2016, 2% penalty per day would be liable on contractor/ firm for late deposit of the monthly installment by 10<sup>th</sup> of each month to which installment relates, the contract may be canceled and his security and advances deposited by the contractor shall be forfeited.

TMO Babozai Mingora, Swat awarded the contract of General Bus Stand Mingora for Rs 155,100,000 with monthly installment of Rs 8,616,700 to the contractor during the year 2016-17. The contractor failed to deposit monthly installment in due time as required under the terms and conditions stated above. The local office did not impose / recovered penalty of Rs 2,165,920 from the contractor. Detail is given below.

| Months | Due date   | Deposit date | Delayed (Days) | Daily penalty @ 2 % (Rs) | Total penalty (Rs) |
|--------|------------|--------------|----------------|--------------------------|--------------------|
| 8-2016 | 31-08-2016 | 20-09-2015   | 10             | (4,897,894*2%)=97,958    | 979,580            |
| 8-2016 | 31-08-2016 | 23-09-2015   | 13             | (1,721,806*2%)=34,436    | 447,668            |
| 9-2016 | 30-09-2016 | 18.10.2016   | 8              | (2,316,700*2%)=46,334    | 370,672            |
| 9-2016 | 30-09-2016 | 18.10.2016   | 8              | (2,300,000*2%)=46,000    | 368,000            |
| Total  |            |              |                |                          | 2,165,920          |

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

The irregularity was pointed out to the management in January 2018. Management replied that the amount has been recovered within the contractual period and no penalty required Reply was not convincing as penalty was required as per above stated instructions.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not convened till finalization of this report.

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

**AIR Para No.07 (2016-17)**

**1.2.2.9 Non recovery of principal amount from the lease contractors – Rs 1.860 million**

According to Para 26 of GFR Vol-I, it is the duty of departmental controlling officer to see that all sums due to government are regularly and promptly assessed, realized and duly credited in the public account.

TMO Babozai Mingora, Swat failed to recover principal amount of Rs 1,860,000 outstanding against two lease contractors up to 30-06-2017, which needs recovery. Detail is given below:

| SNo   | Name of Contract        | Year    | Bid Amount (Rs) | Collected Amount (Rs) | Outstanding Amount (Rs) |
|-------|-------------------------|---------|-----------------|-----------------------|-------------------------|
| 1     | Canteen Fizagat park    | 2016-17 | 2,255,000       | 1,696,000             | 559,000                 |
| 2     | Entry Fee Fiza gat Park | 2016-17 | 4,300,000       | 2,999,000             | 1,301,000               |
| Total |                         |         |                 |                       | <b>1,860,000</b>        |

Non recovery of the amount occurred due to weak financial control, which resulted in loss to the authority.

The irregularity was pointed out to the management in January 2018. Management stated that detail reply would be given after verification of record. Reply was not convincing as no progress shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not convened till finalization of this report.

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

**AIR Para No.03 (2016-17)**

**1.2.2.10 Overpayment due to non deduction of below rate s– Rs 1.606 million**

According to work orders No 8892, 8868, 8913, 8865, 8887, 8859, 8904, 8866 and 8860 dated 26,27.7.2016 the contracts were awarded to the contractors on 12.20% below,11% below,11.8% below,10.09% below, 11.8% below,11% below,10% below,6% below and 10% below respectively.

Para 220 and 221 of CPWA Code, the Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the quantities and rates are correctly entered and that all the calculations have been checked arithmetically.

TMO Babozai Mingora, Swat overpaid Rs 1,606,072 to the contractors due to non deduction of “below rates” on which the works were awarded during the year 2016-17. Payments were required to be made after deduction of “below rates” which was not done. Detail is given at annexure-3.

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

The irregularity was pointed out to the management in January 2018. Management stated that detail reply would be given after verification of record. Reply was not convincing as no progress shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not convened till finalization of this report.

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

**AIR Para No.09 (2016-17)**

### 1.2.2.11 Non recovery of rent of shops – Rs 1.439 million

According to Para 26 of GFR Vol-I, it is the duty of departmental controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the public account.

TMO Babozai Mingora, Swat did not recover Rs 1,439,313 on account of outstanding rent of shops, located in four (04) General Bus Stands, during 2016-17. Detail is given below:

| S.No         | Name of adda         | Shops/<br>Cabins | No of shops/Cabins | Outstanding amount<br>as on 30 <sup>th</sup> June 2016 |
|--------------|----------------------|------------------|--------------------|--|
| 1            | General Bus Stand    | Cabins           | 38                 | 631,902  |
| 2            | General Bus Stand    | Shops            | 11                 | 358,118  |
| 3            | Shah Dara Adda Stand | Shops            | 09                 | 288,934  |
| 4            | G.B.S Air port road  | Shops            | 39                 | 160,359  |
| <b>Total</b> |                      |                  | <b>96</b>          | <b>1,439,313</b>                                       |

Non recovery of outstanding rent occurred due to weak financial management which resulted in loss to the TMA.

The irregularity was pointed out to the management in January 2018. Management replied that recovery would be made and progress would be shown to audit. Reply was not convincing as no progress shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not convened till finalization of this report.

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

**AIR Para No. 01 (2016-17)**

**1.2.2.12 Overpayment due to allowing non schedule item and higher rates without approval –Rs 1.491 million**

According to BOQ/ work order No. 9233/TO(I&S)/WO/TLF-ADP(2015-16) dated 27.09.2016 of the work, the rate of Rs 6900/M for item “S/F of stainless steel stair railing 18 swg mater pillar of 3” dia fixed at terminals point complete in all respect” was not approved.

According to BOQ/ work order No. 9233/TO(I&S)/WO/TLF-ADP(2015-16) dated 27.09.2016 of the work, the rate of Rs 8272.78/M<sup>3</sup> was approved for item brick work in CSM (1:4) and Rs 10735.58 was approved for the item First class deodar wood joinery in doors and windows complete 2” thick.

The Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the quantities and rates are correctly entered and that all the calculations have been checked arithmetically as per Para 220 and 221 of CPWA Code.

TMO Babozai Mingora, Swat overpaid Rs 1,438,581 to the contractor for the non schedule item “S/F of stainless steel stair railing 18 swg mater pillar of 3” dia fixed at terminals point complete in all respect” @ Rs 6900 in the work “Remaining work of TMA Commercial Plaza” during the year 2016-17. The item was neither approved in BOQ nor available in MRS 2016. Moreover, an amount of Rs 52,065 was overpaid to the contractor due to allowing higher rates than approved in BOQ/ work order of the work as per detail given below:

| Item  | Paid rate (Rs) | Approved rate (Rs) | difference | Quantity             | Amount (Rs)   |
|---|----------------|--------------------|------------|----------------------|---------------|
| brick work in CSM (1:4)   | 8499           | 8272               | 227        | 14.28 M <sup>3</sup> | 3,242         |
| First class deodar wood joinery in doors and windows complete 2” thick. | 16970.99       | 10735.58           | 6235.41    | 7.83 M <sup>2</sup>  | 48,823        |
| <b>Total</b>  |                |                    |            |                      | <b>52,065</b> |

The overpayment occurred due to weak financial control, which resulted in loss to government.

The irregularity was pointed out to the management in January 2018. Management stated that detail reply would be given after verification of record. Reply was not convincing as no progress shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not convened till finalization of this report.

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

**AIR Para No. 12 (2016-17)**

**1.2.2.13 Non deduction of income tax on consultancy services, salaries and contractors – Rs 1.082 million**

According to Section 153(1) (b) of the Income Tax Ordinance 2001, 8% income tax was liable on consultancy services with effect from 1<sup>st</sup> July 2015.

According to Revenue Division Federal Board of Revenue Islamabad Circular No. 4 (18) R&S/2015 dated 24.07.2015 salaried individuals may be charged as per given schedule with effect from 1<sup>st</sup> July, 2015.

| <b>S. No.</b> | <b>Taxable Income</b>  | <b>Rate of Tax</b>                             |
|---------------|--|--|
| 1             | Taxable Income does not exceed Rs. 400,000                         | 0%   |
| 2             | Taxable Income exceeds Rs. 400,000 but does not exceed 500,000     | 2% of the amount exceeding 400000              |
| 3             | Taxable Income exceeds Rs. 500,000 but does not exceed 750,000     | Rs2000 +5% of the amount exceeding 500000      |
| 4             | Taxable Income exceeds Rs. 750,000 but does not exceed 1,400,000   | Rs14500 +10% of the amount exceeding 750000    |
| 5             | Taxable Income exceeds Rs. 1,400,000 but does not exceed 1,500,000 | Rs79500 +12.5% of the amount exceeding 1400000 |
| 6             | Taxable Income exceeds Rs. 1,500,000 but does not exceed 1,800,000 | Rs92000 +15% of the amount exceeding 1500000   |
| 7             | Taxable Income exceeds Rs. 1800,000 but does                       | Rs137000 +17.5% of the amount                  |

|   |   |   |
|---|---|---|
|   | not exceed 2,500,000  | exceeding 1800000                             |
| 8 | Taxable Income exceeds Rs. 2500,000 but does not exceed 3,000,000 | Rs259500 +20% of the amount exceeding 2500000 |

According to Government of Khyber Pakhtunkhwa Finance Department Notification No.SO (Dev-II)FD/12-6/2014-15 dated 21.04.2015, 7% income tax shall be deducted from the cost estimates of the development projects which fall in the tax exempted areas.

According to CNIC and enlistment certificate bearing No. 75 dated 9<sup>th</sup> October 2014, the contractor was a resident person in terms of Income Tax Ordinance 2001.

Tehsil Municipal Officer, Babozai Mingora paid Rs 8,504,345 to three companies on account of consultancy services during financial year 2016-17. The consultants were resident persons in terms of Income Tax Ordinance but income tax deduction of Rs 680,349 @ 8% was not made. Similarly, income tax of Rs 176,321 @7% was not deducted from the contractor of taxable area and income tax of Rs 225,122 was not deducted from the salaries. Detail is given at the annexure-4.

Audit observed that non deduction/non deposit of income tax occurred due to violation of rules which resulted in loss to the Government.

The irregularity was pointed out to the management in January 2018. Management did not respond the audit observation.

Request for the convening DAC meeting was made on 20th March 2018, however, meeting of DAC could not convened till finalization of this report.

Audit recommends recovery and deposit into Government Treasury under intimation to audit.

**AIR Para No. 02, 05, 14 (2016-17)**



**TEHSIL MUNICIPAL ADMINISTRATION KABAL**

### 1.3 Audit Paras Tehsil Municipal Administration

#### 1.3.1 Internal Control Weaknesses

##### 1.3.1.1 Non deposit of revenue into government treasury- Rs 1.832 million

According to Para 26 of GFR Vol-I, it is the duty of departmental controlling officer to see that all sums due to government are regularly and promptly assessed, realized and duly credited in the public account.

According to Section-11 of the Disabled Persons (Employment & Rehabilitation) Ordinance 1981 and Disabled Persons (Employment & Rehabilitation) Rules 1991 made there under. It is the legal responsibility of all principal Officers of each establishment/ Organization to deduct @ 2000 from the bill to be made to contractors/ firms who have completed business of one million and above in a financial year.

TMO Kabal, Swat did not deposit stamp duty and DPR funds amounting to Rs 1,009,550 Rs 352,802 respectively of 364 developmental schemes during the year 2016-17. Detail is given below:

| S.No | Particulars                        | No of schemes | Estimated cost (Rs) | Stamp Duty (Rs)  | DPR 0.2% (Rs)  |
|------|------------------------------------|---------------|---------------------|------------------|----------------|
| 1    | District ADP 2015-16               | 177           | 78,300,000          | 322,950          | 139,942        |
| 2    | Tehsil ADP 30%                     | 110           | 90,394,000          | 442,950          | 72,860         |
| 3    | (MDGs)millennium development goals | 27            | 20,000,000          | 58,750           | 40,000         |
| 4    | CMD                                | 50            | 50,000,000          | 184,900          | 100,000        |
|      | <b>Total</b>                       | <b>364</b>    | <b>238,694,000</b>  | <b>1,009,550</b> | <b>352,802</b> |

Moreover, tender form fee amounting to Rs 470,000 was collected from the contractors but did not deposit into government treasury.

Non deposit of government revenue occurred due to weak internal control which resulted in loss to Government.

The irregularity was pointed out to the management in February 2018. Management stated that detail reply would be given after verification of record. Reply was not convincing as no progress shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not be convened till finalization of this report.

Audit suggests deposit of the amount into Government treasury and action against the person(s) at fault.

**AIR Para No. 06 (2016-17)**

**1.3.1.2 Overpayment due to allowing inadmissible rate – Rs 1.514 million**

According to rate analysis of MRS 2015, item No (24-30-a-01) the rate of HDPE pipe of 20 mm includes 25.65% labor charges, (24-30-a-02) HDPE pipe of 25 mm includes 22.53% labor charges excluding pipe fitter charges

According to standards/specifications 1975, Providing, laying, cutting, jointing, testing and disinfecting HDPE pipe Din-8074/8075/ISO-4427 line in trenches including carriage to site of work and also including excavation and refilling. Cost of all specials.

TMO Kabal, Swat overpaid Rs 1,514,390 on account of HDPE pipes due to allowing full rate instead of excluding labour rate during the year 2016-17. Pictorial view of the schemes showed that excavation for pipes was not done and pipes were laid on the surface of earth. Payment was required to be made on reduced rates, which was not done. Detail is given at annexure-4.

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

The irregularity was pointed out to the management in February 2018. Management stated that detail reply would be given after verification of record. Reply was not convincing as no progress shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not be convened till finalization of this report.

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

**AIR Para No.01 (2016-17)**

**1.3.1.3 Overpayment due to non deduction of below rate s– Rs 1.475 million**

According to work orders No 1085, 1086, 1088, 1089, 1090, 1096, 1097, 1075, 1072, 1077, 1078, 1074, 1073, 1111, 1105, 1101 and 1102 dated 01.12.2016 the contracts were awarded to the contractors on 10% below.

Para 220 and 221 of CPWA Code, the Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the quantities and rates are correctly entered and that all the calculations have been checked arithmetically.

TMO Kabal, Swat overpaid Rs 1,474,900 to the contractors due to non deduction of “10% below rates” on which the works were awarded during the year 2016-17. Payments were required to be made after deduction of “below rates” which was not done. Detail is given at annexure-5.

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

The irregularity was pointed out to the management in February 2018. Management stated that detail reply would be given after verification of record. Reply was not convincing as no progress shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not convened till finalization of this report.

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

**AIR Para No. 02 (2016-17)**

**1.3.1.4 Excess payment than bid cost – Rs 1.096 million**

According to Rule 18 Clause C(V) © of KEPPRA Rules 2014, a procuring entity may , insure a variation order to a contractor to include works which were outside the original scope of works to ensure interests of Government and for reasons of economy, compatibility and efficiency provided that the variation order is not more than 15 % of original contract.

TMO Kabal, Swat paid Rs 1,095,838 to the contractors in excess of bid cost and work order during the year 2016-17. The excess was more than 15% of the bid cost. Detail is given at annexure-6.

Excess payment occurred due to lack of internal control, which resulted in loss to government.

The irregularity was pointed out to the management in February 2018. Management stated that detail reply would be given after verification of record. Reply was not convincing as no progress shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not convened till finalization of this report.

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

**AIR Para No. 03 (2016-17)**

**1.3.1.5 Non imposition of penalty for delay in completion of work- Rs 1.078 million**

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

TMO Kabal, Swat awarded 14 works with estimated cost of Rs 10,780,000 during financial year 2016-17. The works were not completed within the stipulated period of time and penalty of Rs 1,078,000 @ 10% of the estimated cost was not imposed. Detail is given at annexure-7.

Non imposition of penalty occurred due to weak financial control which resulted in loss to the Government.

The irregularity was pointed out to the management in February 2018. Management stated that detail reply would be given after verification of record. Reply was not convincing as no progress shown to audit.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not convened till finalization of this report.

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

**AIR Para No.05 (2016-17)**

**TEHSIL MUNICIPAL ADMINISTRATION CHARBAGH**

## 1.4 Audit Paras Tehsil Municipal Administration Charbagh

### 1.4.1 Irregularity & Non compliance

- 1.4.1.1
- i. **Unauthorized transfer of Government fund to commercial bank Rs 13.932 million**
  - ii. **Non deposit of bank profit into Government Treasury Rs 276,560**

According to Government of Khyber Pakhtunkhwa Finance Department letter No.2/3(F/L)FD/2007-08/Vol-IX dated 10<sup>th</sup> February 2014 that no funds shall be placed in any commercial bank from the PLAs or Assignment Accounts without prior approval of the Finance Department as contained in Para-6 & 7 of GFR Volume-I. Furthermore profit earned on Government fund shall be deposited into Government Treasury under relevant head of account immediately and not later than a week declared by the commercial bank.

Tehsil Municipal Officer TMA Charbagh Swat transferred Government fund amounting to Rs 13,932,466 from PLA of TMA Charbagh Swat to commercial Bank during 2016-17 as detailed below which was unauthorized.

| S#           | Particulars of Fund Received | Drawn from PLA vide cheque No. & date | Deposited in Bank Account No.                             | Amount (Rs)       |
|--------------|------------------------------|---------------------------------------|---|-------------------|
| 1            | Developmental Fund           | CBC Cheque No.544 dt.17.8.16          | HBL Charbagh A/C No.1080-79001504-01 Daily Manafa Account | 1,436,011         |
| 2            | -do-                         | CBC Cheque No.259 dated 11.05.17      | HBL Charbagh A/C No.1080-79001504-01 Daily Manafa Account | 9,496,455         |
| 3            | Octroi Share                 | cheque No.A-233834 dated 23.04.2017   | HBL Charbagh Swat Account No.1080-71000820-01PLS Saving   | 3,000,000         |
| <b>Total</b> |                              |                                       |   | <b>13,932,466</b> |

Furthermore an amount of Rs 276,560 was realized as bank profit on the said fund but the amount was not deposited into Government Treasury.



Audit observed that unauthorized transfer and non deposit of bank profit was due to weak financial controls, which caused in violation of rules and government orders.

The irregularity was pointed out to the management in February 2018. Management replied that the amount was transferred before the issuance of Finance Department instructions. Reply is not satisfactory as the instructions were issued in February 2014 whereas the fund was transferred in 2016-17.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not convened till finalization of this report.

Audit suggests investigations and deposit of bank profit into Government Treasury besides fixing responsibility on the person(s) at fault.

**AIR Para No. 01 (2016-17)**

## **1.4.2 Internal Control Weaknesses**

### **1.4.2.1 Non Imposition of Penalty for Incomplete Schemes- Rs 1.671 million**

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

TMO Charbagh Swat failed to impose penalty of Rs 1,671,770 @ 10% of the estimated cost of Rs 16,717,700 of seven (07) schemes which were not completed in stipulated time period. Detail is attached at annexure-8.

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

The irregularity was pointed out to the management in February 2018. Management replied that the scheme at S.No.1 and 2 are in progress and will be completed within stipulated time period while the other schemes have been completed within stipulated time period. Reply was not tenable as the time allowed to Scheme No.1&2 was 18 months instead of one year allowed in other schemes, which shows undue favour to the contractors. Further all other schemes were not completed within stipulated period.

Request for convening DAC meeting was made on 20th March 2017, however, meeting of DAC could not convened till finalization of this report.

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

**AIR Para No. 03 (2016-17)**

**TEHSIL MUNICIPAL ADMINISTRATION KHWAZAKHELA**

## **1.5 Audit Paras Tehsil Municipal Administration Khwazakhela**

### **1.5.1 Irregularity & non compliance**

#### **1.5.1.1 Irregular expenditure on installation of Gi and HDPE pipes- Rs11.31 million**

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

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

Tehsil Municipal Officer Khwaza Khela incurred expenditure of Rs 11312865 on account of Supply and Fixing GI and HDPE pipes in various Water supply Schemes during 2016-17. On scrutiny of record, it was observed that that the Local office did not adopt the following quality assurance steps to ensure the quality and health of the people of locality. Detail is given at annexure-9.

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

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

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

The irregularity was pointed out to the management in February 2018. Management did not respond to the observation.

Request for convening DAC meeting was made on 30<sup>th</sup> March 2018, which was not convened till finalization of this Report.

Audit recommends inquiry into a probable cause of irregularity.

**AIR Para No.07 (2016-17)**

**1.5.1.2 Irregular expenditure without Technical Sanction –Rs 11.138 million**

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

Tehsil Municipal Officer Khwaza Khela incurred an expenditure of Rs11138412 on various developmental schemes during 2016-117 without obtaining technical sanction from the competent authority detail as per annexure-10.

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

The irregularity was pointed out to the management in February 2018. Management did not respond to the observation.

Request for convening DAC meeting was made on 30<sup>th</sup> March 2018, which was not convened till finalization of this Report.

Audit suggests to obtaining technical sanction from the competent forum to regularize expenditure.

**AIR Para No. 06 (2016-17)**

## **1.5.2 Internal Control Weaknesses**

### **1.5.2.1 Loss to government due non imposition of penalty- Rs1.465 million**

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

Tehsil Municipal Officer Khwaza Khela did not impose 10% penalty amounting to Rs1465738 on those contractors who failed to complete the works in stipulated period of time Detail as per Annexure-11.

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

The irregularity was pointed out to the management in February 2018. Management did not respond to the observation.

Request for convening DAC meeting was made on 30<sup>th</sup> March 2018, which was not convened till finalization of this Report.

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

**AIR Para No.01 (2016-17)**

**TEHSIL MUNICIPAL ADMINISTRATION BARIKOT**

## **1.6 Audit Paras Tehsil Municipal Administration**

### **1.6.1 Irregularity & non compliance**

#### **1.6.1.1 Irregular expenditure on installation of Gi pipes-Rs2.34 million**

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

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

TMO, Barikot incurred expenditure of Rs 2346701 on account of Supply and Fixing GI and HDPE pipes in various Water supply Schemes during 2016-17. On scrutiny of record, it was observed that that the Local office did not adopt the following quality assurance steps to ensure the quality and health of the people of locality.

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

In the absence of the above mentioned documents the entry of substandard Pipes cannot be rolled out detail is as under.

| <b>S.No</b> | <b>Name of Scheme</b>    | <b>Name of item</b> | <b>Expenditure</b> |
|-------------|--------------------------|---------------------|--------------------|
| 1           | WSS Kamal Kamal Khel     | HDPE Pipes          | 187500             |
| 2           | DWSS Gul Abad UC Barikot | PVC Pipes           | 801529             |
| 3           | DWSS at village Parrai   | PVC GI Pipes        | 392130             |



|   |                                       |          |         |
|---|---------------------------------------|----------|---------|
| 4 | DWSS School Colony and Gato tangay    | Gi Pipes | 798269  |
| 5 | DWSS at Bahar Colony village Ghaligay | GI pipes | 167273  |
|   |                                       |          | 2346701 |

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

The irregularity was pointed out to the management in February 2018. Management did not respond to the observation.

Request for convening DAC meeting was made on 30<sup>th</sup> March 2018, which was not convened till finalization of this Report.

Audit recommends inquiry into a probable cause of irregularity.

**AIR Para No.01 (2016-17)**

## **1.6.2 Internal Control Weaknesses**

### **1.6.2.1 Loss to government due non imposition of penalty- Rs2.021 million**

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

Tehsil Municipal officer Barikot incurred expenditure of Rs20,213,696 on execution of various developmental schemes in 2016-17.but such schemes were not completed within the stipulated period of time. The local office was required to impose 10% penalty amounting to Rs 2,021,365 but failed to do so. Detail is as under-12.

Audit observed that non recovery of penalty occurred due to weak internal control, which resulted in loss to government.

The irregularity was pointed out to the management in February 2018. Management did not respond to the observation.

Request for convening DAC meeting was made on 30<sup>th</sup> March 2018, which was not convened till finalization of this Report.

Audit recommends recovery and action against the person at fault.

**AIR Para No.04 (2016-17)**

**TEHSIL MUNICIPAL ADMINISTRATION MATTA**

## 1.7 Audit Paras Tehsil Municipal Administration Matta

### 1.7.1 Irregularity & non compliance

#### 1.7.1.1 Irregular expenditure without Technical Sanction - Rs 5.610 million

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

Tehsil Municipal Officer Matta incurred an expenditure of Rs 5,610,076 on account of various developmental schemes during the financial year 2016-17. During scrutiny of record, it was observed that Technical Sanction was not obtained from the competent authority before commencement of work. Thus, the expenditure made was held irregular. Detail is given below:

| S. No.       | Name of scheme  | Estimated cost (Rs) | Expenditure (Rs) |
|--------------|---|---------------------|------------------|
| 1            | DWSS at Village Barabaror, Mirai and Swataye UC brah                                  | 1,100,000           | 670,000          |
| 2            | Pavement of streets/Roads and drains Kuza Durushkhela Kass and Chaqwar UC Durushkhela | 1,500,000           | 1,134,793        |
| 3            | Boring and inst: of handpumpat Noor ahmad Korona Baryam                               | 2,820,000           | 2,527,637        |
| 4            | Const: improvement of janaz Gah at Kharerai Cham UC matta                             | 1,600,000           | 1,277,646        |
| <b>Total</b> |   | <b>7,020,000</b>    | <b>5,610,076</b> |

Audit observed that awarding of work without execution of Technical Sanction occurred due to weak internal control.

The irregularity was pointed out to the management in February 2018. Management did not respond to the observation.

Request for convening DAC meeting was made on 30<sup>th</sup> March 2018, which was not convened till finalization of this Report.

Audit suggests regularization and action against the person(s) at fault.

**AIR Para No. 01 (2016-17)**

## **1.7 Internal Control Weaknesses**

### **1.7.2.1 Loss to government due non imposition of penalty- Rs 2.065 million**

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

Tehsil Municipal officer Matta did not imposed 10% penalty on those contractors who failed to complete the works in stipulated period of time. Detail is as under-13:

Audit observed that non imposition of penalty occurred due to weak financial control which resulted in loss to the Government.

The irregularity was pointed out to the management in February 2018. Management did not respond to the observation.

Request for convening DAC meeting was made on 30<sup>th</sup> March 2018, which was not convened till finalization of this Report.

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

**AIR Para No.04 (2016-17)**

**TEHSIL MUNICIPAL ADMINISTRATION BAHRAIN**

## 1.8 Audit Paras Tehsil Municipal Administration

### 1.8.1 Irregularity & non compliance

#### 1.8.1.1 Irregular expenditure without Technical Sanction - Rs 2.391 million

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

TMO, Bahrain incurred an expenditure of Rs 2,391,145 on account of various developmental schemes during the financial year 2016-17. During scrutiny of record, it was observed that Technical Sanction was not obtained from the competent authority before commencement of work. Thus, the expenditure made was held irregular. Detail is given below:

| S. No.       | Name of scheme                             | Estimated cost (Rs) | Expenditure (Rs) |
|--------------|--|---------------------|------------------|
| 1            | Pavement of street for GMS Jalband         | 1,330,000           | 577,000          |
| 2            | Drinking water supply scheme at Chota jaba | 1,700,000           | 1,027,804        |
| 3            | DWSS at kardyal                            | 1,000,000           | 786,341          |
| <b>Total</b> |  | <b>4,030,000</b>    | <b>2,391,145</b> |

Audit observed that awarding of work without execution of Technical Sanction occurred due to weak internal control.

The irregularity was pointed out to the management in February 2018. Management did not respond to the observation.

Request for convening DAC meeting was made on 30<sup>th</sup> March 2018, which was not convened till finalization of this Report.

Audit suggests action against the person at fault.

**AIR Para No. (2016-17)**



**ANNEXURES**

**Annexure-1**

**Detail of MFDAC Paras**

**(Rs in million)**

| <b>S.No</b> | <b>AP No.</b> | <b>Name of TMA</b> | <b>Caption</b>  | <b>Amount</b> | <b>Remarks</b> |
|-------------|---------------|--------------------|---|---------------|----------------|
| 01          | 66            | TMA Mingora        | Non deduction of income tax from Salary – Rs 225,122  | 0.225         |                |
| 02          | 70            | TMA Mingora        | Non deduction of income tax on consultancy services – Rs 680,349  | 0.680         |                |
| 03          | 73            | TMA Mingora        | Overpayment due to allowing inadmissible rate – Rs 829,727  | 0.830         |                |
| 04          | 78            | TMA Mingora        | Overpayment due to allowing higher rate –Rs 303,315   | 0.303         |                |
|             |               |                    | Non imposition of penalty for delayed in completion of work- Rs 3.343 million   | 3.343         |                |
| 05          | 79            | TMA Mingora        | Non deduction of income tax from the contractor of taxable area - Rs 176,321  | 0.176         |                |
| 06          | 83            | TMA Mingora        | Non forfeiture of earnest money due to non deposit of additional security–Rs 500,000                                  | 0.500         |                |
| 07          | 87            | TMA Mingora        | Illegal appointment in excess of the sanctioned posts – Rs 586,496  | 0.586         |                |
| 08          | 91            | TMA Charbagh       | Unauthorized expenditure without Technical Sanction - Rs 625,562  | 0.626         |                |
| 09          | 93            | TMA Charbagh       | Non recovery of principal amount and penalty of Lease contracts- Rs 312,000   | 0.312         |                |
| 10          | 94            | TMA Charbagh       | Unauthorized payment on account of Hot & Cold Weather charges and non deduction of Income tax on salaries– Rs 216,827 | 0.217         |                |
| 11          | 96            | TMA Matta          | Unauthorized exp: on account of execution of civil work   | 0.978         |                |
| 12          | 97            | TMA Matta          | Unauthentic exp: on account of execution of Civil Work  | 1.120         |                |

|    |     |                 |   |       |  |
|----|-----|-----------------|---|-------|--|
| 13 | 99  | TMA Matta       | Irregular award of tender   | 0.900 |  |
| 14 | 100 | TMA Matta       | Irregular award of tender   | 1.120 |  |
| 15 | 101 | TMA Matta       | Blockage of Government money  | 2.500 |  |
| 16 | 102 | TMA Matta       | Non adjustment of income tax  | 0.617 |  |
| 17 | 103 | TMA Matta       | Non deposit of stamp duty   | 0.265 |  |
| 18 | 104 | TMA Matta       | Non deduction of professional tax   | 0.384 |  |
| 19 | 105 | TMA Matta       | Non imposition of 2% penalty on a/c of late deposit of installment by contractor                  | 0.386 |  |
| 20 |     | TMA Khwazakhela | Overpayment due to allowing higher rate   | 0.103 |  |
| 21 |     | TMA Khwazakhela | Unjustified exp: on account of execution of civil work  | 0.886 |  |
| 22 |     | TMA Khwazakhela | Unauthorized exp: due to variation from PC-I  | 0.959 |  |
| 23 |     | TMA Khwazakhela | Non deduction of Professional tax   | 0.571 |  |
| 24 |     |                 | Non deposit of stamp duty   | 0.321 |  |
| 25 |     | TMA Barikot     | Non deduction of DPR fund   | 0.046 |  |
| 26 |     | TMA Barikot     | Non deduction of income tax   | 0.108 |  |
| 27 |     | TMA Barikot     | Non deposit of stamp duty   | 0.117 |  |
| 28 |     | TMA Barikot     | Non deduction of professional tax   | 0.208 |  |
| 29 |     | TMA Bahrain     | Loss to Government due non imposition of penalty- Rs 746,000                                      | 0.746 |  |
| 30 |     | TMA Bahrain     | Loss to Government due to overpayment of labor charges on installation of HDPE pipes – Rs 609,420 | 0.609 |  |
| 31 |     | TMA Bahrain     | Non deposit of stamp duty - Rs 138,000  | 0.138 |  |

|    |  |                |  |       |  |
|----|--|----------------|--|-------|--|
| 32 |  | TMA<br>Bahrain | Non deduction of Professional tax – Rs<br>286,400          | 0.286 |  |
| 33 |  | TMA<br>Bahrain | Unauthorized excess from bid cost – Rs<br>513,418          | 0.513 |  |
| 34 |  | TMA<br>Bahrain | Unjustified on account of fake<br>measurement – Rs 501,940 | 0.502 |  |
|    |  |                |  |       |  |

**Annexure-2**

**Para # 1.2.1.7**

**Detail of loss due to allowing 15% above on the bid cost**

| <b>SNo</b> | <b>Name of work</b>                           | <b>E/Cost<br/>(Rs)</b> | <b>Award of<br/>contract</b> | <b>Bid Cost<br/>(Rs)</b> | <b>Loss due to<br/>allowing<br/>15% above<br/>(Rs)</b> |
|------------|---|------------------------|------------------------------|--------------------------|--|
| 1          | P/S drain at UC Qambar                        | 2,430,000              | 21% below                    | 1,919,700                | 287,955  |
| 2          | DWSS at marghzar                              | 500,000                | 56.95%<br>below              | 284,750                  | 42,713   |
| 3          | DWSS at Kaar Bakaar                           | 500000                 | 56.95%<br>below              | 284,750                  | 42,713   |
| 4          | P/S, constt: of culvert at Kohistan gat       | 1,000,000              | 21.5%<br>below               | 785,000                  | 117,750  |
| 5          | Improv: of PCC road Jambil                    | 2,198,000              | 18% below                    | 1,802,360                | 270,354  |
| 6          | Reh: of Marghuzar paly ground                 | 1,500,000              | 23% below                    | 1,155,000                | 173,250  |
| 7          | Improv: of PCC road Dr Saeeda                 | 1,198,000              | 16% below                    | 1,006,320                | 150,948  |
| 8          | Improv: of PCC road Garasa                    | 898,000                | 18.15%<br>below              | 735,013                  | 110,252  |
| 9          | Improv: of PCC road Moh. Khwajakhel           | 1,198,000              | 18.20%<br>below              | 979,964                  | 146,995  |
| 10         | Pav:of street Drains Landikass                | 805,000                | 24.2%<br>below               | 610,190                  | 91,528   |
| 11         | Improv: of PCC road Markaz to Slaughter house | 1,198,000              | 17.22%<br>below              | 991,704                  | 148,756  |
| 12         | Pav:of street Drains NC Shdara No1            | 2,430,000              | 13.19%<br>below              | 2,109,483                | 316,422  |

|    |                                   |           |           |              |                  |
|----|-----------------------------------|-----------|-----------|--------------|------------------|
| 13 | Improv: of Kacha road<br>Kokarai  | 1,000,000 | 34% below | 660,000      | 99,000           |
| 14 | Pav:of street Drains Hingaroderai | 2,430,000 | 21% below | 1,919,700    | 287,955          |
|    |                                   |           |           | <b>Total</b> | <b>2,286,591</b> |

**Annex-3****Para # 1.2.2.10****Detail of overpayment due to non deduction of below rates**

| <b>SNo</b> | <b>Name of work</b>                   | <b>E/Cost<br/>(Rs)</b> | <b>Award of<br/>contract</b> | <b>Bid Cost<br/>(Rs)</b> | <b>Overpayment<br/>due to non-<br/>deduction of<br/>below rates<br/><br/>(Rs)</b> |
|------------|---------------------------------------|------------------------|------------------------------|--------------------------|---|
| 1          | P/S drain at Barama                   | 2,430,000              | 12.20%below                  | 2,133,540                | 260292  |
| 2          | P/S drain at Koz gogdara              | 2,730,000              | 11% below                    | 2,429,700                | 267,267   |
| 3          | P/S drain at rahim Abad               | 2,430,000              | 11.80%<br>below              | 2,143,260                | 252,905   |
| 4          | Improv: of janazgah at<br>spal bandai | 1,500,000              | 10.09%<br>below              | 1,348,650                | 136,079   |
| 5          | P/S drain at Singar<br>dangram        | 1,626,000              | 11.80%<br>below              | 1,434,132                | 169,228   |
| 6          | P/S drain at Spal Bandai              | 1,000,000              | 11% below                    | 890,000                  | 97,900  |
| 7          | P/S drain at UC tindo dag             | 805,000                | 10% below                    | 724,500                  | 72,450  |
| 8          | Improv: of janazgah at<br>Gul bandai  | 1,000,000              | 6% below                     | 940,000                  | 56,400  |
| 9          | P/S drain at Miana                    | 500,000                | 10% below                    | 450,000                  | 45,000  |
| 10         | Improv: of PCC road<br>Sheratraf      | 500,000                | 11% below                    | 445,000                  | 48,950  |
| 11         | P/S drain Moh: Bagh,<br>Sabzi mandi   | 805,000                | 11% below                    | 710,010                  | 78,101  |
| 12         | P/S drain Islampur                    | 500,000                | 10% below                    | 450,000                  | 45,000  |

|    |  |         |           |              |                  |
|----|--|---------|-----------|--------------|------------------|
| 13 | P/S drain at Kokarai                       | 500,000 | 10% below | 450,000      | 45,000           |
| 14 | Improv: of PCC road<br>Barama Malang house | 350,000 | 10% below | 315,000      | 31,500           |
|    |  |         |           | <b>Total</b> | <b>1,606,072</b> |

**Annex – 4**

**Para # 1.3.12**

**Detail of overpayment of inadmissible rates**

| S.No | Name of Schemes        | Items          | Quantity (M) | Paid Rate(Rs/M) | Rate admissible excluding labor charges (25.65, 22.53,%) (Rs/M) | Difference in rates (Rs) | Amount (Rs) |
|------|------------------------|----------------|--------------|-----------------|---|--------------------------|-------------|
| 1    | DWSS Galoch            | HDPE Pipe 25mm | 2590         | 115.92          | 89.80   | 26.12                    | 67,651      |
| 2    | DWSS at Jambil         | HDPE Pipe 25mm | 4571.78      | 115.92          | 89.80   | 26.12                    | 119,415     |
| 3    | DWSS at Hazara         | HDPE Pipe 25mm | 5943.30      | 115.92          | 89.80   | 26.12                    | 155,239     |
| 4    | DWSS at Bar abakhel    | HDPE Pipe 25mm | 4876.56      | 115.92          | 89.80   | 26.12                    | 127,376     |
| 5    | DWSS at Kuz Abakhel    | HDPE Pipe 25mm | 5028.95      | 115.92          | 89.80   | 26.12                    | 131,356     |
| 6    | DWSS at Totano bandai  | HDPE Pipe 25mm | 4876.56      | 115.92          | 89.80   | 26.12                    | 127,376     |
| 7    | DWSS at SangotaDangram | HDPE Pipe 25mm | 7010.05      | 115.92          | 89.80   | 26.12                    | 183,102     |
| 8    | DWSS at shahdheri      | HDPE Pipe 20mm | 2743         | 107.91          | 80.23   | 27.68                    | 75,926      |
|      |                        | HDPE Pipe 25mm | 3047         | 115.92          | 89.80   | 26.12                    | 79,588      |
| 9    | DWSS at Totano bandai  | HDPE Pipe 20mm | 914.35       | 107.91          | 80.23   | 27.68                    | 25,309      |
|      |                        | HDPE           | 1066.74      | 115.92          | 89.80   | 26.12                    | 27,863      |



|              |                         |                      |         |        |       |       |                  |  |
|--------------|-------------------------|----------------------|---------|--------|-------|-------|------------------|--|
|              |                         | Pipe<br>25mm         |         |        |       |       |                  |  |
| 10           | DWSS at<br>Kalakaly     | HDPE<br>Pipe<br>25mm | 1523.92 | 115.92 | 89.80 | 26.12 | 39,805           |  |
| 11           | DWSS at Tall<br>Dardyal | HDPE<br>Pipe<br>20mm | 2438.28 | 107.91 | 80.23 | 27.68 | 67,491           |  |
|              |                         | HDPE<br>Pipe<br>25mm | 3962.2  | 115.92 | 89.80 | 26.12 | 103,492          |  |
| 12           | DWSS at<br>Qalagai      | HDPE<br>Pipe<br>20mm | 2743.06 | 107.91 | 80.23 | 27.68 | 75,928           |  |
|              |                         | HDPE<br>Pipe<br>25mm | 4114.59 | 115.92 | 89.80 | 26.12 | 107,473          |  |
| <b>Total</b> |                         |                      |         |        |       |       | <b>1,514,390</b> |  |

**Annex-5**

**Para # 1.3.13**

**Detail of overpayment due to non deduction of below rates**

| <b>SNo</b>   | <b>Name of work</b>                            | <b>E/Cost (Rs)</b> | <b>Award of contract</b> | <b>Bid Cost (Rs)</b> | <b>Overpayment due to non deduction of below rates (Rs)</b> |
|--------------|--|--------------------|--------------------------|----------------------|---|
| 1            | Street Pavement at Barikot                     | 900,000            | 10%below                 | 810,000              | 90,000  |
| 2            | Street Pavement at Manyar                      | 1,000,000          | 10%below                 | 900,000              | 90,000  |
| 3            | Street Pavement at Odigram                     | 1,000,000          | 10%below                 | 900,000              | 90,000  |
| 4            | Street Pavement at Qambar                      | 900,000            | 10%below                 | 810,000              | 90,000  |
| 5            | Protection wall near general bus stand mingora | 900,000            | 10%below                 | 810,000              | 90,000  |
| 6            | Street Pavement at Nawa kaly                   | 1,000,000          | 10%below                 | 900,000              | 90,000  |
| 7            | Constt: of water tank at Shamozaï              | 1,300,000          | 10%below                 | 1,170,000            | 117,000   |
| 8            | Improve: of road near jamia masjid Kalakaly    | 900,000            | 10%below                 | 810,000              | 90,000  |
| 9            | Street Pavement at Deolai                      | 1,000,000          | 10%below                 | 900,000              | 90,000  |
| 10           | Street Pavement at Shahdehrai                  | 900,000            | 10%below                 | 810,000              | 90,000  |
| 11           | Street Pavement at Tall Dardyal                | 900,000            | 10%below                 | 810,000              | 90,000  |
| 12           | DWSS/Street Pavement at Kuza bandai            | 1,000,000          | 10%below                 | 900,000              | 90,000  |
| 13           | Constt: of Janazgah at Kuz abakhel             | 1,000,000          | 11%below                 | 890,000              | 97,900  |
| 14           | Street Pavement at Manglawar                   | 900,000            | 10%below                 | 810,000              | 90,000  |
| 15           | Street Pavement at Gul Kada                    | 900,000            | 10% below                | 810,000              | 90,000  |
| 16           | Street Pavement at Aka Maroof Bamikhel         | 900,000            | 10% below                | 810,000              | 90,000  |
| <b>Total</b> |  |                    |                          |                      | <b>1,474,900</b>  |

**Annex-6**  
**Para No. 1.3.1.4**

**Detail of excess than bid cost**

| <b>SNo</b> | <b>Name of work</b>                             | <b>Bid Cost(Rs)</b> | <b>Payment(Rs)</b> | <b>Excess(Rs)</b> |
|------------|---|---------------------|--------------------|-------------------|
| 1          | Street pavement at Deolai                       | 574,000             | 679,000            | 105,000           |
| 2          | Hand pumps Street pavement at Kuza bandai       | 837,800             | 933,988            | 96,188            |
| 3          | Street pavement at Nawakaly                     | 621,950             | 700,000            | 78,050            |
| 4          | Street pavement at Rahimabad                    | 557,480             | 662,480            | 105,000           |
| 5          | Tube well bore, Street pavement at Qambar       | 565,810             | 653,310            | 87,500            |
| 6          | Hand pumps Street pavement at Odigram           | 691,200             | 800,000            | 108,800           |
| 7          | DWSS/ Installation of hand Pumps at Kuza bandai | 1,584,000           | 1,742,000          | 158,000           |
| 8          | DWSS/ Installation of hand Pumps at Deolai      | 1,773,000           | 1,950,300          | 177,300           |
| 9          | Street pavement at Landakas                     | 623,000             | 700,000            | 77,000            |
| 10         | Street pavement at Bar Abakhel                  | 172,000             | 200,000            | 28,000            |
| 11         | Street pavement at Bar Abakhel                  | 425,000             | 500,000            | 75,000            |
|            |   |                     | <b>Total</b>       | <b>1,095,838</b>  |

**Annex-7**  
**Para No. 1.3.1.5**

**Detail of non imposition of penalty**

| S.No | Name of scheme   | Due date of completion | Actual date of completion | Delay (months) | Estimated cost (Rs) | Penalty @ 10% of E. Cost (Rs) |
|------|--|------------------------|---------------------------|----------------|---------------------|-------------------------------|
| 1    | DWSS at Zawora Kuz abakhel                             | 24.12.2016             | 12.05.2017                | 5              | 900,000             | 90,000                        |
| 2    | Pavement of streets at kohy zyarat                     | 15.11.2016             | 01.03.2017                | 4              | 600,000             | 60,000                        |
| 3    | Pavement of streets at Bar abakhel                     | 19.02.2017             | 26.04.2017                | 2              | 800,000             | 80,000                        |
| 4    | DWSS/ installation of hand pumps at Koza bandai        | 01.06.2017             | 31.07.2017                | 2              | 1,760,000           | 176,000                       |
| 5    | Tube well bores/ installation of hand pumps at Manja   | 15.02.2017             | 21.03.2017                | 1              | 600,000             | 60,000                        |
| 6    | Pavement of streets at Aka Maroof Bamikhel             | 1.06.2017              | 18.08.2017                | 2              | 900,000             | 90,000                        |
| 7    | Pavement of streets at dagai                           | 2.05.2017              | 24.08.2017                | 3              | 335,000             | 33,500                        |
| 8    | Repair work at BHU Dehrai                              | 2.11.2017              | In progress               | 2              | 670,000             | 67,000                        |
| 9    | Pavement of streets at GGMS deolai                     | 2.05.2017              | 10.08.2017                | 3              | 700,000             | 70,000                        |
| 10   | Constt: of irrigation channel at Mustafa baba sirsinai | 2.05.2017              | 28.09.2017                | 4              | 335,000             | 33,500                        |

|              |   |            |             |   |                   |                  |
|--------------|---|------------|-------------|---|-------------------|------------------|
| 11           | DWSS at Malookabad                              | 01.06.2017 | 26.12.2017  | 6 | 900,000           | 90,000           |
| 12           | Tube well bores/<br>hand pumps at Swegalai      | 15.02.2017 | 17.03.2017  | 1 | 300,000           | 30,000           |
| 13           | Constt: of road from kaki to abdul ghafar hiuse | 02.11.2017 | 18.12.2017  | 1 | 80,000            | 8,000            |
| 14           | Constt: of Janaz gah at Bara bandai             | 30.12.2017 | In progress | 2 | 1,900,000         | 190,000          |
| <b>Total</b> |   |            |             |   | <b>10,780,000</b> | <b>1,078,000</b> |

**Annexure-8**  
**Para No. 1.4.2.1**

**Detail of Penalty for Incomplete Schemes**

(Rs in millions)

| S#           | Name of Scheme   | Work Order date | Completion date          | Actual completion             | Delay    | E.Cost (Rs)       | 10% Penalty (Rs) |
|--------------|--|-----------------|--------------------------|-------------------------------|----------|-------------------|------------------|
| 01           | DWSS/Tube Well Boring & Hand Pumps at Odigram, Landikass, Guligram, Amankot, Faizabad & Saidu Sharif | 7.12.16         | 12 months i.e. (6.12.17) | Still incomplete i.e. 02/2018 | 2 months | 5,000,000         | 500,000          |
| 02           | DWSS at Dakorak & Charbagh   | -do-            | -do-                     | -do-                          | -do-     | 3,000,000         | 300,000          |
| 03           | PCC Road at Sorderay Ganjeer UC Kishwara   | 25.7.16         | 3 months i.e. (24.10.16) | 1.1.17                        | 2 months | 1,572,200         | 157,220          |
| 04           | Constt. of Dressing Room at Play Ground Charbagh   | -do-            | -do-                     | 20.11.16                      | 1 month  | 1,418,800         | 141,880          |
| 05           | DWSS Boring/Hand pumps at NC Charbagh-I  | -do-            | -do-                     | 20.6.17                       | 8 months | 2,450,000         | 245,000          |
| 06           | DWSS at Ashar Banr VC Charbagh   | -do-            | -do-                     | 28.2.17                       | 4 months | 2,046,700         | 204,670          |
| 07           | Improvement of streets/road VC Gulibagh  | -do-            | -do-                     | 20.3.17                       | 5 months | 1,230,000         | 123,000          |
| <b>Total</b> |  |                 |                          |                               |          | <b>16,717,700</b> | <b>1,671,770</b> |

**Annexure-09****Para No. 1.5.1.1****Detail of schemes**

| <b>S No</b> | <b>Name of Schemes</b>                                |               | <b>Amount</b> |
|-------------|---|---------------|---------------|
| 1           | DWSS at Hafiz Gul Bahar piya                          | HDPE 20mm     | 171024        |
| 2           | DWSS at Manipaty UC Kotani                            |               | 479665        |
| 3           | DWSS at UC Fateh pur                                  | Gi pipes      | 536975        |
| 4           | DWSS at UC Fateh pur                                  | HDPE pipes    | 330087        |
| 5           | DWSS at Mohallah Babu Janu UC Janu                    |               | 641008        |
| 6           | DWSS at GPS at UC fateh Pur                           |               | 204642        |
| 7           | DWSS installation of hand pump alej bela UC khawazala |               | 131542        |
| 8           | DWSS at village PIA                                   |               | 200000        |
| 9           | DWSS at UC miandam                                    |               | 1484911       |
| 10          | DWSS at Shin UC Shin                                  |               | 667531        |
| 11          | DWSS at khawazala                                     | Gi pipes      | 1263806       |
| 12          | DWSS at Moh: Dir Abad Topsin ,ordam,Karaj,UC janu     | GI&HDPE pipes | 450000        |
| 13          | DWSS at UC Fateh pur                                  |               | 1108605       |
| 14          | DWSS UC Shilpan                                       |               | 279782        |
| 15          | Drinking water supply scheme at Chapper               | Gi pipes      | 300000        |
| 16          | DWSS from zwala to paladram                           | HDPE Pipes    | 373352        |
| 17          | DWSS at saida jabagai                                 | HDPE pipes    | 308096        |
| 18          | DWSS at sakat Kata UC Fatehpur                        | HDPE Pipes    | 200604        |
| 19          | DWSS at Gashkor UC Khawazala                          | HDPE pipes    | 206653        |
| 20          | Drinking water supply scheme at zwala& topsin UC Janu | HDPE pipes    | 670000        |
| 21          | Drinking water supply scheme at farhat abad           | GI pipes      | 332000        |
| 22          | DWSS at UC ktanai                                     | HDPE pipes    | 670000        |
| 23          | DWSS UC Shalpin                                       | HDPE Pipes    | 302582        |
|             |   |               | 11312865      |

**Annexure-10****Para No. 1.5.1.2****Detail of expenditure without TS**

| <b>S. No.</b> | <b>Name of Scheme</b>                                     | <b>Expenditure (Rs)</b> |
|---------------|---|-------------------------|
| 01            | DWSS at saida Jabagai                                     | 332000                  |
| 2             | DWSS at UC Shalpin  | 300000                  |
| 3             | DWSS at UC Ktanai   | 670000                  |
| 4             | Drinking Water Scheme at Zawal                            | 670000                  |
| 5             | DWSS at Gashkor UC K/khela(TS)                            | 722959                  |
| 6             | Construction of PCC road at sangari Uc Shin(TS)           | 1596278                 |
| 7             | Pvt of street for GGPS Kuz Kaly (TS)                      | 715279                  |
| 8             | DWSS at Gashkor   | 722958                  |
| 9             | Construction of Staring Hall at BHU Fatehpur              | 1340000                 |
| 10            | Const : of PCC road at degan village UC Shin              | 1330000                 |
| 11            | DWSS at khawazala   | 833482                  |
| 12            | DWSS from zwala to paladram                               | 373352                  |
| 13            | Rehabilitation of sports ground at Barhampati UC Fatehpur | 932104                  |
| 14            | Widening of kacha road from Nimkai to khawar              | 230000                  |
| 15            | Drinking water supply scheme at tango                     | 370000                  |
|               |   | <b>11138412</b>         |



**Annexure-11**

**Para No. 1.5.2.1**

**Detail of penalty**

| <b>Name of contractor</b> | <b>Name of work</b>                                       | <b>Date of commencement</b> | <b>Date of completion</b> | <b>Period of completion</b> | <b>E. Cos</b> | <b>10%penalty</b> |
|---------------------------|---|-----------------------------|---------------------------|-----------------------------|---------------|-------------------|
| M/s Nazimud Din           | Const: of PCC Road at UC Maindam                          | 8-9-2016                    |                           | 3 months                    | 850000        | 85000             |
| M/s Nazimuddin            | Const of kacha road kochia to Dab village                 | 8-9-2016                    | 15-8-2017                 | 3 months                    | 137165        | 13716             |
| Saifullah                 | DWSS at UC fateh pur                                      | 31-8-2016                   | 13-6-2017                 | 3 months                    | 1292057       | 12920             |
| Mohammad Karim            | Const of kacha road and PCC road at UC Fatehpur           | 5-12-2016                   | 1-5-2017                  | 3 months                    | 620890        | 62089             |
| M/s Ibrahim               | Winding of kacha road at GGPS Jabagai                     | 5-12-2016                   | 1-6-2017                  | 3 months                    | 628890        | 62889             |
| Umar Hayat                | Const: of pcc road ordam                                  | 5-2-2016                    | 5-2-2017                  | 3 months                    | 270880        | 27088             |
| Jagga & Co                | Const: of PCC road shamak                                 | 8-9-2016                    | 8-5-2017                  | 3 months                    | 523473        | 52347             |
| M/S Ibrahim               | Rehabilitation of sports Ground at Baharmpati UC Fatehpur | 31-8-2016                   | 1-6-2017                  | 3 months                    | 939600        | 93600             |
| M/S Khan Bahadar          | Pvt: of Street and Drain at UC Miandom                    | 1-9-2016                    | 29-12-16                  | 3months                     | 1240080       | 124000            |
| M/S Bakht Sher Ali        | Boring of Hand Pumps at UC Shin                           | 31-8-2016                   | 1-8-2017                  | 3 months                    | 1000000       | 100000            |
| M/S Ibrahim               | Construction of protection Wall UC shin                   | 23-11-2016                  | 1-6-2017                  | 3 months                    | 330000        | 33000             |

|                     |   |            |           |          |        |                |
|---------------------|---|------------|-----------|----------|--------|----------------|
| M/S Umar Hayat      | Const: of boundry Wall at BHU Topsisin                          | 16-11-2016 | 28-3-2017 | 3 months | 670000 | 670000         |
| M/S Sayed Ali bacha | Repair and Rehabilitation work at Civil Hospital Khawzazla      | 31-1-2016  | 27-5-2017 | 3 months | 670000 | 67000          |
| M/s Mohammad Dawood | Const: of Kacha road & PCC road at Chenkkolai UC Jano Chamtalia | 1-9-2016   | 31-5-2017 | 3 months | 620890 | 62089          |
| <b>Total</b>        |   |            |           |          |        | <b>1465738</b> |

**Annexure-12****Para No. 1.6.2.1****Detail of Non imposition of penalty**

| <b>S.NO</b> | <b>NAME OF WORK</b>  | <b>E/COST(<br/>million)</b> | <b>EXPENDITURE</b> | <b>10%<br/>penalty</b> |
|-------------|--|-----------------------------|--------------------|------------------------|
| 1           | Improvement of Road at serai UC Kalakalay-1                                    | 5.00                        | 3,111,426          | 311,142                |
| 2           | Improvement of Road at Bathor UC Tall - 11                                     | 5.00                        | 1,897,505          | 189,750                |
| 3           | Improvement of Road at Bela UC Shahderai                                       | 5.00                        | 2,272,253          | 227,225                |
| 4           | Pavement of street at Mohallah Ghakhay   | 1.99                        | 2,147,285          | 214,728                |
| 5           | Construction of boundary wall at Dumping Ground                                | 1.80                        | 712,031            | 71,203                 |
| 6           | Pvt : ofStreet at Mina Bazar Barikot   | 1.23                        | 969,494            | 96,949                 |
| 7           | Construction of protection wall at farm to market road at Ghulama Kota UC kota | 0.40                        | 401,877            | 40,187                 |
| 8           | Pvt of street at Gharai bar palaw  | 1.03                        | 1,438,628          | 143,862                |
| 9           | WSS at Dedawara, Grawati, parrai UC Parrari                                    | 1.05                        | 1,053,410          | 105,341                |
| 10          | Improvement of Road at Serai UC Shamoza  | 2.03                        | 2,049,664          | 204,966                |
| 11          | Improvement of Road at Shaga Brkot   | 5.00                        | 4,160,123          | 416,012                |
|             |  | 29.53                       | 20,213,696         | 2,021,365              |

**Annexure-13**

**Para No. 1.7.2.1**

**Detail of Non imposition of penalty**

| <b>S. No.</b> | <b>Name of scheme</b>  | <b>Estimated cost</b> | <b>10% Penalty (Rs)</b> |
|---------------|--|-----------------------|-------------------------|
| 1             | DWSS at Village Barabaror, Miarai and Swataye UC brah                        | 1,100,000             | 110,000                 |
| 2             | DWSS village Shumai, Chinar Khwar  | 1,000,000             | 100,000                 |
| 3             | Const: and improvement of Kacha road and culvert at village adam Shah        | 1,300,000             | 130,000                 |
| 4             | Const:/improvement of Janaz Gah at Kharerai UC Matta Kharerai                | 800,000               | 80,000                  |
| 5             | Pavement of streets/roads at village lawarai                                 | 1,000,000             | 100,000                 |
| 6             | Pavement of street roads at village sambat                                   | 900,000               | 90,000                  |
| 7             | DWSS at village Kwaro, Talkar, Bar Shawar and Kuz Shawar                     | 800,000               | 80,000                  |
| 8             | Boring and installation of handpumps at village Biha and Fazal Banda UC Biha | 1,000,000             | 100,000                 |
| 9             | DWSS at village Kandawgary   | 600,000               | 60,000                  |
| 10            | Pavement of street/roads at village gat UC Shawar                            | 1,000,000             | 100,000                 |
| 11            | Boring and inst.: of hand pumps  | 6,000,000             | 600,000                 |
| 12            | Conts: of Janaz Gah at Village Asharay                                       | 2,000,000             | 200,000                 |
| 13            | Const: of culvert and PCC road   | 900,000               | 90,000                  |
| 14            | Const: of culverts at village sedara   | 900,000               | 90,000                  |
| 15            | DWSS at village dheran paty  | 1,350,000             | 135,000                 |
| <b>Total</b>  |  | <b>20,650,000</b>     | <b>2,065,000</b>        |