



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

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Programme
AO M&R	Annual Ordinary Maintenance & Repair
AIR	Audit & Inspection Report
BDA	Bannu Development Authority
B&R Code	Building & Road Code
BHU	Basic Health Unit
BOQ	Bill of Quantity
CPWA Code	Central Public Works Account Code
MRS	Market Rate Schedule
CVT	Capital Value Tax
DAC	Departmental Accounts Committee
DDO	Drawing and Disbursing Officer
DG	Director General
DHO	District Health Officer
DHQ	District Headquarter
EPI	Expended Programme of Immunization
ETO	Excise & Taxation Officer
GFR	General Financial Rules
KP PPRA	Khyber Pakhtunkhwa Public Procurement Regulatory Authority
AD	Assistant Director
LG & RDD	Local Government & Rural Development Department
MB	Measurement Book
PAO	Principal Accounting Officer
PAC	Public Accounts Committee
PCC	Plain Cement Concrete
POL	Petrol, Oil & Lubricants
PPRA	Public Procurement Regulatory Authority
RDA	Regional Directorate of Audit
DAC	District Accounts Committee

Preface

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections-8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 and Section-37 of Khyber Pakhtunkhwa Local Government Act 2013 require the Auditor General of Pakistan to conduct audit of the receipts and expenditure of Local Governments of each District of the Khyber Pakhtunkhwa.

The report is based on audit of the accounts of various Local Governments i.e. offices of District Government, Tehsil Municipal Administrations, Assistant Director Local Government Elections and Rural Development, Village councils and Neighborhood Councils and Development authority for the financial year 2017-18. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2018-19 on test check basis with a view to report significant findings to the relevant stakeholders. The main body of the audit report includes the systemic issues and significant audit findings. Relatively less significant issues are listed in the Annex-1 of the Audit Report. The audit observations listed in the Annex-1 shall be pursued with the Principal Accounting Officers at the DAC level. In all cases where PAO's do not initiate appropriate action, the audit observations will be brought to the notice of appropriate forum through the next year's Audit Report.

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

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

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

Islamabad
Dated:

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General Audit District Governments, Khyber Pakhtunkhwa carries out the audit of Local Governments of Khyber Pakhtunkhwa. Regional Directorate of Audit (RDA) Bannu, on behalf of the DG Audit District Governments, Khyber Pakhtunkhwa carried out the audit of Local Governments of two districts namely Bannu and Lakki Marwat.

The Regional Directorate has a human resource of 05 officers and staff with a total of 1250 person days. The annual budget amounting to Rs 9.742 million was allocated to the office during financial year 2018-19. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audits of programs/ projects.

Local Governments of district Bannu consist of three tiers which perform their functions under Khyber Pakhtunkhwa Local Government Act 2013. Tier-1, the District Government comprises one Principal Accounting Officer (PAO) i.e. Deputy Commissioner for the District government, who is Officer in charge of nine departments devolved to local governments. Financial provisions of the Act describe the Government fund as District Local Fund and District Public Account for which Annual Budget Statement is authorized by the District Council in the form of budgetary grants. The second tier- Town/Tehsil Municipal Administrations have one PAO i.e. Tehsil Municipal Officer for each administration. There are two tehsil administrations in district Bannu. The third Tier- Village and Neighborhood Councils have one PAO i.e. Assistant Director Local Government, Elections and Rural Development for development funds of these councils. There are 110 NC/VC's in district Bannu. In addition district Bannu has one development authority i.e. Bannu Development Authority. Secretary LGE&RDD is the PAO for this authority.

a. Scope of audit

There are nine offices in District government Bannu, two Tehsil Municipal Administrations, one AD LGE&RDD, 110 VC/NC's out of which the

accounts of 10 offices of district government, Two TMA's, one AD LGE & RDD and 110 VC/NC's were examined in detail. These entities were selected for detailed audit keeping in view the materiality and auditable man days.

The total expenditure of District Government Bannu for the Financial Year 2017-18 was Rs 5,641.233 million against available budget of Rs 5,744.620 million. Out of this, RDA Bannu audited an expenditure of Rs 1,285.465 million which, in terms of percentage, was 22.786% of auditable expenditure. The total expenditure of two TMA's was Rs 802.375 million against available budget of Rs 945.464 million. Out of this, RDA Bannu audited an expenditure of Rs 459.934 million which, in terms of percentage, was 57.321% of auditable expenditure. The total expenditure of AD LGE & RDD Bannu for the Financial Year 2017-18 was Rs 438.414 million against available budget of Rs 469.764. Out of this, RDA Bannu audited an expenditure of Rs 163.207 million which, in terms of percentage, was 37.226% of auditable expenditure.

The receipts of the District Government Bannu, for the Financial Year 2017-18 were nil as the receipts were collected in Provincial Account-I. The receipts of two TMA's were Rs 560.395 Out of which Rs 318.026 were audited which in terms of percentage was 56.790% of the auditable receipts. The total receipts of 110 VC/NC's was Rs nil. The total receipts of Bannu Development Authority were Rs. 28.740 million. Out of which Rs. 14.370 million was audited which, in terms of percentage, was 50% of auditable receipts.

The Total expenditure of Local Governments of District Bannu for the financial Year 2017-18 was Rs. 6,959.453 million against which the audit of Rs. 1,935.706 million was conducted which in terms of percentage was 27.82%. The total receipts of the Local Governments of District Bannu were Rs. 589.135 million against which a receipt of Rs. 332.396 million was audited which in terms of percentage was 56.42%.

b. Recoveries at the instance of audit

Recovery of Rs 460.832 million was pointed out during the audit. Recoveries pointed out were not in the notice of the executives before audit. However no recovery was made till finalization of this report.

c. Audit Methodology

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

d. Audit Impact

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

e. Comments on Internal Control and Internal Audit department

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

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

f. Key audit findings of the report

- i. Misappropriation / fraud were noted in 03 cases amounting to Rs 26.093 cases¹

¹ Para 2.1.2.1, 3.1.2.1 to 3.1.2.2

- ii. Non Production of record were noted in 02 cases amounting to Rs 20.973 million ²
- iii. Irregularities & Non-Compliance were noted in 119 cases amounting to Rs 6,742.876 million. ³

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

g. Recommendations

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

² Para 2.1.1.1 to 2.1.1.3, 3.1.1.1

³ Para 2.1.3.1 to 2,1,3,49, 4.1.1.1 to 4.1.1.11, 5.1.1.1 to 5.1.1.5

SUMMARY TABLES & CHARTS

I: Audit Work Statistics

(Rs in million)

S. No.	Description	No.	Budget		
			Expenditure	Receipts	Total
1.	Total Entities (PAO) in Audit Jurisdiction	03	6,959.453	589.135	7,548.588
2.	Total formations in audit jurisdiction	110	6,959.453	589.135	7,548.588
3.	Total Entities (PAO) Audited	03	1,935.706	332.396	2,268.102
4.	Total formations Audited	13	1,935.706	332.396	2,268.102
5.	Audit & Inspection Reports	13	1,935.706	332.396	2,268.102

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	6,742.876
3.	Weak Internal controls	0
4.	Others	47.066
	Total:	6,789.942

III: Outcome Statistics

(Rs in million)

S. No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year (2017-18)	Total last year (216-17)
1.	Outlays Audited	44.374	340.359	332.396	1,218.577	1,935.706	2,641.052
2.	Amount Placed under Audit Observations /Irregularities of Audit	38.758	220.184	246.304	6,284.696	6,789.942	2,781.02
3.	Recoveries Pointed Out at the instance of Audit	-	167.131	46.304	68.724	282.159	1,013.916
4.	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-
5.	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

IV: Table of Irregularities pointed out

(Rs in million)

S. No.	Description	Amount Placed under Audit Observation
1.	Violation of Rules and regulations, principle of propriety and probity in public operation	6,742.876
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	26.093
3.	Accounting Errors (accounting policy departure from NAM ⁴ , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	0
4.	Quantification of weaknesses of internal control systems.	0
5.	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	0
6.	Non-production of record	20.973
7.	Others, including cases of accidents, negligence etc.	0
	Total	6,789.942

V: Cost Benefit Ratio

(Rs in million)

S.No	Description	Amount
1.	Outlays Audited (item 1 of Table 3)	1,935.706
2.	Expenditure on audit	1.423
3.	Recoveries realized at the instance of audit	0
	Cost-Benefit Ratio	1:0

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

CHAPTER-1

1.1 Local Governments Bannu

1.1.1 Introduction

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

District Bannu has two Tehsils i.e. Bannu and Domel. The office of a Tehsil Municipal Administration is managed by the Tehsil Municipal Officer. He is assisted by a Tehsil officer Finance. A Tehsil Accounts Officer and a Tehsil officer technical.

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

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

agriculture, industry, commercial markets, shopping centers; residential, recreation, parks, entertainment, passenger and freight transport and transit stations;

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

There is an Assistant Director Local Government Election & Rural Development Department and 110 VCs/NCs. Each VCs/NCs has a Administrator and Secretary. Assistant Director Local Government Election & Rural Development Department is Drawing and Disbursing Officer (DDO) for his office and Administrator for VCs/NCs of the District Bannu.

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

- i. Providing secretarial support to the Council
- ii. Matters relating to Local Government Commission
- iii. Matters relating to local taxes and local rate

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

Functions and Powers of the Village Council or Neighborhood Council:

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

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

Functions and Powers of the Bannu Development Authority:

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

1.1.2 Comments on Budget and Accounts (Variance Analysis)

District Government

(Rs in million)

2017-18	Budget	Actual Expenditure/ Receipts	Excess/(Saving)	%age
Salary	4847.475	4744.088	(2)	(2)
Non-salary	358.295	358.295	0	0
Developmental (A/C-IV)	538.850	538.850	0	0
Developmental (A/C-I)	-	-		
Total	5744.620	5641.233	-103.387	(02.132)%
Receipts				

TMA's

(Rs in million)

2017-18	Budget	Actual Expenditure/ Receipts	Excess/(Saving)	%age
Salary	250.525	245.995	(4.53)	(2)
Non-salary	150.49	111.206	(39.28)	(26)
Developmental (A/C-IV)	544.451	345.174	(199.28)	(37)
Developmental (A/C-I)	0	0	-	
Total	945.466	702.375	(243.09)	(26)
Receipts	730.929	560.395	(170.534)	(23)

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

2017-18	Budget	Actual Expenditure/ Receipts	Excess/(Saving)	%age
Salary	1.101	1.908	0.807	73
Non-salary	1.432	0.788	(0.644)	(45)
Developmental (A/C-IV)	11.864	15.445	3.581	30
Developmental (A/C-I)	-	-	0	0
Total	14.397	18.141	3.744	26%
Receipts	-	-	-	

Developmental Authority**(Rs in million)**

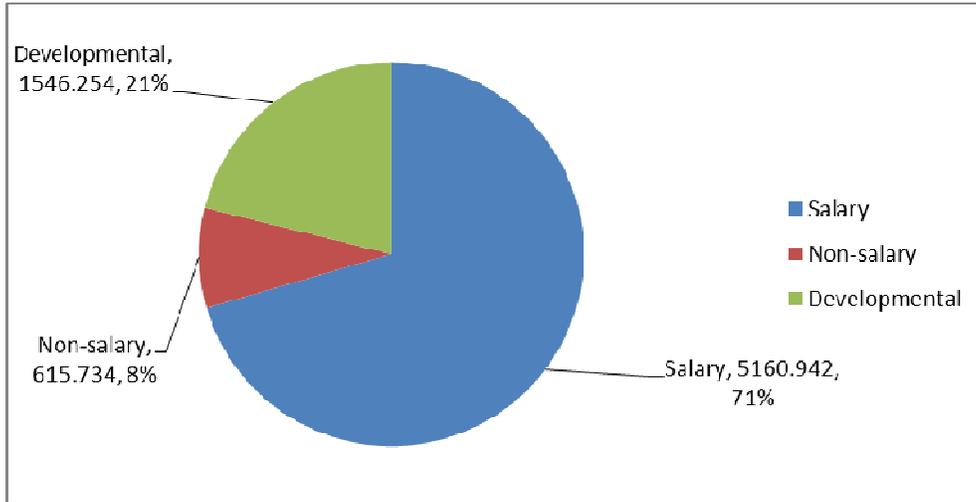
2017-18	Budget	Actual Expenditure/ Receipts	Excess/(Saving)	%age
Salary	45.80	46.60	0.80	2
Non-salary	98.68	28.32	(70.36)	(71)
Developmental (A/C-IV)	64.40	2.511	(61.89)	(96)
Developmental (A/C-I)	0	0	0.00	0
Total	208.88	77.431	(131.45)	(63)
Receipts	86.29	28.74	(57.550)	(67)

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

2017-18	Budget	Actual Expenditure/ Receipts	Excess/(Saving)	%age
Salary	5160.942	5101.293	(59.65)	(1)
Non-salary	615.734	504.391	(111.34)	(18)
Developmental (A/C-IV)	1546.254	1253.769	(292.49)	(19)
Developmental (A/C-I)	-	-	0	0
Total	7322.93	6859.453	(463.48)	(6)
Receipts	817.219	589.135	(228.08)	(28)

The savings of Rs 228.084 million indicate inefficiency in the capacity of District Government Departments to utilize the amount allocated.

**EXPENDITURE 2016-17
(Rs in million)**



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

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

Sr. No.	Audit Year	PAC/ZAC meeting
1.	2002-03	Not Convened
2.	2003-04	Not Convened
3.	2005-06	Not Convened
4.	2006-07	Not Convened
5.	2007-08	Not Convened
6.	2008-09	Not Convened
7.	2009-10	Not Convened
8.	2010-11	Not Convened

9	2011-12	Not Convened
10	2012-13	Not convened
11	2013-14	Not Convened
12	2016-17	Not Convened
13	2017-18	Not Convened

DISTRICT GOVERNMENT

1.2 AUDIT PARAS

1.2.1 Misappropriation and Fraud

1.2.1.1 Fraudulent mutation of land worth Rs 22.800 million approximately

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

During test check of the accounts record of the Tehsil Domel for the year 2017-18, it was noticed that a piece of land measuring 130 Kanal at Khatta 908 & 940 (Khassra No 1341) Mouza Bizen Khel District Bannu has been tempered in terms of area fraudulently by the revenue staff of Tehsil Office by entering area of 130 kanals–01 Marlas. Title of above mentioned khassras were changes through mutations bearing No 8943 to 8947, which was illegal and unauthorized. The area was then fraudulently sold to other person through bogus / fake mutations.

Similarly record of the Tehsil Domel for the year 2017-18 revealed that that a piece of land measuring 70 Kanal at Khatta 907/4523 to 4529 in Mouza Bizen Khel District Bannu was fraudulently muttated in favour of Habib ullah Khan S/O Raqib ullah Khan vide mutation No. 12078/23 dated: 28.09.2015 for Rs 2.800 million from Shafi Ur Rehman, Raj Wali Khan and Muhammad Ilyas Khan Sons of Muhammad Salim Khan. However according to the report of Tehsildar Bannu dated: 30.05.2016 the above named persons do not have any property in Khatta No 907/4523 to 4529, which was selled to Habib Ullah Khan. Thus title of above mentioned property was changed irregularly / fraudulently by the revenue staff of tehsil Domel.

Fraudulent mutations were occurred due to weak internal control, which resulted in to embezzlement.

When reported in October 2018, Management stated that an enquiry was under process against the revenue staff of Tehsil Domel for these fraudulent mutations. Reply was not tenable as neither any action was taken against the responsible ones nor the tempered record was corrected.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

Audit recommends high level inquiry in to the case for fixing responsibilities against the person (s) at fault besides cancel the fake inteqalat (transfer) and action against person (s) at fault.

AIR Para No.27 & 28 (2017-18)

1.2.2 Non production

1.2.2.1 Non production of auditable record

Section 14 (3) of the Auditor General's Powers and Terms and Conditions of Service) Ordinance, 2001 provide that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under the relevant Efficiency & Discipline Rules, applicable to such person.

During the course of audit of District Director Agriculture Bannu for the financial year 2017-18, it revealed that the following auditable records regarding "Model Forms Services" were not produced to audit in spite of repeated verbal and written requests:

1. Reconciled Statement of Designated Bank Account of DDA and Facilitator of Model Form Services.
2. Machineries detail.
3. Cash book.
4. POL of vehicles
5. Other auditable records

Non production of record is a violation of above order.

When reported in October 2018, management replied that I have assumed the charge on 16.10.2018, the audit period belong to Mr Hussain Ahmad DDA. So the replies will be submitted after perusal of the record from para 01 to 10 except para 03. The record of MFSC is available and can be checked/ audited any time.

Request for perusal of the record from para convening of DAC meeting was made on 03.09.2018, which could not be convened till finalization of this report.

Audit recommends verification of record in the matter and disciplinary action may be initiated against the person (s) at fault.

AIR Para No.03 (2017-18)

1.2.2.2 Non production of auditable record of Rs 3.892 million

Section 14 (3) of the Auditor General's Powers and Terms and Conditions of Service) Ordinance, 2001 provide that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under the relevant Efficiency & Discipline Rules, applicable to such person.

During the course of audit of District Director Live Stock and Dairy Development Department Bannu, for the financial year 2017-18, it revealed that the following auditable records were not produced to audit in spite of repeated verbal and written requests:

1. During 2017-18 appointment made of 38 No of employees and paid Rs 3,892,273 on account of pay & Allowances, but appointment record along with service books, sanction of finance department and appointment orders were not produced to audit for verification.
2. 15 No Civil Veterinary Dispensaries (CVDs) record were not produced to audit for verification.(detail as per Annex-2)

Non production of record is a violation of above order.

When reported in October 2018, management replied, that para discussed and reply will be submitted after due course of time. Request for convening of DAC meeting was made on 02.11.2018, which could not be convened till finalization of this report.

Audit recommends verification of record in the matter is required and disciplinary action may be initiated against the person (s) at fault.

AIR Para No.05 (2017-18)

1.2.2.3 Non production of auditable record

Section 14 (3) of the Auditor General's Powers and Terms and Conditions of Service) Ordinance, 2001 provide that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under the relevant Efficiency & Discipline Rules, applicable to such person.

During the course of audit of District Officer Fisheries Bannu for the financial year 2017-18, it revealed that the following auditable records were not produced to audit in spite of repeated verbal and written requests:

1. Reconciled Expenditure Statements for the year 2013-14 to 2017-18
2. Designated Bank Account Statements for the period 2013-14 to 2017-18
3. Complete accounts record for the year 2013-14

Non production of record is a violation of above order.

When reported in August 2018, management did not respond to Audit observation. Request for convening of DAC meeting was made on 02.11.2018, which could not be convened till finalization of this report.

Audit recommends verification of record in the matter is required and disciplinary action may be initiated against the person (s) at fault.

AIR Para No.07 (2017-18)

1.2.3 Irregularity/Non-compliance

1.2.3.1 Irregular release without token sum – Rs 546.303 million

Condition No. 6 under S No 7 of the Government of Khyber Pakhtunkhwa Delegation of the Financial Power and powers of re-appropriation Rules 2001 stated that, “no appropriation will be made to meet expenditure not sanctioned by an authority competent to sanction it.” Condition No. 7 ibid provides “re-appropriation will not be made to meet expenditure on purposes not contemplated in the schedule of the authorized expenditure pertaining to a particular financial year. A fund to meet such expenditure are not available under the relevant grant, the re-appropriation to meet such expenditure may be made but only after a token sum has been authorized through a supplementary grant by the Finance Department.

Final grant statement relating to different departments of District Government Bannu for the year 2016-17 & 2017-18 indicated that Rs 546.303 million were released under Non salary component out of account-IV, on different object heads provided through re-appropriations. Neither original grant was sanctioned nor token grant provided for the said object heads.

Irregular release without token sum was occurred due to non-compliance of rules, which resulted in to loss to Government.

When reported in October 2018, Management stated that additional funds were released by FD, for which original grant/token grant was not sanctioned, however the same was reflected in revised estimates. Reply was not tenable as the amount of Rs 546.303 million reflects other object heads instead of additional grants.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

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

AIR Para No.02 (2017-18)

1.2.3.2 Non adjustments on account of salary component - Rs 201.372 million

Government of Khyber Pakhtunkhwa Finance Department circulated release policy 2016-17/2017-18 vide letter No BO-I/FD/5-20/2016-17 dated: 01.07.2016 / 30.06.2017, which state that the salary will be transferred to District Governments on monthly basis subject to adjustment of balance available from previous months/years.

Provincial Government of Khyber Pakhtunkhwa provided / credited Rs 9,950,323,000 on account of salary component during 2016-18. As per Financial Statements, District Government Bannu spent Rs 9,748,950,866 on account of salaries of the employees of Devolved Departments of District Bannu. Thus saving of Rs 201,372,134 was occurred, which was required to be adjusted.

Sr. No.	Financial Year	Released	Expenditure	Balance
1	2016-17	4,802,463,000	4,672,874,866	129,588,134
2	2017-18	5,147,860,000	5,076,076,000	71,784,000
Total		9,950,323,000	9,748,950,866	201,372,134

Non-adjustment was occurred due to non-compliance of rules, which resulted in to loss to Government.

When reported in October 2018, Management stated that as per provisions of rules 66 (4) of District Government Budget Rules 2016, the closing balances of the District Government shall not be allowed to fall below 5% of the total receipts. Reply was not tenable as according to release policy of the Provincial Government the salary component will be transferred to District Governments on monthly basis subject to adjustment of balance available from previous months/years.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

Audit recommends reconciliation with Provincial Government besides adjustment of amount and action against person (s) at fault.

AIR Para No.01 (2017-18)

1.2.3.3 Non reconciliation of closing balances of Rs – 185.630 million

Government of Khyber Pakhtunkhwa Finance Department vide letter No. 2/3(F/L)/FD/2016/Vol-X dated: 14.07.2017 read with letter No. 2/3(F/L)/FD/2017/Vol-XI dated: 26.06.2018 stated that, Balances in Bank Accounts if, any remaining on 30.06.2018 shall not be available for use without prior revival by Finance Department.

Para-95 of GFR Vol-I requires that, "All anticipated saving should be surrendered to Government immediately well before close of financial year. No savings should be held in reserve for possible future expenses."

District Education (Male) maintained following bank account. Bank shows closing balance of Rs 183,461,437 on 30.06.2017 and 2,169,381 on 30.06.2018. The said amount was withdrawn from the treasury without submitting required vouchers, thus revival / approval from Finance Department was not obtained as the funds were require to surrender to the Finance department. Further reconciliation with bank was not carried out.

Sr. No.	Name of Bank	Title of Account	Account No	Total
1	NBP	District Education Officer (Male)	4044754772	185,630,818
Total				185,630,818

Irregular expenditure occurred due to non-compliance of rules which resulted into violation of rules.

When reported in October 2018, Management stated that funds of conditional grants and Financial Assistance are lying on 30-06-2018. The reply is not tenable and against the rule referred as the amount is required to be paid before 30/06/2018.

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

Audit recommends justification and regularization besides taking action against the person (s) at fault.

AIR Para No.01 (2016-17 & 2017-18)

1.2.3.4 Irregular Expenditure of Rs 174.441 million on provision of basic facilities to the Schools and Non deduction of Income tax Rs 18.00 million

Para 72 of CPWA code states that Vouchers setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts must support every payment for whatever purpose. Rule 28 (2) of FTR Vol-I lays down that Govt: officer supplied with funds for expenditure shall be responsible for such funds until an account of them has been rendered to the satisfaction of the concerned controlling officer. Letter No. WHU-II/RTO-PR/2015-16/396 dated 12.11.2015 of the office of RTO Peshawar Unit-II states that 10 % Income tax is required to be deducted from the Non filer.

While examining the Accounts record of DEO (Male) Bannu for the year 2016-17 and 2017-18, it came to notice that funds to the tune of Rs.174.441 million was drawn and transferred to the PTC accounts of concerned schools for the provision of basic facilities in Primary and high schools.

The following irregularities were noticed:

- i. The vouchers of the said expenditure were not available on the record of local office, due to which the expenditure cannot be verified.
- ii. Neither monthly progress reports nor any completion report was provided to audit to ascertain the actual position of the said construction works.
- iii. Administrative inspection of the work was not carried out. Thus, the work could not be ascertained as the actual position of the work was not known to audit.
- iv. Income tax Rs 18,000,000 was required to be deducted from the vouchers, which was not made.
- v. Bank Statements of the PTC accounts were not produced.

Irregular expenditure occurred due to non-compliance of rules which resulted into violation of rules.

When reported in October 2018, Management stated that the basic facilities i.e. Conditional grants amounts were transferred directly to PTC accounts to various Govt: schools there no vouchers mechanism in the said fund. The reply is not tenable as without vouchers audit cannot verify that the amount was being spent for the said activity. Further the vouchers are available in the concerned school.

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

Audit recommends enquiry at higher level to investigate the proper utilization of funds for the last five years.

AIR Para No.02 (2016-17 & 2017-18)

1.2.3.5 Irregular Expenditure of Rs129.703 million on provision of Basic facilities to the Schools and Non-deduction of Income tax Rs 13.00 million

Para 72 of CPWA code states that Vouchers setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts must support every payment for whatever purpose. Rule 28 (2) of FTR Vol-I lays down that Govt: officer supplied with funds for expenditure shall be responsible for such funds until an account of them has been rendered to the satisfaction of the concerned controlling officer. Letter No. WHU-II/RTO-PR/2015-16/396 dated 12.11.2015 of the office of RTO Peshawar Unit-II states that 10 % Income tax is required to be deducted from the Non filer.

While examining the Accounts record of DEO (Female) Bannu for the year 2016-17 and 2017-18, it came to notice that funds to the tune of Rs.129.703 million was drawn and transferred to the PTC accounts of concerned schools for the provision of basic facilities in Primary and high schools.

The following irregularities were noticed:

- i. The vouchers of the said expenditure were not available on the record of local office, due to which the expenditure cannot be verified.
- ii. Neither monthly progress reports nor any completion report was provided to audit to ascertain the actual position of the said construction works.
- iii. Administrative inspection of the work was not carried out. Thus the work could not be ascertained as the actual position of the work was not known to audit.
- iv. Income tax Rs 12,000,000 was required to be deducted from the vouchers, which was not made.
- v. Bank statements of the PTC accounts was not produced

The local office replied regarding Income tax that it is not applicable, but in support of this, department did not provide any evidence. Millions of funds were provided each year to the schools but the progress is very miserable.

Irregular expenditure occurred due to non-compliance of rules which resulted into violation of rules.

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

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

Audit recommends enquiry at higher level to investigate the proper utilization of funds for the last five years.

AIR Para No.02 (2016-17 & 2017-18)

1.2.3.6 Wastage of Government Funds Rs 120 million

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

While examining the accounts record of DEO (female) Bannu for the year 2017-18, it came to notice that Govt: girls Primary Schools 40 in number are closed / Non-Functional. It seems that the data collected for construction of these Schools was not based on facts. Huge expenditure approximately Rs. 0.3 million per school was expended on the construction of the buildings of these schools besides the salaries of the staff, but the buildings were misused by the owners of the buildings.

Various cases of partially occupied /Wholly Occupied Schools were pointed out during the Audit, which is also a bad example of the Administration of the Education Department. The Planning & development Section of the Education department is responsible for this.

Wasteful expenditure occurred due to non-compliance of rules which resulted into wastage of government funds.

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

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

Audit recommends inquiry, fixing responsibility and action against person (s) at fault.

AIR Para No.01 (2016-17 &2017-18)

1.2.3.7 Non reconciliation of closing balances and unauthorized Expenditure of Rs 43.475 million without approval of Finance Department and non-maintenance of Cash Book for receipt & Payment – Rs 130.695 million

Government of Khyber Pakhtunkhwa Finance Department vide letter No. 2/3(F/L)/FD/2016/Vol-X dated: 14.07.2017 read with letter No. 2/3(F/L)/FD/2017/Vol-XI dated: 26.06.2018 stated that, Balances in Bank Accounts if, any remaining on 30.06.2017/30.06.2018 shall not be available for use without prior revival by Finance Department. Para 209 of GFR provides, “Unless otherwise ordered by Government, every grant made for a specific object is subject to the implied conditions:

- i. that the grant will be spent upon the object within a reasonable time, if no time limit has been fixed by the sanctioning authority and
- ii. that any portion of the amount which is not ultimately required for expenditure upon that object, should be duly surrendered to Government”.

Deputy Commissioner Office, Bannu maintained bank accounts for land compensation and for relief measures. Bank shows closing balance of Rs 87,220,586 on 30.06.2017. Rs 43,474,811 were spent during 2017-18 without revival / approval from Finance Department. Further reconciliation with bank was not carried out at the close of the year. Further cash book and other supporting documents was neither maintained nor produced.

Sr. No.	Name of Bank	Title of Account	Account No	Closing Balance as on 30.06.2017	Expenditure incurred during 2017-18	Closing Balance as on 30.06.2018
1	NBP	Tehsildar Bannu	4044750356	21,188,657	27,362,166	13,345,984
2	BOK	Tehsildar Domel	07199-00-2	46,197,595	8,082,645	46,652,043
3	NBP	DC Relief	4044763655	19,834,334	8,030,000	12,004,334
Total				87,220,586	43,474,811	72,002,361

Non-reconciliation and disbursement of such a huge amount was occurred due to non-compliance of rule, which resulted in to violation of rules.

When reported in October 2018, Management stated that the case was taken up with Finance Department for revival. Irregularity was admitted.

Request for convening the DAC meeting was made on 03.09.2018, which could not be convened till finalization of this report.

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

AIR Para No.40, 41 & 42 (2017-18)

1.2.3.8 Wastage of Government Funds Rs 75.00 million

Para 23 GFR Vol-I requires that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer.

Physical verification of Category–D Hospital Kakki revealed that up-graded building was not utilized and the building was deteriorating day by day and expensive machinery and equipment supplied were lying in miserable conditions since 2007 despite the fact that heavy amount of Rs 75,000,000 were spent on up-gradation of this facility.

Wastage of government money was occurred due to non compliance of rules.

When reported in October-2018, Management stated that RHC Kakki was upgraded to type-D hospital in 2007 and the service of the staff of RHC Kakki was utilized in this hospital. However, the posts of specialist were lying vacant. Reply was not to the point.

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

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

AIR Para No.01 (2017-18)

1.2.3.9 Irregular Expenditure of RS 62.040 million on account of Play areas and Non-deduction of Income tax Rs 7.00 million

Para 72 of CPWA code states that Vouchers setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts must support every payment for whatever purpose. Letter No. WHU-II/RTO-PR/2015-16/396 dated 12.11.2015 of the

office of RTO Peshawar Unit-II states that 10 % Income tax is required to be deducted from the Non filer.

While examining the Accounts record of DEO (Female) Bannu for the year 2017-18, it came to notice that funds to the tune of Rs. 62.040 million was drawn and transferred to the PTC accounts of concerned schools for the provision of Play areas in Girls Primary schools

The following irregularities were noticed:

- i. The vouchers of the said expenditure were not available on the record of local office, due to which the expenditure cannot be verified.
- ii. Neither monthly progress reports nor any completion report was provided to audit to ascertain the actual position of the said construction works.
- iii. Administrative inspection of the work was not carried out. Thus work could not be ascertained as the actual position of the work was not known to audit.
- iv. According to the complaint from the owners of the land misappropriation was occurred in various schools.
- v. Proper report on the utilization of Funds was not available on the record of local office pointed out by the statistical officer of the ESED Peshawar.
- vi. Income tax Rs 7,000,000 was required to be deducted from the vouchers, which was not made.
- vii. As evident from the report of DEO Bannu the approved specification was violated, further in many schools the play area were not found and the payment was made.
- viii. All the ASDOs were time and again directed for provision of reports regarding proper utilization of Funds but no such report provided to audit.
- ix. Bank statements of the PTC accounts were not produced.

Irregular expenditure occurred due to non-compliance of rules which resulted into violation of rules.

When reported in October 2018, Management did not respond to Audit observation. Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

Audit recommends enquiry at higher level to investigate the proper utilization of funds for the last five years.

AIR Para No.03 (2016-17 & 2017-18)

1.2.3.10 Irregular diversion on account of electricity charges - Rs 38.848 million

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

District Government Bannu allocated Rs 81.775 million on account of electricity charges during the year 2016-17 & 2017-18. District Government Bannu departments spent Rs 42.927 million on this account leaving a balance of Rs 38.848 million. District Finance Office Bannu in violation of rule irregularly diverted Rs 38.848 million to other non-salary items instead of reflecting / allocating it in Electricity Charges during the year 2016-18. Detail is given below:-

Sr. No.	Financial Year	Released	Expenditure	Balance
1	2016-17	43.434	17.409	26.025
2	2017-18	38.341	25.518	12.823
Total		81.775	42.927	38.848

Irregular diversion was occurred due to non-compliance of rules, which resulted in to loss to Government.

When reported in October 2018, Management stated that during 2016-17 specific allocation of Rs 30.00 million was made by FD against which Rs 17.409 million was expended by District Government Departments. In 2017-18 Rs 12.591 million was allocated to electricity charges. Reply was not tenable as budget allocated for electricity charges were diverted to other non-salary components.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

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

AIR Para No.03 (2017-18)

1.2.3.11 Unauthorized release of funds for purchase of vehicles - Rs 33.501 million

Section 3 of the Government of Khyber Pakhtunkhwa Local Government Act-2013 stated that, the local governments established under this Act shall function within the provincial framework and shall observe the federal and provincial laws. Government of Khyber Pakhtunkhwa Finance Department vide letter No. BO.I (FD/5-8//2017-18 dated: 30.06.2017 impose ban on the purchase of vehicles during financial year 2017-18.

District Finance Officer Bannu released Rs 33,501,088 for the Purchase of vehicles despite the fact that the Provincial government has imposed ban on the purchase of vehicles during 2017-18.

Unauthorized release of funds was occurred due to non-compliance of rules, which resulted in to violation of rules.

When reported in October 2018, Management stated that approval for the purchase of vehicles was accorded by finance department. Reply was not tenable as no proof was produced in support of their reply.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

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

AIR Para No.14 (2017-18)

1.2.3.12 Wastage of Government Funds Rs 26.046 million

Para 23 GFR Vol-I requires that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be

held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer.

District Health Officer Bannu incurred expenditure Rs 26,046,596 on account of purchase of equipment during 2017-18. During physical verification of the Institutions to whom the delivery was made it came to notice that the expensive Equipment were placed either in sub store or non-utilized due to various reasons, one of the main reason is the non-availability of the concerned Doctor.

Audit is of the view that due to inadequate administrative and financial control the costly machine lying idle and it will losing its price with the passage of time and also defeat the very purpose of its installation and the local public was deprived of the benefits.

Sr. No.	Item Name	Quantity	Amount
01	Ultra sound	01	1,445,000
02	Dental X-ray	02	446,000
03	Air purification	13	15,275,000
04	Mini autoclave	06	870,000
05	Electric surgical unit	04	1,180,000
06	24 hour BP monitoring	82	192,70,000
07	Portable lamp AC/DC	03	1,497,000
08	Defibrillator	02	789,000
09	Anesthesia machine	01	2,295,000
10	Suction machine	03	4,04,400
11	Infant warmer	03	2,175,000
Total			26,046,596

Further director procurement Cell / M&E has not signed the inspection reports which creates doubt and needs to be justified.

During physical verification of RHCs and category-D hospitals it was observed that the proper stock book of the expensive equipment/machinery was not maintained due to which loss/theft of the same items cannot be ruled out.

Wastage of government money was occurred due to non compliance of rules.

When pointed out the department replied it is stated that the stock register was maintained and proper handing/taking over certificate was signed to whom supplies made. However all the items were in functional condition except S. No. 1, 5 and S. No 9 due to specialist. The reply s not tenable as audit observed during physical verification that the above mentioned equipment's are lying idle, further the sub stock register was not shown to audit at the health facilities.

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

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

AIR Para No.-05 (2017-18)

1.2.3.13 Irregular & Unauthorized purchase of (7) vehicles during ban period and without approval & Irregular Advance Payment – Rs 25.747 million

Section 3 of the Government of Khyber Pakhtunkhwa Local Government Act-2013 stated that, the local governments established under this Act shall function within the provincial framework and shall observe the federal and provincial laws. Government of Khyber Pakhtunkhwa Finance Department vide letter No. BO.I (FD/5-8/2017-18 dated: 30.06.2017 impose ban on the purchase of vehicles during Financial Year 2017-18. According to Section 23(4) of KPPRA rules 2014, each procuring entity shall solicit bids based on performance or functional specification and not on restrictive or propriety of particular brand.

Deputy Commissioner Office, Bannu spent Rs 25,747,400 on the purchase of seven number vehicles for Deputy Commissioner / Additional Assistant Commissioner during ban period and without approval from Provincial Finance, Planning and Development Department during 2017-18. Audit further observed that:-

1. Payment was made in advance without approval.

2. Direct supply orders were issued instead of open competitive bidding in violation of KPPRA rules 2014.
3. Bidders were restricted to supply specific brand (Toyota) instead of bids based on performance or functional specification in violation of Section 23(4) of KPPRA.
4. Higher Engine Capacity vehicles were purchased in excess of entitlement of DC/AAC as specified in Transport Committee Report (800CC).
5. Toyota Fortuner (2700 CC) was purchased without any approval.

Irregular & Unauthorized purchase was occurred due to non-compliance of rules, which resulted in to violation of rules.

When reported in October 2018, Management stated that advance payment was made after obtaining approval of finance department and purchases were made after getting chief minister. Reply was not tenable as Provincial Finance Department in its letter No BO (PFC-II)FD/1-13/2017-18/purchase of vehicle dated: 06.11.2018 do not permit the local office for advance payment with the plea that Provincial government has imposed ban on the purchase of new vehicle.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

Audit recommends high level inquiry in to the case besides regularization and action against person (s) at fault.

AIR Para No.30 (2017-18)

1.2.3.14 Irregular expenditure on account of purchase of Science Equipment's -Rs 21.450 million

Para 148 of GFR Vol-1 states that All material received should be examined, counted, measured, weighed as the case may be, when delivery is taken, and they should be taken on charge by a responsible government officer who should see that quantities are correct and their quality is good, and record a certificate that he has actually received the materials and recorded them in the appropriated stock register. Rule 174 of FTR states that All payment must be

supported with acknowledgement. As per terms & condition of supply order No 5174-75 dated 04.06.2018 at serial No 01,04,05 and 09 states that the delivery of the Science equipment's shall be made by the supplier up to 30th June 2018, in case of failure 2% penalty on undelivered items will be imposed and payment will be made to the supplier after inspection by the district purchase committee.

District Education Officer Male & Female spent Rs. 11,999,717 and Rs. 9,449,802 respectively on account of purchase of Science equipment's during 2017-18, but the expenditure so incurred is irregular due to the following observations:

1. Contract agreement on stamp paper with concerned supplier was not signed
2. No evidence in support of delivery up to 30th June 2018 to the concerned schools was provided to audit and Penalty of Rs. 1,720,000 @ 2% for 4 months was required to be imposed on the supplier as specified in the terms & condition.
3. Items purchased was neither taken on stock register nor shown to audit.
4. Payment was required to be made after inspection by the district purchase committee which was not made.
5. Acknowledgment of payment from the concerned supplier was not obtained.
6. Expenditure as per invoices Rs. 9,449,802 and as per expenditure statement Rs. 9,363,913, difference of Rs. 83,889 needs to be justified.

Irregular expenditure occurred due to non-compliance of rules which resulted into violation of rules.

When reported in October 2018, Management Stated that the para is already discussed by DEO (F) from both sides & dropped. The reply is not tenable as the para is not dropped.

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

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

AIR Para No.05 (2016-17 & 2017-18)

1.2.3.15 Loss to Government – Rs 21.097 million

According to Para 23 of GFR Vol-1 every Government officer should realized fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence either on his part or on the part of his subordinate staff.

District Health Officer, Bannu made posting of 85 ward orderlies in the Basic Health Units and Civil Dispensaries during 2017-18, it was astonishing to note that in these health institutions no ward was exists. Posting of the ward orderly in these health institutions is unjustified and held as irregular. Payment of Rs 21,096,986 as salaries to ward orderlies is held as irregular and recurring loss to Government exchequer.

Further receipt of the Basic Health Units and Civil Dispensaries revealed that no admission of patients' case was made then posting of ward orderlies in BHUs and CDs is not justified.

Wastage of government money was occurred due to non compliance of rules.

When pointed out the department replied it is stated that class IV posts are being sanctioned/created for each institution by the finance deptt: services of all class IV (word orderly) were utilized in each Health institution in accordance with the requirements of the institution no loss is involved. The department did not reply properly as in the presence of these idle staff new staff was also recruited.

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

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

AIR Para No.06 (2017-18)

1.2.3.16 Illegal occupation of state land measuring 342 Kanals and Loss to Government due to non-recovery of rent / lease amount - Rs 17.100 million

Para 23 of GFR Vol-1 provides that every Govt. Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Govt. through fraud or negligence on his part or on the part of his subordinate staff.

Record of Deputy Commissioner Office Bannu revealed that 342 Kanal of state land in rural areas of District Bannu was illegally occupied by the private persons since long. The leasing rate per Kanal in that areas were Rs 10,000 per kanal per year. If the local office made serious efforts to recover either the state land from illegal occupants or recovered rent / lease amount as tabulated below, than Government will earned handsome earning. Thus due to negligence on the part of the local office Government sustained loss of Rs 17.100 million as per detail given below.

Description	Total land		Reason for which possession claimed
	Kanal	Marla	
342 kanal Land in rural Area (Detail of halqa patwar not available)	342	0	Illegal
Rate Per Kanal Per Year Rs 10,000 x 5 years x 342 kanals = 17,100,000			

Illegal occupation was occurred due to non-compliance of rules, which resulted in to loss to Government.

When reported in October 2018, Management stated that detail was not available in this office. Reply was not tenable as illegal occupation of state land was not vacated.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides making necessary steps to vacate the state lands illegally occupied and recovery of rent / leases amount from those illegal occupants and action against person (s) at fault.

AIR Para No.18 (2017-18)

1.2.3.17 Irregular retention of License receipts in private Bank Account out of Government Treasury – Rs 16.142 million

Para 26 and 28 of GFR Vol-I lays down that, “It is the duty of the departmental controlling officer to see that all sums due to government are regularly and promptly assessed, realized and duly credited in the Public Account and no amount due to Government should be kept outstanding without sufficient reasons.”

Deputy Commissioner Office Bannu received Rs 64,450,504 against issuance of 6,891 arm licenses to private and government officers. Rs 48,308,624 were deposited in Government Treasury leaving a balance of Rs 16,141,880, which was deposited in to private bank account of A2Z Company instead of depositing it in to Government Treasury.

Irregular retention was occurred due to non-compliance of rules, which resulted in to loss to Government.

When reported in October 2018, Management stated that collection of license fee was entrusted to A2ZE Company. Reply was not tenable as Rs 48.309 million were deposited in Government treasury.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides depositing the amount in to Government Treasury and action against person (s) at fault.

AIR Para No.12 (2017-18)

1.2.3.18 Where about of stock items & Non accountal of stock items of dead stock / articles – Rs 15.786 million

According to section 37(4) of LGA 2013, every Nazim, district council and tehsil council shall appoint an Internal Auditor. According to section 39 of LGA 2013, every Nazim shall, once in every year on a date fixed by him, take physical stock of movable and immovable properties of local Government and submit a report to the concerned Council.

Para 155 of GFR Vol-I requires that a reliable list of inventory or account of all stores in the custody of Government office should be maintained in a form prescribed by the competent authority. All the transactions must be recorded in it as they occur.

Deputy Commissioner Office Bannu was devolved to the district government according to LGA-2013. Dead stock articles like tables, chairs, typewriter machines, computers, printers sofa sets etc were available in the office of District Coordination Officer. In addition, furniture items and office equipment's were purchased during 2014-15 to 2017-18 by the local office on as and when required bases. All the items being government property were required to be taken and accounted for in the stock register. Nothing in this context was, however, produced for audit check on demand by the auditor. Every year new stock register was maintained. Further, neither consolidated stock register had ever been maintained during 2001-18 nor the annual stock verification / periodical stock taking were carried out during 2015-18. In the absence of the above record the misuse and taking away items of office stock / store causing loss to government, which cannot be ruled out. Non-maintenance of record is violation of the government rules may lead to misappropriation of store / stock and loss to government.

Non accountal of stock items was occurred due to non-compliance of rules, which resulted in to violation of rules.

When reported in October 2018, Management stated that due to shortage of staff the stock register was not maintained as a whole. Reply was not tenable as neither consolidated stock register had ever been maintained nor produced to Audit.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

Audit recommends inquiry for non-maintenance of store / stock register, count the purchased / received store since devolution and enter the available store / stock items into stock register and action against person (s) at fault.

AIR Para No.39 (2017-18)

- 1.2.3.19**
- i. Irregular Expenditure of Rs 15.240 million on account of plays areas**
 - ii. Non deduction of Income tax Rs 2.00 million.**

Para 72 of CPWA code states that Vouchers setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts must support every payment for whatever purpose. Rule 28 (2) of FTR Vol-I lays down that Govt: officer supplied with funds for expenditure shall be responsible for such funds until an account of them has been rendered to the satisfaction of the concerned controlling officer. Letter No. WHU-II/RTO-PR/2015-16/396 dated 12.11.2015 of the office of RTO Peshawar Unit-II states that 10 % Income tax is required to be deducted from the Non filer.

While examining the Accounts record of DEO (Male) Bannu for the year 2016-17 and 2017-18, it came to notice that funds to the tune of Rs. 15.240 million was drawn and transferred to the PTC accounts of concerned schools for the provision of Play areas in Girls Primary schools

The following irregularities were noticed:

- i. The vouchers of the said expenditure were not available on the record of local office, due to which the expenditure cannot be verified.
- ii. Neither monthly progress reports nor any completion report was provided to audit to ascertain the actual position of the said construction works.
- iii. Administrative inspection of the work was not carried out. Thus work could not be ascertained as the actual position of the work was not known to audit.
- iv. Income tax Rs 2,000,000 was required to be deducted from the vouchers, which was not made.
- v. Weekly Utilization report of funds was not submitted on the prescribed format as specified by the directorate ESED KPK Peshawar vide letter no.01/Reforms initiative/AD-II/P&D/2017-18 No.2452-2504/ dated 13/07/2017.
- vi. Bank Statements of the PTC accounts were not produced.

Irregular execution and non deduction of income tax occurred due to non compliance of rules.

When reported in October 2018, Management stated that these amount also related to PTC accounts, and there no income tax require to be deducted. The reply is not tenable as the evidence in support was not provided and the department did not replied to the ramming observations.

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

Audit recommends enquiry at higher level to investigate the proper utilization of funds for the last five years.

AIR Para No.06 (2016-17 & 2017-18)

1.2.3.20 Irregular & unauthorized release of medicines funds to (DHO ADMN) instead of Concerned BHUs – Rs 14.540 million

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

District Government Bannu released Rs 14.540 million to (DHO ADMN - Cost Center BU6076 – Page 680) instead of allocating it to concerned BHUs during 2016-17 as the funds were released specially and specifically for the BHUs, thus the same amount was required to be allocated to BHUs for purchase of medicine.

Irregular release was occurred due to non-compliance of rules, which resulted in to loss to Government.

When reported in October 2018, Management stated that according to rule 68 (6) of Budget Rules 2016 the DO Finance upon receipts of funds, will release it to the concerned head of the office / Drawing & Disbursing Officer. This statement proved the audit contention.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

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

AIR Para No.07 (2017-18)

1.2.3.21 Unverified and Un-reconciled receipts Rs 14.278 million

Rule 625 of FTR states that all deposits must be separately paid into treasury with challans or other documents setting forth all the particulars necessary for the entries to be made in the register of the deposit receipts.

District Director Livestock and Dairy Development Bannu received Rs 14,278,513 w.e.f. 2013-14 to 2017-18 from various CVHs, CVDs, and CVCs on account of Insemination, Vaccination and OPD of Animals. The Reconciliation with the concerned Institutes was not available in the record of local office, due to which the figures cannot be considered as authentic. The decline in the receipts makes the matter more doubtful. Detail is shown in the table below.

S.No	Financial Years	Receipts
1	2017-18	3454820
2	2017-18	3106998
3	2015-16	3134667
4	2014-15	2440152
5	2013-14	2141876
Total		14,278,513

Non reconciliation of receipt with institutes concerned creates doubts, which occurred due to non compliance of rules.

When reported in October 2018, management replied, that receipt collected as per notify target by the Directorate of live Stock & Dairy Development of KPK Peshawar and further more reconciliation with institute concerned will be properly made in future.

Request for convening of DAC meeting was made on 02.11.2018, which could not be convened till finalization of this report.

Audit recommends that the reconciliation with the concerned institutes may be made and provided to audit for verification.

AIR Para No.10 (2017-18)

1.2.3.22 Irregular use of funds 11.695 Millions

As per PSO to chief secretary Govt of Khyber Pakhtunkhwa notification no PSO/CS/KPK/ 1-16/ 2010 Dated 19.10.2010, Sec:II, 2% (now a days 5%) sports funds out of District ADP will be kept in a separate account jointly operated by DCO and District Sports officer of each district.

2. As per Section-III (Notification referred above) the committee form in consultation with the sports directorate having representation from the approved sports associations of the respective District under the chairman ship of the district Coordination officer would insure that the money is spent in a transparent manner on district sports activities elected by the said committee after Approval from the provincial sports directorate to insure a coordinated approach.

District Sports Officer, Bannu paid Rs 11,695,350 on account of District ADP during the year 2017-18. Audit held the payment unjustified/misused as detail below:

1. District Sports Officer Bannu draw Rs 11,695,350 on account of District ADP 2016-17 from Government treasury Vide Cheque No 0625382 dated 21.06.2017 and deposited the same into Joint A/C No.8067-9. Funds were required to be utilized function wise in a transparent manner as per requirement of joint account by DSO and DC, whereas the local office drawn the whole amount from said account and deposit the same into facilities account No 4073934364 at National Bank of Pakistan Bannu in violation of above referred Notification.
2. Funds were shown again transfer from Facilities account to their personal bank account of Ex-DSO (attached cheques photo copies of their personal account) without the sanctioned / approval of the competent authority.
3. All purchases of sports goods were made without approval of the District Purchase Committee and produced self generated bills.
4. No tender/Quotation process was observed.

Irregular utilization of government fund occurred due to non compliance of rules.

When reported in October 2018, management replied that proper reply will submitted after due course of time. DAC meeting was made on 02.11.2018, which could not be convened till finalization of this report.

Audit recommends proper justification regarding irregular utilization of fund and action against the person(s) at fault.

AIR Para No.07 (2017-18)

1.2.3.23 Loss to Government due to non-achieving of revenue targets Rs 8.088 million

Para 26 and 28 of GFR Vol-I lays down that, “It is the duty of the departmental controlling officer to see that all sums due to government are regularly and promptly assessed, realized and duly credited in the Public Account and no amount due to Government should be kept outstanding without sufficient reasons.”

Deputy Commissioner Bannu collected Rs 13,354,033 against the revenue targets of Rs 21,442,100 during 2017-18. The local office failed to achieve the target by shortfall of Rs 8,088,067 as per detail given below:

S. No.	Head	Amount of Target	Amount realized	Shortfall
1	Stamp Duty	17,152,100	9,477,926	7,674,174
2	CVT	4,290,000	3,876,107	413,893
Total		21,442,100	13,354,033	8,088,067

Loss was occurred due to non-compliance of rules, which resulted in to loss to Government.

When reported in October 2018, Management stated that stamp duty and CVT are collected on transactions of land (mutations), therefore the revenue staff are unable to achieve the targets. Reply was not tenable as revenue targets were

not achieved. Further TMA Bannu collected Rs 66,903,067 as 2% transfer fee on mutation of property during 2017-18 in its jurisdiction.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

Audit recommends high level inquiry for ascertaining factual position besides recovery and action against person (s) at fault.

AIR Para No.35 (2017-18)

1.2.3.24 Doubtful payment on account of damages /death compensation – Rs 8.030 million

According to PDMA letter No. PDMA/ Account4-81/2014-15 dated 15-6-2015 that death compensation be made to the legal heirs after completion of all codal formalities and verification report of the Revenue Field Staff and Medical Certificate dully attested by the Medical Officer and countersigned by the DC concerned. According to Secretary Relief, Rehabilitation & settlement Department Government of KP Notification No SO(RR&SD)/Admn/1-3/2013 dated 12/3/13, House Damages shall be verified through a joint committee consisting of local government school teacher, the concerned Halqa Patwari, local Imam-e-Masjid and Member Provincial Assembly or his representatives. The report to the committee shall be endorsed by Tehsildar and attested by Deputy Commissioner.

Deputy Commissioner, Bannu shown paid Rs 8,030,000 on account of death compensation to legal heirs of peoples which were died due to flood, Gas leakage and Electricity short circuit and compensation of flood affectees. Audit observed that:-

1. Payment was made to Tehsildar without the verification of joint committee consisting of local government school teacher, the concerned Halqa Patwari, local Imam-e-Masjid and Member Provincial Assembly or his representatives dully endorsed by Tehsildar and attested by Deputy

Commissioner and the Committee notified under chairman ship of the DC for the purpose of making assessment of the damaged houses as required under the TORs.

2. The TORs on the subject were also not followed in letter and spirit.
3. No authentic acknowledgment from the recipients was found available on the record.
4. No CNIC was found on the record.
5. Detail of legal heirs duly verified by Halqa Patwari and Tehsildar concerned was not available on record.

Doubtful payment was occurred due to non-compliance of rules, which resulted in to violation of rules.

When reported in October 2018, Management stated that no doubtful payment was made. Reply was not tenable as no record in support of their reply was produced.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides making regularization and action against person (s) at fault.

AIR Para No.19 (2017-18)

1.2.3.25 Overpayment on account of HPA – Rs 6.690 million

Government of Khyber Pakhtunkhwa Finance Department Regulation wing notification No FD (SOSR-II/8-18/2015-16 dated: 15.04.2016 fixed rate of Health Professional Allowance @ Rs 10,000 to Paramedic Staff / Nursing Staff.

In violation of above criteria District Health Officer Bannu paid Rs 6.690 million to non-entitled staff working in the health department during 2017-18.

Audit observed that overpayment was made due to non-compliance of above rule which resulted into violation of Government rules.

When pointed out the department replied that the finance department Government of KPK allowed HPA to all doctor and paramedics staff of health department. The reply is not tenable as the local office made payments of HPA to the staff other than doctors and paramedics.

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

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

. AIR Para No.11 (2017-18)

1.2.3.26 Irregular retention of Government money of-Rs 5.919 million

According to Para 12 of GFR Vol.-1, a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

District Sports Officer Bannu maintained closing Bank balance on 30.06.2015, 30.06.2016, 30.06.2017 and 30.06.2018 of Rs 5,919,223 in violation of above instruction the local office instead of utilizing the fund in the current financial years, carried forward to the next financial years.

S.No	Name of Office	Accounts No.	Date	Amounts
1	District Sports Officer	4073934364	30.06.2015	1,027,512
2	-do-	-do-	30.06.2016	518,953
3	-do-	-do-	30.06.2017	306,479
			27.06.2018	4,066,279
Total				5,919,223

Irregular retention of government money occurred due to negligence, non compliance of rules.

When reported in October 2018, management replied that retention of government money was occurred due to ongoing schemes. Request for convening of DAC meeting was made on 02.11.2018, which could not be convened till finalization of this report.

Audit recommends justification regarding retention of Government money in a bank account, which deprived the public of the timely benefit of funds.

AIR Para No.04 (2017-18)

1.2.3.27 Irregular retention of Government money -Rs 5.442 million

According to Para 12 of GFR Vol.-1, a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

District Director Livestock and Dairy Development Bannu maintained closing Bank balance on 30.06.2014, 29.06.2015 and 28.06.2018 of Rs 5,442,762 in violation of above instruction the local office instead of utilizing the fund in the current financial years, carried forward to the next financial years.

S.No	Name of Office	Accounts No.	Date	Amounts
1	District Director Live Stock	4044786452	30.06.2014	1,574,436
2	-do-	-do-	29.06.2015	1,999,884
3	-do-	-do-	28.06.2018	1,868,442
Total				5,442,762

Irregular retention of government money occurred due to negligence, non compliance of rules.

When reported in October 2018, management replied that para discussed and reply will be submitted after due course of time. Request for convening of DAC meeting was made on 02.11.2018, which could not be convened till finalization of this report.

Audit recommends justification regarding retention of Government money in a bank account, which deprived the public of the timely benefit of funds.

AIR Para No.08 (2017-18)

1.2.3.28 Excess release & expenditure on account of 20% Zilla Tax – Rs 5.503 million

Government of Khyber Pakhtunkhwa Finance Department circulated release policy 2016-17/2017-18 vide letter No BO-I/FD/5-20/2016-17 dated: 01.07.2016 / 30.06.2017, which state that the funds will be transferred on needs basis after withholding of 20% of the total budget allocation subject to availability of financial resources.

Provincial Government of Khyber Pakhtunkhwa transferred Zilla Tax share of Rs 34.165 million to Account-IV for onward transfer to the District Council Bannu. District Government Bannu however approved revised budget of Rs 49.572 million and the released Rs 43.646 for payment of pay of staff and other contingent expenditure against which District Council Bannu incurred expenditure of Rs 39.668 million. Resultantly Rs 5.503 million was expended in excess of the authorization made and fund provided by the Provincial Government (as per detail given below).

Sr. No.	Financial Year	Provincial Release	Expenditure	Excess
1	2016-17	12.413	15.088	2.675
2	2017-18	21.752	24.580	2.828
Total		34.165	39.668	5.503

Excess release was occurred due to non-compliance of rules, which resulted in to loss to Government.

When reported in October 2018, Management stated that saving of Rs 2.897 million occurred during 2015-16 was adjusted during 2016-17 and 2017-18. Reply was not tenable as neither any supporting documents was produced regarding savings nor the amount was reflected in budget book 2016-17.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

Audit recommends regularization/adjustments and action against person (s) at fault.

AIR Para No.08 (2017-18)

1.2.3.29 Wastage of Government funds Rs.4.98 million

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

During Physical verification of the RHC Domel and Category –D Hospital Kakki it came to noticed that the Gynecology unit including Labour Room, Dental unit and Laboratory were found in very miserable condition in spite of the fact that Millions of funds were incurred on the Construction of these unites besides the Chemicals , Medicines and salaries of the staff.

1. In laboratory fridge was not available.
2. Gynecology Unit was found without a single patient. Dusted Labor Room shows that no operational activities were conducted. The Lady doctors were drawing salaries without any duty. Three number Lady doctor were available on the strength of the hospital but the silent/Non-operational labor Room/ vacant wards shows that the

doctors are not performing their duties. The pay and allowances of these doctors come to Rs 4,983,948 , which is nothing else but wastage of Government funds.

Audit observed that wastage of government funds occurred due to mismanagement which resulted into wastage of government funds.

Wastage of government money was occurred due to non compliance of rules.

When pointed out the department replied that in this connection it is stated that this office reported the matter was time to time with higher authorities for filling the specialty doctors but the doctor was not yet posted. However, the available staff in the health institution performing their duties and no complaint was received from any source regarding non-attendance of staff further equipment along with fridges were supplied. The reply of the department is not satisfactory as audit observed during physical verification that most of the staff were absent from duty at various health facilities. Further no such correspondence with higher ups was shown to audit.

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

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

AIR Para No.08 (2017-18)

1.2.3.30 Non-surrendering of unserviceable vehicles worth - Rs. 4.2 million

Government of Khyber Pakhtunkhwa Administrative department (Transport section) vide their letter no. SOT(AD)un-authorized/2015 dated Peshawar the July 24, 2017 states that the competent Authority has desired that all such vehicles be surrendered to administrative department for further disposal.

“The expected life in years and the mileage expected to be completed by Government owned motor vehicles before considering them for condemnation will be seven years and one lac and sixty thousand km respectively for all kind of vehicles (for both local and mufassil areas) according to note 4 below Serial No. 11 of delegation of powers and the powers of re-appropriation rules 2001. All those vehicles, whose annual repair charges work out up to 30% or more of their book value after completion of prescribed age may be abandoned and auctioned as per prescribed procedures according to Note 2 below serial No. 12 of delegation of powers and powers of re-appropriation rules 2001.

During physical verification at RHC Domel Bannu, it was observed that 13 (10 Nos Suzuki Van, 01 No. Bolan, 01 No Mazda Ambulance, 01 No double cabin pickup) vehicles were standing idle since long. Log Book, Sock Book, Registration and the vehicle related documents were called for audit scrutiny but nothing in this context could be made available. The dealing hands however verbally stated that the vehicle had not been utilized since devolution and was parked being out of order.

Audit holds that the vehicle was requires to be declared condemned and may be auctioned and the amount of auctioned money may be deposited into government treasury which action was not taken. As a result of the negligence the government property sustain a loss of Rs. 4,200,000 million approximately, which needs to be investigated for fixing responsibility, taking disciplinary action and making loss good from the person (s) at fault.

When pointed out the department replied that the list of the vehicles fit for condemnation has already been sent to higher authorities for further necessary action. The reply is not tenable as no evidence in support of the reply was provided to audit.

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

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

AIR Para No.14 (2017-18)

1.2.3.31 Misclassification of expenditure – Rs 4.078 million

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

Deputy Commissioner Bannu spent Rs 4,077,567 on account of encashment of LPR during 2017-18. Expenditure was required to be booked under head A-04114-Encashment of LPR, however due to non- availability of budget under the relevant head expenditure was booked under head A01278.

Misclassification was occurred due to non-compliance of rules, which resulted in to violation of rules.

When reported in October 2018, Management stated that expenditure was booked under head A01278 Leave salary. Irregularity was admitted.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

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

AIR Para No.38 (2017-18)

1.2.3.32 Irregular releases of funds / Diversion of Funds - Rs 4.00 million

Para 12 of GFR Vol-I lays that, “A Controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation

but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.”

District Government, Bannu approved developmental scheme “Establishment of Veterinary Dispensary at village Ibrahim Bashir Mamash Khel” in DDC meeting held 26.01.2016 and issue Administrative Approval vide 818-23/PA/F&P/DDC dated: 08.02.2016. Despite proper approval of the above scheme from competent forum and release of funds to the executing agency / department, the scheme could not be executed due to unknown reasons up to 21.08.2016. Later on in the month of August 2016 the scheme, although approved by DDC and issuance of AA, were dropped and scheme namely “Establishment of Veterinary Dispensary at village Chiri Narmi Khel UC Bakka Khel” for the total amount was approved by the DC by passing the DDC, which was against the rules. Audit further observed that:-

- i. Funds were released on change nomenclature scheme against the scheme approved by the competent forum.
- ii. Approval of Local Government for the changed schemes was not obtained.
- iii. Funds were not utilized in time depriving the public at large from the benefit of the developmental funds provided by the Provincial government.

Irregular diversion was occurred due to non-compliance of rules, which resulted in to loss to Government.

When reported in October 2018, Management stated that diversion was made on the direction of Chairmen DDAC which was authorized by Deputy Commissioner by issuing corrigendum. Reply was not tenable as Chairmen DDAC and Deputy Commissioner have no powers without the approval of competent forum to divert funds towards other scheme.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

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

AIR Para No.11 (2017-18)

1.2.3.33 Non recovery of Domicile Certificate Fee - Rs 3.908 million

According to the Domicile Certificate Procedure as displayed on official website of Government of Khyber Pakhtunkhwa requires the deposit of Rs 200 as fee per domicile certificate.

Deputy Commissioner Office Bannu issued 19,538 domicile certificates without recovering of domicile certificate fee Rs 3,907,600 @ Rs 200 per domicile certificate as per detail given below during 2017-18.

Sr. No.	Period	Domicile Certificates Issued	Rate	Amount
1	01.07.2017 to 31.12.2017	11048	200	2,209,600
2	01.01.2018 to 30.06.2018	8490	200	1,698,000
	Total	19538		3,907,600

Non recovery was occurred due to non-compliance of rules, which resulted in to loss to Government.

When reported in October 2018, Management stated that no such orders were received for recovery of Rs 200 per domicile fee. Reply was not tenable as orders are available and detail procedure was displayed at official website of Government.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

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

AIR Para No.13 (2017-18)

1.2.3.34 Non Credit of rent receipts in to Government Treasury - Rs 3.888 million

Sr. No 15 of Government of Khyber Pakhtunkhwa Finance Department letter No. BO.I/FD/5-8/2015-16/Economy Measures dated: 26.06.2015 stated that No department shall retain receipts in Bank Accounts, the department must remit all receipts to Provincial Government Account.

Scrutiny the accounts record of District Sports Officer Bannu, it was observed that rent agreement executed between District Sports Officer and Principal Bannu Medical College on 01.09.2010 for students Hostel facility in 24 No rooms @1800 per room=Rs 43200 pm rent. Further it was observed that the officer concerned collected rent for 90 months upto 28.02.2018 of Rs 3,888,000, but was neither shown in Designated Bank Account nor deposited to Provincial Government Account.

Non-deposits of receipts into Government Treasury occurred due to non compliance of rules.

When reported in October 2018, management replied that proper reply will be given after consultation of record. Request for convening of DAC meeting was made on 02.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.03 (2017-18)

1.2.3.35 Irregular and unauthorized appointment without verification of testimonials / documents and Character / antecedent and payment of Rs 3.269 million

Serial No 10 of Government of Khyber Pakhtunkhwa Board of Revenue, Revenue & Estate department notification No. 2074/Estt:I/II/135/SSRC dated:

23.01.2015 states that, 67% Junior clerks may be appointed by initial recruitment having qualification of at least second class SSC and a speed of 30 words per minute in typing.

According to the condition of offer of appointment, that the appointment offered is subject to verification of all testimonials / documents as well as character antecedents.

Deputy Commissioner Office Bannu appointed 05 Junior Clerks by initial recruitment and paid Rs 1.123 million without advertising the posts and without speed test of typing, as required under the rules. Further according to the condition of the offer of appointments, that appointment will be provisional and subject to verification of character and antecedents from the authority concerned, however neither testimonials nor character / antecedents were verified during 2016-18.

Irregular appointment without codal formalities was occurred due to non-compliance of rules, which resulted in to violation of rules.

When reported in October 2018, Management stated that appointment were made under deceased sons quota for which no advertisement required, further all the testimonials / character antecedents were verified. Reply was not tenable as no supporting documents were provided in support of their reply.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

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

AIR Para No.23 & 26 (2017-18)

1.2.3.36 Irregular payment of Salaries Rs 3.798 million

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

District Health Officer Bannu spent Rs 3,798,455 under function head (BU6076-Administration) during 2017-18 on the salaries 14 number drivers. It is astonishing to note that only one vehicle (DHO) has been provided by the Government and the drivers were sitting.

Expenditure to the tune of Rs 3,798,455 as pay and allowances of the drivers is incurred which are not engaged in any work since long. Thus the incurrence of expenditure is held as wasteful expenditure, which needs justification.

When pointed out the department replied that service of doctors was utilized by DHO, coordinator EPI, coordinator National program, LHS. The department did not reply properly.

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

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

AIR Para No.16 (2017-18)

1.2.3.37 Non reconciliation of closing balances Rs 3.171 million and unauthorized retention without approval of Finance Department Rs – 1.179 million

Government of Khyber Pakhtunkhwa Finance Department vide letter No. 2/3(F/L)/FD/2016/Vol-X dated: 14.07.2017 read with letter No. 2/3(F/L)/FD/2017/Vol-XI dated: 26.06.2018 stated that, Balances in Bank

Accounts if, any remaining on 30.06.2017/30.06.2018 shall not be available for use without prior revival by Finance Department.

District Population Welfare Officer Bannu maintained following bank accounts. Bank shows closing balance of Rs 1,991,600 on 30.06.2017 which were spent during 2017-18 without revival / approval from Finance Department. Further reconciliation of closing balance with bank was not carried out. Similarly Bank shows closing balance of Rs 1,178,980.48 on 30.06.2018, which were still lying in the designated bank accounts being undisbursed. Neither the funds were surrendered nor revived from Finance Department.

Sr. No.	Name of Bank	Title of Account	Account No	Closing Balance as on 30.06.2017	Expenditure incurred during 2017-18	Closing Balance as on 30.06.2018
1	NBP	DPWO Bannu	4083836360	1,682,445.48	1,682,445.48	1,026,420.48
2	NBP	DPWO Bannu	4083836539	309,155.00	309,155.00	152,560.00
Total				1,991,600.48	1,991,600.48	1,178,980.48

Non reconciliation was occurred due to non-compliance of rules, which resulted in to violation of rules.

When reported in August 2018, Management stated that amount of medicines was lying in bank accounts. Reply was not tenable as neither approval nor revival was obtained.

In DAC meeting held on 29.11.2018, Management reiterated their previous reply. DAC did not agree with the department and directed to seek approval / revival from finance department with 15 days. No progress was intimated till the finalization of this report.

Audit recommends compliance of DAC directive and action against person (s) at fault.

AIR Para No.3 & 4 (2017-18)

1.2.3.38 Irregular purchase of medicines worth-Rs 2.963 million

According to Para 23 of GFR Vol-1 every Government officer should realized fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence either on his part or on the part of his subordinate staff.

The District Director Livestock and Dairy Development Bannu incurred expenditure on purchase of medicines of Rs 2,963,250 during 2017-18. On scrutiny following irregularities were noticed:

1. Rs 2,735,311 purchased medicines during 2017-18, which were not packed bearing the words “GOVERNMENT OF KHYBER PAKHTUNKHWA SUPPLY” and “NOT FOR SALE” and hence the chance of misappropriation or sale of these medicines in market cannot be ruled out.

Sr. No.	Date of supply	Name of Medicines	Quantity	Rate	Amount
1	23.3.2018	Bone Phasfate	345	220	75,900
2	4.6.2018	Close mall 11%/1000ml	924	1587	1,466,388
3	1.6.2018	Segavan	476	419	45,263
4	9.01.2018	Frequental 1000ml	1077	880	947,760
5	24.7.2017	Avi-zole	200 Ltrs	1000	200,000
Total					2,735,311

2. During physical verification of store and stock along with incharge concerned at main store of District Director Live Stock office found expired medicine with expiry date 21.10.2017 as AVI-ZOLE (Oral Suspension)1000ml in quantity 74 bottle @ Rs 1000= Rs 74,000.
3. Rs 153,939 medicines Cennatal 1000ml were found on short expiry i.e expiry date 11/2018.
4. No Stand, Rack was found at main store of medicines to keep safe their temperature and other requirements etc.

Irregular expenditure was occurred due to non-compliance of rules, which resulted into violation of rules.

When reported in October 2018, management replied that para discussed and reply will be submitted after consultation of record. Request for convening of DAC meeting was made on 02.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.01 (2017-18)

1.2.3.39 Non recovery on account of House Rent Allowance - Rs 2.220 million

Para 26 and 28 of GFR Vol-I lays down that, “It is the duty of the departmental controlling officer to see that all sums due to government are regularly and promptly assessed, realized and duly credited in the Public Account and no amount due to Government should be kept outstanding without sufficient reasons.” According to the standing orders of the Government of Khyber Pakhtunkhwa, the government servants, who have been provided with official designated accommodation, are not entitled for the drawl of House Rent Allowance (HRA) and 5% of their running pay will also be subjected.”

Record of allotment of residential accommodations District Bannu for the year 2017-18 revealed that Deputy Commissioner Office Bannu allotted 39 bungalows and 36 quarters to various officers / officials since long. However, neither House Rent Allowance was deducted nor 5% maintenance charges were deducted from the employees of the local office as well as from officers/officials of the non-devolved departments worth Rs 2,219,508. Audit further observed that:-

- i. Most of the Bungalows and Quarters were allotted and occupied by the officers and officials of the non-devolved departments and no evidence for depositing house rent allowance and 5% maintenance charges was provided to Audit.

- ii. Notices against defaulters (occupants) were issued again and again, but there is no evidence provided to ensure the requisite deduction.
- iii. Lower cadre staff was residing in high status Bungalows / Quarters beyond the normal scales/status Bungalows / Quarters and not paying standard rent for higher status accommodation.
- iv. Seniority /Waiting List not maintained due to which allotment made to junior ones and the deserving ones are deprived from their right.
- v. Residential accommodation was occupied by the employees transfer to other districts.
- vi. Recovery and outstanding dues register were not maintained by the local office.

Non recovery of HRA was occurred due to non-compliance of rules, which resulted in to loss to Government.

When reported in October 2018, Management stated that responsibility of deduction of HRA rests with the DDO concerned / DAO. Reply was not tenable as at the time of allotment the local office has the responsibility to provide detail to DAOs for deduction of employees.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

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

AIR Para No.20 (2017-18)

1.2.3.40 Irregular promotion of Patwaris to kanungo and payment of Rs 2.132 million

Serial No 6 of Government of Khyber Pakhtunkhwa Board of Revenue, Revenue & Estate department notification No. 1942/Estt:I/II/135/SSRC dated: 23.01.2015 states that, the post of Kanungo may be filled by promoted amongst

the patwaris of the district concerned with three years serves and who have passed the departmental examination of kanungo.

Deputy Commissioner Bannu promoted 04 Patwaris to the post of Kanungo (BPS-11) and paid Rs 2,131,972 during 2017-18. Audit observed that:-

1. Senior Patwaris as per seniority list of 31.12.2016 were ignored with the plea that they forgo their promotion. However no written statements were available on the record of local office.
2. Further original certificates of passing the departmental examination of kanungo duly issued by Director Land Records was not available on the record of local office.

Irregular promotion was occurred due to non-compliance of rules, which resulted in to violation of rules.

When reported in October 2018, Management stated that patwaris forgone their promotions, therefore, their names was ignored, written statements were available. Reply was not tenable as no proof was produced in support of their reply.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

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

AIR Para No.25 (2017-18)

1.2.3.41 Non maintenance of Cash Book –1.963 million

Rule 77 of Treasury Rules states that:

- (i) Every officer receiving money on behalf of Government should maintain a cash book in Form T. R. 4.

- (ii) All money transaction should be entered in the cash book as soon as they occur and attested by the head of office in token of cheque.
- (iii) The cash book should be closed regularly and completely checked. The head of office should verify the totaling of the cash book or have this done by some responsible subordinate other than the writer of the cash book and initial it as correct.
- (iv) At the end of each month, the head of the office should verify the cash balance in the cash book and record a signed and dated certificate to that effect.

District Director Agriculture, Bannu received Rs 1,963,338 and spent Rs 869,000 during 2016-17 and 2017-18 under various object heads. However entries in the Cash Book were not made. Further certificate at the end of each month and reconciliation to that effect was also not made with the concerned Banks.

When reported in October 2018, management replied that I have assumed the charge on 16.10.2018, the audit period belong to Mr. Husain Ahmad DDA.

Request for perusal of the record from para convening of DAC meeting was made on 03.09.2018, which could not be convened till finalization of this report.

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

AIR Para No.07 (2017-18)

1.2.3.42 Irregular expenditure on account of purchase of I.T equipment's of Rs 1.980 million

Para 148 of GFR Vol-1 states that All material received should be examined, counted, measured, weighed as the case may be, when delivery is taken, and they should be taken on charge by a responsible government officer

who should see that quantities are correct and their quality is good, and record a certificate that he has actually received the materials and recorded them in the appropriated stock register. Rule 174 of FTR states that All payment must be supported with acknowledgement. As per terms & condition of supply order No 5174-75 dated 04.06.2018 at serial No 01,04,05 and 09 states that the delivery of the IT equipment's shall be made by the supplier up to 30th June 2018, in case of failure 2% penalty on undelivered items will be imposed and payment will be made to the supplier after inspection by the district purchase committee.

District Education Officer Male & Female spent Rs.990,000 and Rs. 990,000 respectively on account of purchase of IT equipment's (computers system, printers) during 2017-18, but the expenditure so incurred is irregular due to the following observations:

1. Contract agreement on stamp paper with concerned supplier was not signed
2. Blank tender form of Ali Scientific was found on the record which makes the tendering process doubtful.
3. Delivery to the concerned schools was not completed up to 30th June 2018 and Penalty of Rs. 158,400 @ 2% for 4 months was required to be imposed and deducted from the supplier as specified in the terms & condition.
4. Items purchased was neither taken on stock register nor shown to audit.
5. Payment was required to be made after inspection by the district purchase committee which was not made.
6. Acknowledgment of payment from the concerned supplier was not obtained.

Irregular purchase of equipment was occurred due to non compliance of rules.

When reported in October 2018, Management stated that the para is already discussed and no such type of irregular activities in the said process. The reply is not tenable as the Para was not dropped.

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

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

AIR Para No.08 (2016-17 & 2017-18)

1.2.3.43 Irregular retention of Government money of-Rs 1.624 million

According to Para 12 of GFR Vol.-1, a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

District Director Agriculture, Bannu maintained closing Bank balance on 30.06.2017, and 30.06.2018 of Rs 1,624,161 in violation of above instruction the local office instead of utilizing the fund in the current financial years, carried forward to the next financial years.

Audit observed that irregular retention of government money occurred due to negligence, weak financial control and ill planning, which deprived the public of the timely benefit of the funds.

S.No	Name of Office	Accounts No.	Date	Amounts (Rs)
1	District Director Agriculture, Bannu	4083822946	30.06.2017	288,131
2	-do-	-do-	30.06.2018	1,336,030
Total				1,624,161

Irregular retention of government money was occurred due non compliance of rules.

When reported in October 2018, management replied that I have assumed the charge on 16.10.2018, the audit period belong to Mr. Husain Ahmad DDA.

Request for perusal of the record from para convening of DAC meeting was made on 03.09.2018, which could not be convened till finalization of this report.

Audit recommends justification regarding retention of Government money in a bank account, which is violation of rules and if there is any approval available, the same may please be produced to audit.

AIR Para No.05 (2017-18)

1.2.3.44 Non-surrendering of unserviceable vehicles worth - Rs.1.5 million

Government of Khyber Pakhtunkhwa Administrative department (Transport section) vide their letter no. SOT (AD) un-authorized/2015 dated Peshawar the July 24, 2017 states that the competent Authority has desired that all such vehicles be surrendered to administrative department for further disposal. "The expected life in years and the mileage expected to be completed by Government owned motor vehicles before considering them for condemnation will be seven years and one lac and sixty thousand km respectively for all kind of vehicles (for both local and mufassil areas) according to note 4 below Serial No. 11 of delegation of powers and the powers of re-appropriation rules 2001. All those vehicles, whose annual repair charges work out up to 30% or more of their book value after completion of prescribed age may be abandoned and auctioned as per prescribed procedures according to Note 2 below serial No. 12 of delegation of powers and powers of re-appropriation rules 2001.

During physical verification at DEO (Male) Bannu it was observed that 04 Nos vehicles were standing idle since long. Log Book, Registration and the vehicle related documents were called for audit scrutiny but nothing in this context could be made available. The dealing hands however verbally stated that the vehicle had not been utilized since devolution and was parked being out of order.

Audit holds that the vehicle was requires to be declared condemned and may be auctioned and the amount of auctioned money may be deposited into government treasury which action was not taken. As a result of the negligence the government property sustain a loss of Rs. 1.5 million approximately, which needs to be investigated.

Audit observed that irregular expenditure incurred due to non-compliance of rules which resulted into violation of rules.

When reported in October 2018, Management stated that undersigned will be approach to higher authority for auction of the 4 Nos govt: vehicles. The reply is not tenable as no written evidence in support of the reply is shown to audit.

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

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

AIR Para No.09 (2016-17 & 2017-18)

1.2.3.45 Variation of Closing Cash Balance – Rs 1.172 million

According to the Sr. No xviii of Second Schedule – distribution of business amongst district Offices of District Government Budget Rules 2016 states that it is the primary responsibility of the Finance & Budget Officer to reconciliation of monthly and annual accounts of Receipts and Expenditure. Para 89 (3) (viii) of GFR Vol-I that the head of the department and the Accountant General, will be jointly responsible for the reconciliation of the figures given in the accounts maintained by the head of the department with those that appear in the Accountant General's books.

District Officer Finance Bannu shows Rs 660,818,906 as closing cash balance for the year 2017-18, however according to the cash balances report duly signed by the Manager NBP the closing cash balance as per Bank record

659,647,076. Thus bank shows less cash balance of Rs 1,171,830 as compared to District Government Bannu record.

Variation in closing balance was occurred due to non-compliance of rules, which resulted in to loss to Government.

When reported in October 2018, Management stated the responsibility of reconciliation rests with the department and District Accounts Officer, reply was not tenable as the reconciliation of receipts and expenditure was the primary responsibility of District Finance Officer.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

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

AIR Para No.06 (2017-18)

1.2.3.46 Non supply of Medicines – Rs 1.862 million

Serial No 18 (iii) of government MCC Rate contract agreement states that after expiry of the extended period as in clause 17(a)(i)&(ii) above, the order shall stand cancelled to the extent of non-supplied items, and procuring agency shall have the right, duty and authority to impose any or all the below mentioned penalties.

1. Immediately debarring the supplier from participation and business for at least next 3 calendar years with the Government of KPK MCC or any other health institution, project and program directly or indirectly.
2. Forfeiting of earnest money and performance grantee of the supplier related to this contract agreement.
3. Initiating the process for and recommending for blacklisting of the supplier.

4. Proceeding for de-registration of items and/ or the winning bidders by the DRAP as well as further judicial proceeding.

District Health Officer Bannu spent Rs 1,862,360, on account of purchase of the under noted medicines during 2017-18. Supply order was issued to the firm on 22.11.2017, 27.12.2017 and 30.05.2018, however, the supplier delivered incomplete quantities as per detail given below.

Sr. No.	Name of Item	Quantity ordered	Quantity Delivered	Difference	Rate	Amount
1	cap-doxycycline 100mg	200000	126,400	73600	1.40	103,040
2	cap-doxycycline	100,000	Nil	100,000	1.40	140,000
3	tab-Biodal 0.5mcg	100000	Nil	100000	2.4	240000
4	cotton wool	3000	Nil	3000	83.5	250500
5	cap- doxycycline 100mg	200000	Nil	200000	1.40	280000
6	inj- D-cort 4mg	15000	Nil	15000	6.2	93000
7	Tab-Gen levo 500 mg	198900	Nil	198900	3.8	755820
			Total			1,862,360

Neither the said item was supplied by the firm nor where about of the amount was known to audit. Payment of Rs 1,862,360 to firm without supply is held as irregular and needs justification. Further the local office was required to take any or all the actions referred above against the suppliers who were failed to supply the medicine in the stipulated time but the same was not made.

When pointed out the department replied it is stated that the above mention medicines ere not received in time however suppliers were penalized due to non-supply of the medicine. The reply of the department is not tenable as no written evidence in support was provided to audit. Further besides penalty the local office is required to take all or any one action mentioned above against the suppliers.

Request for convening the DAC meeting was made on 02.11.2018 which could not be convened till finalization of this report.

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

AIR Para No.15 (2017-18)

1.2.3.47 Unauthorized expenditure without budget – Rs 1.109 million

Para 09 of GFR Vol-I states that, “As general rule no authority may incur any expenditure until the expenditure has been sanctioned by an authority to which power has been duly delegated in this behalf and the expenditure has been provided in the authorized grants and appropriations for the year.”

Deputy Commissioner Office Bannu spent Rs 5,186,247 on account of A04114-Encashment of LPR without any budget in the relevant head of account. Expenditure was booked to object head A01278 during 2017-18.

Expenditure without budget was occurred due to non-compliance of rules, which resulted in to violation of rules.

When reported in October 2018, Management stated that expenditure was booked under head A01278 Leave salary. Reply is not tenable as no budget was allocated under the relevant head.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

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

AIR Para No.37 (2017-18)

1.2.3.48 Irregular payment on account of supply of un-approved medicines – Rs 0.991 million

According to Para 23 of GFR Vol-1 every Government officer should realized fully and clearly that he will be held personally responsible for any loss

sustained by Government through fraud or negligence either on his part or on the part of his subordinate staff.

District Director Live Stock & Dairy Development, Bannu spent Rs 991,630 on account of purchase of medicine during 2015-16 & 2016-17. Audit observed that Directorate General (Extension) Live Stock & Dairy Development KPK Peshawar issued Approved List of Veterinary Medicines for the year 2015-16 & 2016-17. Whereas, the local office purchased unapproved medicines, which held irregular and unauthorized. (Detail as per Annex-3)

Irregular payment was occurred due to non compliance of rules.

When reported in October 2018, management replied, that reply will be submitted after due course of time.

Request for convening of DAC meeting was made on 02.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.03 (2017-18)

1.2.3.49 Irregular promotion of Qasid / Naib Qasid to Junior Clerks and payment of Rs 0.646 million

Serial No 10 of Government of Khyber Pakhtunkhwa Board of Revenue, Revenue & Estate department notification No. 2074/Estt:I/II/135/SSRC dated: 23.01.2015 states that, 33% Junior clerks may be appointed by promotion, on the basis of seniority –cum-fitness from amongst the Qasid / Naib Qasid including holders of other equivalent posts in the District Concerned. Provided further that for a purpose of promotion there shall be maintain a common seniority list with reference to their date of appointment.

Deputy Commissioner Bannu promoted 02 Naib Qasids to the post of Junior Clerk during 2017-18, without maintaining common seniority list at

District Level. Further, in the present seniority list as on 31.12.2016 two qualified Naib Qasids were ignored and another junior Naib Qasid were promoted.

Irregular promotion was occurred due to non-compliance of rules, which resulted in to violation of rules.

When reported in October 2018, Management stated that all departments have their own service rules and maintain their own seniority list. Reply was not tenable as rules were violated.

Request for convening the DAC meeting was made on 26.10.2018, which could not be convened till finalization of this report.

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

AIR Para No.24 (2017-18)

1.2.3.50 Irregular and unauthorized appointment without obtaining NOC from surplus pool and without verification of testimonials / documents / character antecedents

Serial No 10 of Government of Khyber Pakhtunkhwa Finance Department letter No BO.I/FD/5-8/2017-18 dated: 30.06.2017 stated that, No appointment will be made against vacant posts (Except class-iv) without obtaining NOC from the concerned surplus pool. According to the condition of offer of appointment, that the appointment offered is subject to verification of all testimonials / documents as well as character antecedents. Serial No 03 (ii)(c) of Government of Khyber Pakhtunkhwa Establishment & Administration Department (Establishment Wing) notified "Relaxation of upper age limit rules 2008) vide No SOE-III(E&AD)2-1/2007 dated: 01.03.2008, which stated that, "in case of widow a certificate from the Deputy Commissioner of the District concerned must be obtained to the fact that the applicant whether divorced or widow has not remarried at the time of submitting applications.

In violation of above orders DPWO Bannu appointed following 7 (seven) FWAs during 2017-18. Neither NOC from concerned Surplus Pool was obtained nor testimonials / documents, character antecedents were verified. Further DPWO Bannu appointed one widow Farhat Begum as FWA without obtaining certificate of Deputy Commissioner Bannu to the fact that the applicant whether divorced or widow has not remarried at the time of submitting applications.

Irregular appointment occurred due to non-compliance of rules, which resulted in to violation of rules.

When reported in August 2018, Management stated that appointment was made against deceased son quota and non-remarriage certificate was signed by Nazim of concerned village council. Reply was not to the point as neither NOC from surplus pool was obtained nor non remarriage certificate duly signed by Deputy Commissioner was obtained.

In DAC meeting held on 29.11.2018, Management reiterated their previous reply. DAC did not agree with the department and directed to complete codal formalities within 15 days. No progress was intimated till the finalization of this report.

Audit recommends compliance of DAC directive and action against person (s) at fault.

AIR Para No.8, 9 & 10 (2017-18)

TEHSIL MUNICIPAL ADMINISTRATIONS

1.3 Audit Paras of TMA Bannu

1.3.1 Misappropriation and Fraud

1.3.1.1 Embezzlement of TMA Funds – Rs 1.543 million

Para 23 of GFR Vol-1 provides that every Govt. Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Govt. through fraud or negligence on his part or on the part of his subordinate staff.

Record of the different receipts of TMA Bannu for the year 2016-17 revealed that an amount of 1,559,073 was collected from contractors and shown deposited in to TMA Bank accounts. However, comparison of the bank accounts with the receipts challan it was noticed that only Rs 16,545 were actually deposited and for the remaining amount of Rs 1,542,528 the bank record is silent. It seems that actually the amount was not deposited but embezzled by the dealing hands.

Embezzlement was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.61 (2017-18)

1.3.1.2 Embezzlement of TMA Funds – Rs 1.750 million

Para 23 of GFR Vol-1 provides that every Govt. Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Govt. through fraud or negligence on his part or on the part of his subordinate staff.

Record of the 2% Property Tax of TMA Bannu for the year 2016-17 revealed that an amount of Rs 1,750,000 was shown deposited vide challan No. 6774 dated: 07.12.2016 for Rs 1,000,000, challan No. 4376 dated: 16.05.2017 for Rs 250,000 and challan No. 4377 dated: 17.05.2016 for Rs 500,000 in to TMA Bank Accounts No. 29579-1-HBL. However, it was noticed that the same challans for same amount was already shown deposited in cattle fair Urban 2017-18. The tax superintendent fraudulently manipulates the contents of the challans and shown deposited by contractor of 2% property Tax 2016-17. It seems that the amount was collected from the contractors but was not deposited in to TMA Bank Account and was embezzled.

Embezzlement was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.62 (2017-18)

1.3.2 Non production of record

1.3.2.1 Non Production of Record of Rs 17.081 million

Section 14 (3) of the Auditor General's Powers and Terms and Conditions of Service) Ordinance, 2001 provide that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under the relevant Efficiency & Discipline Rules, applicable to such person.

TMO TMA Bannu did not produced following record despite repeated requests.

1. Demand & Collection register for the year 2016-17.
2. Contract File of Group Latrine Bannu City for the year 2016-17.
3. Contract File of Water Rate 2016-2017 & 2017-18.
4. Rs 10,123,124 were spent on account of AOM&R during 2016-17.
5. Rs 1,157,799 were spent on account of AOM&R during 2017-18.
6. Rs 5,800,000 were spent on the purchase of 3 new tractors and one loader during 2017-18.

Non production of record was occurred due to non-compliance of rules, which resulted in to non-authentication of public spending.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

Para-63(2017-18)

1.3.3 Irregularities and non-compliance

1.3.3.1 Non maintenance of accounts of receipt and expenditure of Rs 1,145.367 million

Section 36 of Local Government Act 2013 states that, “(1) the accounts of receipts and expenditure of local governments shall be kept in such form and in accordance with such principles and methods as the Auditor - General of Pakistan may prescribe. (2) The following arrangement for maintaining of accounts in local governments shall be followed: (a) the District Accounts Officer shall maintain the accounts of each district government; (b) the Tehsil Accounts Officer shall maintain the accounts of the tehsil municipal administration; (c) the Village Accountant shall maintain the accounts of village council; (d) the Neighborhood Accountant shall maintain the accounts of neighborhood council; and (e) the Accounts Officer mentioned in clauses (a), (b), (c) and (d) shall perform pre-audit of all payments from the respective Fund before approving disbursements of monies. (3) The District Accounts Officer shall, quarterly and annually, consolidate the accounts of local governments in the district separately for receipts from the Government and local resources and send a copy to Government, Accountant General and Nazim district council. (4) Local governments shall publish annual accounts for public information. (5) Accounts Committees of the respective local councils shall hold public hearings to consider audit reports, objections to statement of accounts and recommend appropriate action to the local council.

TMO TMA Bannu failed to prepare annual accounts for the financial year 2016-17 & 2017-18.

Non maintenance of accounts was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides regularization and preparation of accounts and action against person (s) at fault.

AIR Para No.28 (2017-18)

1.3.3.2 Unauthorized expenditure of Rs 1,145.367 million without SOAE

According to section (50) of Budget Rule 2016, the TO (Finance) shall prepare a schedule of authorized expenditure, which was authenticated by the Nazim of Tehsil Council (TMA).

TMA Bannu incurred expenditure of Rs 1,145,367,211 current as well as developmental expenditure without preparing / authenticating Schedule of Authorized Expenditure for the year 2016-17 & 2017-18.

Expenditure without SOAE was occurred due to non-compliance of rules, which resulted in to violation of rules.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.26 (2017-18)

1.3.3.3 Irregular preparation of salary budget in violation of TMA Budget Rules 2016 and misclassification of expenditure Rs 382.186 million

According to section 8(1) (m) of Tehsil Municipal Administration Budget Rules 2016, Budget shall be prepared in accordance of with chart of accounts issued by the Auditor General of Pakistan. According to section 4(2) (m) of Tehsil Municipal Administration Budget Rules 2016 stated that The Tehsil Officer Finance ensure the chart of Accounts as prescribed by the Auditor General of Pakistan for recording transactions.

TMO, Tehsil Municipal Administration, Bannu prepared revised salary budget under head A-01 (Employee related expenditure) (A-01101-Establishment Charges) without proper classification of (Pay of Officers-Pay of Establishment and Allowances) during 2016-18 for Rs 382,186,239. Further all expenditure incurred under head salaries was booked under head A-01101 instead of proper classification, which leads to misclassification of expenditure. All this shown inefficiency / incompetence of the TOF Branch in TMA Bannu.

Expenditure without classification was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.27 (2017-18)

1.3.3.4 Irregular execution of schemes without approval of Tehsil Council and non-clearance of observations and non-compliance of P& D Guidelines in allocation of developmental funds and non-handing over of completed schemes & Non-conducting of post completion evaluation – Rs 270.652 million

Section 31 (1) & (2) and 37 & 38 of Government of Khyber Pakhtunkhwa Local Government TMA Budget Rules 2016 stated that, the ADP shall be a compilation of the development projects including the communities and public private partnership projects, approved by the Tehsil Council. Further the Annual Development Program shall be submitted as part of the budget documents and on completion of development projects, a project handing over report shall be submitted by the TMO to the Tehsil Development Committee, and a copy shall be provided to the Tehsil Council. Further Post completion evaluation of each development project shall be undertaken jointly by the TO (Finance) in collaboration with TO (I&S) and a report submitted to the Tehsil Council. Serial No 7.1 of P&D Guide lines for devolved tiers of Local Government under LGA 2013 stated that the Annual Development Programs shall be a compilation of the development projects approved by the respective Councils as part of the budget. Serial No 6.5.2 of P&D Guide lines for devolved tiers of Local Government under LGA 2013 stated that the funds will be transferred to WSSCs in the Divisional Headquarters (30% share of developmental funds). Government of Khyber Pakhtunkhwa Planning & Development Department notification No C/RD/P&DD/6-8/1617-1891 dated: 08.08.2016 stated the priority area for tehsil government for utilization of developmental funds as below.

DWSS	=	25%
Municipal Services	=	20%
Beautification Projects	=	05%
Discretion of Tehsil Council	=	50%

TMO, TMA Bannu executed developmental schemes worth Rs 265.072 million during 2016-18. Audit observed that:-

1. Neither schemes were incorporated in budget documents nor approval of Tehsil Council was obtained.
2. Allocation of Tehsil ADP funds were made in violation of P&D Guidelines.
3. 128 number schemes were executed; however neither evaluation after completion was made nor formally handed over as required as no documents about either event could be produced during audit.
4. TMO failed to transfer Rs 79.216 million out of developmental funds of Rs 265.072 million to WSSCs Bannu during 2016-17 & 2017-18. All the developmental funds were utilized by TMA in violation of above orders.
5. Rs 270,652,000 were spent out of PLA on account of developmental schemes without production of record District Accounts Office for post audit.

Irregular execution of developmental schemes was occurred, which resulted in to violation of rules.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.34, 35, 36, 42 & 58(2017-18)

1.3.3.5 Unauthorized award of works due to non-transparent tendering process Rs 270.652 million

According to procurement planning chapter V (Miscellaneous Provisions) of Khyber Pakhtunkhwa Public Procurement Regulatory Authority 2014, each procuring entity shall plan its procurements with due consideration to transparency, economy, efficiency and timeliness, and shall ensure equal

opportunities to all prospective bidders in accordance with section 22 of the Act. According to S. No. 2 of the NIT, the document must attach with the bid i.e. (Enlistment / renewal copy, Original Tender form / BOQ / Valid PEC registration. Incomplete tender forms will not be accepted.

TMO, TMA Bannu awarded (128) developmental schemes worth Rs 270.652 million during 2016-18. Audit observed that:-

1. Original tender forms with electronic form number / BOQ were not available in most of the cases.
2. Not a single tender form was signed by any responsible officer/ Procurement committee.
3. The tender forms of all the bidders were not signed by TMO.
4. The BOQ and Abstract of cost were not signed by TOI.
5. Call deposits of all the three participants were not available on record.
6. Contracts agreements were not signed by contractors and management.
7. The signs of the Contractor on BOQ and on Tender forms vary from each other.
8. The source through which the participants sent their bid was not known to Audit.
9. Contracts agreements were not signed by contractors and management.
10. No PEC Registration, CNIC and enlistment copy of the contractor were submitted by the contractors in majority of the developmental schemes as required under the NIT.
11. In the tender opening register, tender form No. submitted by the contractors were not written.
12. The quoted rates offered by the contractors were mentioned only in figure.
13. Date and amount of CDR submitted by the contractors were not recorded in the tender register to ascertain the CDR submitted by the contractors.
14. No recommendation by the works committee regarding the award of work was mentioned in the tender register.
15. Manipulation was noticed in some contract files.
16. Monthly progress report was not prepared.

Unauthorized award of work was occurred due to non-compliance of rules, which resulted in to violation of rules.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides regularization of above lapses and action against person (s) at fault.

AIR Para No.40 (2017-18)

**1.3.3.6 Irregular expenditure without sanction of contract agreement
Rs 202.770 million and Non forfeiture of Earnest Money – Rs
4.055 million**

According to Condition No 13 of the NIT “Contract agreement must be sign within 7 days, if the contractor failed to do so, the earnest money already deposited will be forfeited in favor of Government”.

TMO, TMA Bannu award 89 works and paid Rs 202,770,000 to various contractors on account execution of developmental schemes during 2016-18 without sanction of contract agreement. Expenditure without contract agreement is held irregular as responsibility cannot be shifted on contractor in absence of contract agreement. However, the contract agreement was not signed with in the stipulated period and even up to the last date of Audit. The earnest money of Rs 4,055,400 was required to be forfeited by the department.

Irregular expenditure without sanction of contract agreement was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides forfeiture of earnest money / regularization and action against person (s) at fault.

AIR Para No.50 (2017-18)

1.3.3.7 Irregular and unauthorized award of work beyond financial powers Rs 180.975 million

Para 91 of CPWD code provides that An officer of the public works department may accept a tender for a contract up to the amount to which he is authorized to accord technical sanction to estimates. According to Government of Khyber Pakhtunkhwa Local Government and Rural Development Department Local Council Board letter No. Engr/TS/LCB/1-33/2015 Dated Peshawar 9th March 2015 that those Developmental Schemes not covered under the Technical Sanction power of engineer incharge of the concerned council must be submitted for technical sanction to Local Council Board complete in all respect. According to Government of Khyber Pakhtunkhwa LGE&RDD notification No ACI/LCB/ESTT/3-5/2005 dated 22.11.2005, scale wise powers of engineers to accord Technical sanction as under:

- i) Engineers in BPS-18 upto Rs 4,000,000
- ii) Engineers in BPS-17 upto Rs 1,500,000
- iii) Engineers in BPS-16 upto Rs 500,000
- iv) Engineers in BPS-11 upto Rs 300,000

TMO, TMA Bannu awarded 69 number schemes valuing 180.975 million during 2016-18, which was accepted by TOI of TMA Bannu, which was beyond his financial powers as he was empowered to accord technical sanction up to Rs 1,500,000. The engineer in the Local Council Board was empowered to accord the technical sanction in this case. The tenders of the above agreements were

therefore required to be got approved / accepted from engineer in the Local Council Board.

Unauthorized award of work was occurred due to non-compliance of rules, which resulted in to violation of rules.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.41 (2017-18)

1.3.3.8 Execution of works without Technical Sanction – Rs 180.975 million

Para 32 of CPWA code states that no work shall be executed without obtaining T.S and A.A. Para 89 of CPWD Code Provide that where work or the supply of material is to be given out on contract, the following condition must be observed:

- a. Tender must be invited after the estimate has been technically sanctioned.
- b. No officer may accept any contract which relates to a work not yet technically sanctioned.

TMO, TMA Bannu executed / awarded 69 contracts of Rs 180.975 million on account of execution of various development schemes during 2016-18 without obtaining technical sanction. Execution of schemes without technical sanction is held as irregular and unauthorized. Execution of works without obtaining technical sanction is the violation of rules and non-observing of rule put the Government into loss.

Execution of works without TS was occurred due to non-compliance of rules, which resulted in to violation of rules.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.49 (2017-18)

1.3.3.9 Unauthorized cash payment of monthly salaries / honoraria / Pension Rs 132.154 million

According to Para 4.6.3 of Accounting Policies and Procedures Manual (APPM) of New Accounting Model (NAM) that salaries shall be disbursed by direct credit/transfer to the employees nominated Bank Accounts”.

Tehsil Municipal Officer Bannu paid Rs 132,153,689 to Gazetted / Non Gazetted employees / Nazim / Naib Nazim on account of monthly salaries / honoraria and pension to retired TMA employees through DDO instead of direct credit/transfer to their respective Bank Accounts, in violation of Government instructions during 2016-18.

Cash Payment of salaries through DDO was occurred, which resulted in to violation of rules.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.31 (2017-18)

1.3.3.10 Unauthorized processing of auction proceedings and irregular award of contracts – Rs 72.415 million

Serial No 11 of model terms and conditions for the year 2017-18 circulated by Government of Khyber Pakhtunkhwa LG & RDD Local Council Board No. AO-II/LCB/6-11/2017 dated: 20.02.2017 states that, the head of the council shall be personally responsible for disposing off the auction of the contracts on due date after inviting representative of NAB, Ehtessab Commission, Anti-corruption and Finance committee of the council.

TMA Bannu advertised NIT for auction of the following contracts for collection of taxes / fee for the year 2016-17 and 2017-18. The auction proceeding was made and contract was awarded to various contractor without inviting the representative of various departments as mentioned in criteria.

Sr. No.	Description of Tax	Name of Contractor	Bid Amount
1.	2% Property Tax-2016-17	Asif Khan	27,200,000
2.	Motor Lorry Adda-2016-17	Asif Khan	68,400
3.	Goat & Sheep Market-2016-17	Asif Khan	1,700,000
4.	Cattle Fair Ghoriwala-2016-17	Asif Khan	110,000
5.	Cattle Fair Urban-2017-18	Shah Naraz	16,400,000
6.	Cattle Fair Urban-2017-18	Shah Naraz	20,000,000
7.	Groups Latrine City-2017-18	Wilayat Khan	930,000
8.	Sign Board-2017-18	Aamir Rauf	815,000
9.	Entry Fee Sabzi Mandi-2017-18	Amjad Khan	800,000
10.	Tehbazari-2017-18	Aamir Rauf	595,000
11.	Mall Godown-2017-18	Aamir Rauf	292,000
12.	Cattle Fair Kakki-2017-18	Aamir Rauf	3,090,000
13.	Car Park Chown Bazar-2017-18	Sher Ahmad	125,000
14.	Cattle Fair Ghoriwala-2017-18	Aamir Rauf	135,000
15.	Cattle Fair Nurar-2017-18	Aamir Rauf	90,000
16.	Lorry Adda Nurar-2017-18	Sharifullah	65,000
Total			72,415,400

Loss was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.18 (2017-18)

1.3.3.11 Irregular award of contract to defaulter – Rs 66.533 million

Serial No 3 of model terms and conditions for the year 2017-18 circulated by Government of Khyber Pakhtunkhwa LG & RDD Local Council Board No. AO-II/LCB/6-11/2017 dated: 20.02.2017 states that, Defaulter Firms, nominee, authority holders will not be allowed to participate in auction proceedings. The default includes any outstanding amount of the local councils of Khyber Pakhtunkhwa.

In violation of above TMO Bannu awarded following contracts to contractors (Defaulter) valuing Rs 66,533,400 during 2016-17 & 2017-18.

Sr. No.	Description of Tax	Name of Contractor	Bid Amount
1.	2% Property Tax-2016-17	Asif Khan	27,200,000
2.	Motor Lorry Adda-2016-17	Asif Khan	68,400
3.	Goat & Sheep Market-2016-17	Asif Khan	1,700,000
4.	Cattle Fair Ghoriwala-2016-17	Asif Khan	110,000
5.	Cattle Fair Urban-2017-18	Shah Naraz	16,400,000
6.	Cattle Fair Urban-2017-18	Shah Naraz	20,000,000
7.	Groups Latrine City-2017-18	Wilayat Khan	930,000
8.	Car Park Chown Bazar-2017-18	Sher Ahmad	125,000
Total			66,533,400

Irregular award of contract was occurred due to non-compliance of rules, which resulted in to violation of rules.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.19 (2017-18)

1.3.3.12 Recurring loss due to non-conducting the survey for receipts / tax and non-recovery of Annual Fee – Rs 66.500 million

According to letter issued vide Local Council Board vide No. AOII/LCB/9-1/2016 dated 11.05.2016 to the TMA, a proper survey report is required in order to streamline the recovery from various sources under the jurisdiction of TMAs.

Government of Khyber Pakhtunkhwa Local Council Board vide letter No. AOII/LCB/9-24/2010 dated: 18.10.2011 enhanced rate for various categories as below:-

Petrol Pump Annual Fee	=	Rs 08,000 per Annum
Bhata Khasht	=	Rs 03,000 per Annum
Flour Mills / Dal Mills	=	Rs 16,000 per Annum
Oil Agency / Depot	=	Rs 02,000 per Annum
Gas Agencies	=	Rs 02,500 per Annum
Cold Drink Agencies	=	Rs 05,000 per Annum
Private Hospitals / Schools	=	Rs 03,000 per Annum
Hotels / Restaurants	=	Rs 02,500 per Annum
Ice Factory	=	Rs 01,500 per Annum

Cement Agencies	=	Rs 02,000 per Annum
Private Clinics	=	Rs 04,000 per Annum
Motor Cycle Agencies	=	Rs 05,000 per Annum
Crush Plant	=	Rs 10,000 per Annum

TMO Bannu failed to conduct the survey of business / trade activities such as Ice factory, Private Hospitals, Doctor clinics, Motor Car Bargains, food / juice shops, bookshops, bakeries, restaurant, hotels, suzuki stands, rackshaw stands, truck stand, car mechanics, battery dealers, Distributors (Battery, Food items, Beverages, Medicine etc), Marriage Halls etc under the jurisdiction of TMA during the year 2016-17 and 2017-18. As a result, the receipts target and realized amount could not be properly analyzed. The receipts during the years in the subject head were nil as compared to receipt potential of the Tehsil. During physical verification of Bannu city market thousands of trade activities were carried out. Due to non- conducting the survey the TMA failed to recover annual fee from those who carried out above trades in District Bannu – Rs 9.500 million per year (assessed by TMA). Thus TMA was put to loss of Rs 66.500 million (Rs 9.5 million per year x 7 years) 2011-2012 to 2017-18.

Loss was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.20 (2017-18)

1.3.3.13 Non Utilization of Developmental Funds – Rs 43.693 million

According to Para 12 of GFR Vol.-1, a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

Tehsil Municipal Administration, Domel received Tehsil ADP fund Rs 43,693,632 under (PFC 30% and PMD 2016-17 & 2017-18) during 2017-18. The local office retained developmental fund, instead of utilizing in the current Financial Year 2017-18, deposited in the PLA account of the TMA and was carried forward again to the next financial year 2018-19.

Non utilization of funds occurred due to negligence, weak financial control, which deprived the public timely benefit of the funds.

When reported in November 2018, management replied that proper reply will be submitted as for record.

Request for convening of DAC meeting was made on 16.11.2018, which could not be convened till finalization of this report.

Audit recommends physical verification of all the schemes besides preparation of handing over reports and the post completion evaluation reports for submission to council concerned.

AIR Para No.08 (2017-18)

1.3.3.14 Irregular award of contract Rs 40.328 million and non-forfeiture of call deposit - Rs 3.120 million

Serial No 13 of model terms and conditions for the year 2017-18 circulated by Government of Khyber Pakhtunkhwa LG & RDD Local Council Board No. AO-II/LCB/6-11/2017 dated: 20.02.2017 states that, the successful

bidders shall within 07 days of his acceptance of bid shall execute an agreement on the stamp paper and shall also produce guarantee of two local notable residents having property equivalent to the contract amount duly attested by 1st class magistrate to the satisfaction of the council and in case the contractor does not deposit advances or does not enter in to the agreement within the specified period the bid shall be considered as cancelled while the earnest money shall be forfeited in favor of the concerned local councils.

TMO, TMA Bannu awarded following contracts valuing Rs 67.556 million during 2016-17 and 2017-18. Contractors was bound to deposit advance amount, security and Income Tax within 7 days and also execute an agreement on the stamp paper and shall also produce guarantee of two local notable residents having property equivalent to the contract amount duly attested by 1st class magistrate. However, the contractor failed to deposit the amount within stipulated period of time and execute the agreement and production of guarantee of two local notable residents. As per condition of the approval TMA Bannu was required to cancel the contractor and call deposit Rs 7.250 million was required to be forfeited, which action was not taken by the TMO and the TMA was put to loss of Rs 7.250 million (as per detail given below).

Sr. No.	Name of contract	Name of Contractor	Bid Amount	Stipulated Date	Call Deposit
1.	Goat & Sheep Market Bannu (2016-17)	Asif Khan	1,700,000	30.03.2017	300,000
2.	Goat & Sheep Market Bannu (2016-17)	Inayat Ullah	4,350,000	02.08.2018	300,000
3.	Cattle Fair Urban (2016-17)	Shah Naraz Khan	16,400,000	20.06.2016	1,500,000
4.	Cattle Fair Urban (2017-18)	Sha Naraz Khan	20,000,000	31.07.2017	2,000,000
5.	Group Latrine (2017-18)	Wilayat Khan	930,000	31.07.2017	200,000
6.	Cattle Fair Kakki (2017-18)	Aamir Rauf	3,090,000	04.08.2017	500,000
7.	Sign Board (2017-18)	Aamir Rauf	815,000	02.08.2017	300,000
8.	Entry Fee (2016-17)	Asif Khan	641,000	21.07.2016	200,000
9.	Entry Fee (2017-18)	Amjad Khan	800,000	01.08.2017	200,000
10.	Teh Bazari (2016-17)	Sher Ahmad	482,500	07.07.2016	50,000

11.	Teh Bazari (2017-18)	Aamir Rauf	595,000	29.07.2017	50,000
12.	Mall Go Down (2017-18)	Amir Rauf	292,000	29.07.2017	50,000
13.	Car Parking Chowk Bazar (@017-18)	Sher Ahmad	125,000	29.07.2017	50,000
14.	Cattle Fair Ghoriwala (2017-18)	Aamir Rauf	135,000	29.07.2017	50,000
15.	2% Property Tax (2016-17)	Asif Khan	17,200,000	25.06.2016	1,500,000
			67,555,500		7,250,000

Loss was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides forfeiture of call deposit and action against person (s) at fault.

AIR Para No.16 (2017-18)

1.3.3.15 Non recovery of outstanding Rent – Rs 22.988 million

Para 8 and 26 of GFR Vol-I states that each administrative department to see that the dues of the government are correctly and promptly assessed collected and paid into government treasury.

TMO, TMA Bannu failed to collect rent for the tenants of the TMA owned shops amounting to Rs 22,988,380 during 2017-18. Audit observed that non recovery of outstanding dues resulted in loss to government.

Non recovery was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides recovery of outstanding rent and action against person (s) at fault.

AIR Para No.08 (2017-18)

1.3.3.16 Loss due to non-forfeiter of Rs 19.602 million and non-recovery of penalty – Rs 0.497 million

Sr. No. 7 of the Government of Khyber Pakhtunkhwa LG & RDD letter No. AO-III/LCB/6-11/2017 dated: 20.02.2017 stated that the contractor is bound to deposit the monthly installment up to end of each month. If the contractor fails to deposit the monthly installments within stipulated period of time, then 2% per days will be charged as penalty on amount of installment. If the contractor failed to clear the dues by 10th of the month following the month to which the monthly installments relates then the contract may be canceled and his security and advance may be forfeited.

TMO, TMA Bannu awarded different contracts to various contractors during 2016-17 & 2017-18. Contractors are bound to deposit monthly installment up to 10th of the following month (maximum period) with 2% penalty. However all the contractors failed to deposit the amount of monthly installments within stipulated period of time. As per condition TMO was required to recover the amount of penalty Rs 497,382 and cancel the contractor and amount of Rs 19,601,500 already deposit security / advance was required to be forfeited, which action was not taken by the TMA.

Loss was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.22 (2017-18)

1.3.3.17 Excess payment due to un-authorized execution of work in deviation of PC-I / AA – Rs 19.282 million

Para 56 of CPWD Code stipulates that if subsequent to the grant of AA/T.S, 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, TMA Bannu issued administrative approval to 11 number schemes (schemes No. 2, 4, 5, 6, 10, 11, 17, 25, 26, 29, 32) for “Installation of 196 Number Pressure Pumps in different UCs of District Bannu for Rs 28.865 million against the allocation of the 30 % TADP for the year 2016-17. As per Original PC-I, 196 numbers Pressure pumps were to be installed. However as per final bills 229 number Pressure Pumps were installed which were in excess of approved PC-I/AA for Rs 4,724,347.

Similarly TMO, TMA Bannu issued administrative approval to 16 number schemes (schemes No. 2, 4, 5, 6, 8, 10, 13, 14, 19, 29, 30, 32, 34, 36, 39, 42) for “Installation of 342 Number Pressure Pumps in different UCs of District Bannu for Rs 49.480 million against the allocation of the 30 % TADP. As per Original PC-I, 342 numbers Pressure pumps were to be installed. However as per final bills 430 number Pressure Pumps were installed which were in excess of approved PC-I/AA for Rs 9,912,839. Thus the Original PC-I and Administrative Approval were violated which made the matter suspected.

Excess payment was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides recovery / regularization and action against person (s) at fault.

AIR Para No.43 (2017-18)

1.3.3.18 Loss due to non-deposit of Income Tax / Stamp Duty & DRP Fund Rs 16.169 million and less deduction of Income Tax Rs 7.634 million

According to SRO No 136 dated: 13.02.2015, Section 153 (1)(b) states that Income Tax @ 10% & 12.5 is required to be deducted.

Section-II of the disabled person (Employment and Rehabilitation) ordinance 1981 and rule 1991 made there under. It is legal responsibility of all principal officers of each establishment/organization to deduct DRP at the rate of 0.2% from the bill to be made to contractors/firms who have conducted business of one million and above in a financial year.

TMO, TMA Bannu spent Rs 202.763 million on account of execution of various developmental schemes during 2016-18 out of funds (PFC 30%). Income tax @ 7.5 % Rs 15.207 million was deducted from the bills of contractors however the deducted amount was not deposited in to Government Treasury. Similarly TMO TMA Bannu also failed to deposit Rs 961,776 deducted from the bills of contractors as stamp duty / DRP fund in to Government Treasury.

Similarly TMO, TMA Bannu paid Rs 202,763,000 to contractors on account of various works during 2016-18. Income Tax worth Rs 15,207,221 @

7.5% was deducted instead of @ 10% & 12.5 % Rs 22,841,619 which resulting in to loss of Rs 7,634,398.

Non deposit and less deduction were occurred, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides recovery / deposit of amount and action against person (s) at fault.

AIR Para No.37 & 38 (2017-18)

1.3.3.19 Loss to Government due to non-recovery of Income Tax – Rs 13.350 million

Section 236 (A) of the Income Tax Ordinance 2001 requires the recovery of Advance Income Tax at time of sale by auction @ Rs 10% of the bid amount.

TMO, TMA Bannu awarded different contracts to various contractors without recovery of income tax worth Rs 13,350,151.

Loss was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.07 (2017-18)

**1.3.3.20 Non recovery of NOC fee for installation of Pressure Pumps
Rs 12.400 million**

Para 8 and 26 of GFR Vol-I states that each administrative department to see that the dues of the government are correctly and promptly assessed collected and paid into government treasury. TMO impose NOC fee Rs 10,000 per pressure pump.

Tehsil Municipal Administration executed 82 development schemes for installation of 1240 pressure pumps in various area of District Bannu. All the contractors executed pressure pumps without obtaining NOC from TMA, Bannu. TMO, TMA Bannu also failed to collected / recover Rs 12,400,000 as NOC Fee from the contractors.

Non recovery was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides recovery / regularization and action against person (s) at fault.

AIR Para No.51 (2017-18)

1.3.3.21 Non recovery of 27% share of General Bus Stand from Cantonment Board – Rs 11.544 million

As per Clause-III of the decision of arbitration committee the cantonment board is bound to pay 27% share of General Bus Stand to TMA Bannu each year.

TMO TMA Bannu did not recover Rs 11,544,070 as 2% share of General Bus Stand from Cantonment Board Bannu during 2016-17 & 2017-18.

Audit observed that non recovery of departmental dues was occurred due to inadequate administrative and financial control.

Non-recovery was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.24 (2017-18)

1.3.3.22 Loss to TMA due to illegal occupation - Rs 10.00 million and Non recovery of assessed rent - Rs 4.320 million

According to Section 3 of the Khyber Pakhtunkhwa Public Property Act 1977, “If Government, or any authority or officer authorized by Government in this behalf, is satisfied that any person is an un-authorized occupant, it or he may by order in writing, direct such person to vacate the public property and to remove the structures, if any raised by him on the public property, within such

period as may be specified in the order; provided that such period shall not be less than three days.”

Rent Record of TMA Bannu for the financial year 2016-17, it was observed that various private persons occupied additional land / shops / bala khans without any allotments. Further various shops owners in sabzi mandi make additional construction to the shops without any approval of the TMA Bannu and without executing any rent/ lease agreement resulting in to Loss of Rs 4,320,000 (30x6000x24) to TMA.

Illegal occupation occurred due to weak financial and administrative control, resulted in loss to TMA.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.30 (2017-18)

1.3.3.23 Irregular award of Contract and expenditure of Rs 9.058 million

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

According to the standing orders of Government of Khyber Pakhtunkhwa a contractor having registration with Pakistan Engineering Council in relevant category will participate in the bid.

TMO Domel paid 9,058,486 during 2017-18 to the contractors Sher Ahmad & Sons and Tribal Global Construction Co. in the work Installation of 6" & 8" dia pressure pumps at Tehsil Domel with having contractor enlistment of 29.07.2015 and expired on 30.6.2016. (Detail as per Annexure-7).

Payment to contractor without having updated registration/ enlistment is held as irregular and unauthorized.

When reported in November 2018, management replied that proper reply will be submitted as for record.

Request for convening of DAC meeting was made on 16.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.12 (2017-18)

1.3.3.24 Loss to Government due to Non Deduction of Sales Tax on Services Rs 8.686 million

Notification of Khyber Pakhtunkhwa Revenue Authority No. F-16(4) KPRA/Notification /WH/1323 dated 31-08-2015 S.NO 26 states that 15% Services Tax is required to be deducted from services provided by person engaged in contractual execution of work or furnishing supplies.

TMA Domel paid Rs 57,910,583 on various developmental works during 2017-18, Sales Tax on Service worth Rs-8,686,588 was not deducted by department from the contractors as required under reference rules and loss of Rs-8,686,588 was given to the Public exchequer.

Non deduction of sales tax on services was occurred due to non compliance of rules.

When reported in November 2018, management replied stand for recovery.

Request for convening of DAC meeting was made on 16.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.07 (2017-18)

1.3.3.25 Non recovery of 11% penalty worth Rs 8.237 million

Government of KPK LG & RDD Local Council Board letter No AO-II/LCB/6-11/2013 dated: 14.03.2016 vides Serial No 16 and contract agreement, stated that if it is proved that the schedule has been violated or excess fee / tax has been charges willfully, then the contractor shall be liable to pay a penalty up to 11 times of the actual taxes being charges.

TMO TMA Bannu award contracts of Cattle Fair Urban to Contractor Shah Naraz Khan during 2016-17. During the financial year 2016-17 compliant has been launched against the contractors for charging excess fee / tax by general public. TMO TMA Bannu was required to penalize the contractor up to 11 times over the actual tax being charged and also cancel the contract at the risk and cost of the contractor, which action was not taken and the TMA was put to loss.

Non recovery was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.04 (2017-18)

1.3.3.26 Un-authorized execution of work in deviation of PC-I / Administrative Approval Rs 7.817 million

Para 56 of CPWD Code stipulates that if subsequent to the grant of AA/T.S, 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, TMA Bannu issued administrative approval to 9 number schemes (scheme No. 7, 8, 9, 12, 15, 18, 20, 24, 27) for “Installation of 191 Number Pressure Pumps in different UCs of District Bannu for Rs 19.540 million against the allocation of the 30 % TADP for the year 2016-17. As per Original PC-I, 191 numbers Pressure pumps were to be installed. However as per final bills the local office expended the total amount of Rs 19.540 million on 155 numbers Pressure Pumps ignoring 36 Pressure Pumps by increasing the quantity in Pressure Pumps. Thus the Original PC-I and Administrative Approval were violated which made the matter suspected and misappropriation of Rs 3,960,307 cannot be ruled out besides incurring irregular expenditure of Rs 3,960,307.

Similarly, TMO, TMA Bannu issued administrative approval to 2 number schemes (scheme No. 3 & 17) for “Installation of 38 Number Pressure Pumps in different UCs of District Bannu for Rs 6.790 million against the allocation of the 30 % TADP. As per Original PC-I, 38 numbers Pressure pumps were to be installed. However as per final bills the local office expended the total amount of Rs 6.790 million on 25 numbers Pressure Pumps ignoring 13 Pressure Pumps by increasing the quantity in Pressure Pumps. Thus the Original PC-I and Administrative Approval were violated which made the matter suspected and misappropriation of Rs 3,856,667 cannot be ruled out besides incurring irregular expenditure of Rs 3,856,667.

Unauthorized execution was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides recovery / regularization and action against person (s) at fault.

AIR Para No.44 (2017-18)

1.3.3.27 Less recovery of departmental dues Rs 6.334 million

Para 8 and 26 of GFR Vol-I states that each administrative department to see that the dues of the government are correctly and promptly assessed collected and paid into government treasury.

TMO TMA Bannu did not recover tax of Rs 6,334,261 outstanding against various contractors of sale by auction during 2017-18.

Less recovery was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.06 (2017-18)

1.3.3.28 Loss due to non-recovery of building plan fee – Rs 5.500 million

Para 26 & 28 of GFR Vol-I stipulates that controller officer is required to ensure that all sums due to government are regularly and promptly assessed regularized and duly credited in the government account and that no amount due to government should be left out standing without sufficient reasons.

During physical verification of District Bannu city area on 26.11.2018 it was noticed that in different areas of Bannu construction are in process without approval of MAP and payment of building plan fee to TMA Bannu. When pointed out it was replied that notices have been issued to approximately 200 persons and during 2016-17 and 2017-18 for payment of building plan fee. Further FIR have been launched against those person who carried out illegal constructions. Reply was not tenable as neither recovery of building plan fee was made nor any legal action was initiated against them. Thus due to weak administrative control TMA was put to loss of Rs 5.500 million (assessed by TMA-Building plan staff) during 2017-18.

Loss was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.21 (2017-18)

1.3.3.29 Irregular & Unauthorized expenditure without mutation of land Rs 5.255 million

Condition No 10 of Administrative Approval issued vide letter No. 2508-17 / TMA Bannu dated: 07.11.2016 stated that the in case of community centers the allotment / transfer of plot must be ensured on the name of TMA Bannu.

TMO, TMA Bannu spent 3,255,000 on the execution of development schemes “construction of community center (scheme 23 & 55) during 2016-17 without mutation of land in the name of TMO, Bannu. Huge payment with mutation of land leads to violation of rules.

Similarly TMO, TMA spent Rs 2,000,000 on the execution of development work “Construction of Community Center in Sarwar Fateh Khel C/O Israr Khan UC Mita Khel District Bannu estimated cost of Rs 2.00 million during 2017-18 without mutation of land.

Irregular expenditure without mutation of land was occurred, which resulted in to violation of rules.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.39 (2017-18)

1.3.3.30 Loss to TMA due to achieving of target in 2% property Tax – Rs 4.485 million

Sr. No. 2 of the Government of Khyber Pakhtunkhwa LG & RDD letter No. AO-II/LCB/6-11/2013 dated: 14.03.2016 stated that: The local council shall advertise all contract for auction to achieve the maximum increase or up to minimum of 20% over the last year approved bid/income.

TMO, TMA Bannu award contract for collection of 2% property tax to contractor Asif Khan for Rs 27,200,000 during 2016-17, the contractor deposited Rs 25,434,782 leaving a balance of Rs 1,765,218. The contractor also failed to deposit income tax, which resulted in to loss of Rs 4,485,218 as per detail given below: The TMA Bannu failed to achieve the target fixed by provincial Government.

Description	2016-17
Income from last year 2015-16	22,100,000
20% Increase over last year bid	4,420,000
Total	26,520,000
Bid offered by contractor	27,200,000
Actual Income 2016-17	25,434,782
Loss	1,765,218
Income Tax 10% (2016-17)	2,720,000
Total Loss	4,485,218

Loss was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.15 (2017-18)

1.3.3.31 Irregular issuance of receipts books to irrelevant persons and embezzlement of receipts – Rs 4.461 million

Para 23 of GFR Vol-1 provides that every Govt. Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Govt. through fraud or negligence on his part or on the part of his subordinate staff.

Record of the Store Keeper of TMA Bannu for the year 2016-17 and 2017-18 revealed that receipts books (R3 and G8) were issued to the Mr Khurshid Ali Khan (Secretary Tehsil Council) instead of rent inspector zone-1 during 2016-18. Mr Khurshid Ali Khan collected Rs 1,660,582 on Form R3 and Rs 2.800 million approximately on Form G8 from various sources. However, record of the local office is silent regarding deposit of amount in to TMA Bank Accounts. It seems that the amount was collected but was not deposited in to TMA Bank Accounts and was embezzled.

Embezzlement was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.23 (2017-18)

1.3.3.32 Loss to Government due to non-auction of contract of Cattle Fair Kakki – Rs 4.349 million

Sr. No. 2 of the Government of Khyber Pakhtunkhwa LG & RDD letter No. AO-II/LCB/6-11/2017 dated: 20.02.2017 stated that: The local council shall advertise all contract for auction to achieve the maximum increase or up to minimum of 20% over the last year approved bid/income.

TMO, TMA Bannu award contract of Cattle Fair Kakki to contractor Zahid Ullah S/O Rafi Ullah on the basis of 25% increase over last (2015-16) year departmental collection for Rs 2,351,791 during 2016-17 without proper auction. Rs 1,881,433 were deposited by contractor during 2016-17. The contractor of A-Category Mr. Mushtaq Khan submitted an application for award of contractor on Rs 3.00 million. Further Mr. Raees Khan offered rate of Rs 3,500,000. Instead of award of contractor to Mr. raees Khan the contract was awarded to Zahid ullah, which resulted in to loss of Rs 1,968,567.

Similarly TMO, TMA Bannu award contract of Cattle Fair Kakki to contractor Aamir Rauf for Rs 3,090,000 instead of Rs 4,200,000. The contractor deposited R 2,342,500 during 2017-18 leaving a balance of Rs 747,500.

Description	2016-17	2017-18
Income from last year 2015-16	2,024,000	3,500,000
20% Increase over last year bid	404,800	700,000
Total	2,428,800	4,200,000
Bid offered by contractor	3,500,000	3,090,000
Actual Income 2016-17	1,881,433	2,449,845
Loss	1,618,567	1,750,155
Income Tax 10% (2016-17)	350,000	0
Income Tax 15% (2017-18)	0	630,000
Total Loss	1,968,567	2,380,155
Gross Loss	4,348,722	

Loss was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.09 (2017-18)

1.3.3.33 Un-transparent award of work Rs 4.00 million involving loss / over payment of Rs 0.120 million due to manipulation in tender documents

Para 89 of CPWD Code read with Rule 7 of Delegation of Powers Rules-2001 requires the tendering in the most open and public manner and to execute work under proper agreement. Detail transparent procedure of NIT, Tendering opening process and conclusion of contracts are given in the KKPRI Rules 2014.

Scrutiny of the Tenders record of TMA Bannu for the 2017-18 revealed that NIT published in daily news-papers required rates for the work No 01 on MRS-2016. All the contractors quoted their rates on MRS-2016. Rates offered were as follows.

1. Muhammad Tariq	AT PAR
2. Bakhta Zeb	2% Above
3. Pak Insaf	3% Above
4. Muhammad Usman	3% below

The lowest rate of 3% below on MRS 2016 was quoted by Muhammad Usman. On BOQ attached with Tender form the rate of 3% below was manipulated by cutting below.

Due to inadequate administrative and financial control the work was awarded to the contractor on at Par of estimated cost of Rs 4.00 million vide

acceptance letter No. 8082-88/TMA dated: 19.05.2017. The comparative statement was incorrectly prepared, which indicates the non-transparency and manipulation also. Resultantly loss / Overpayment of Rs 120,000 as per detail given below are involved.

- i. Payment required if awarded on 3% below MRS 2016=Rs 4,000,000
3%below=3,880,000
- ii. Overpayment involved=Rs 4,000,000 – 3880,000 = 120,000

Un-transparent award and overpayment was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides recovery / regularization and action against person (s) at fault.

AIR Para No.54 (2017-18)

1.3.3.34 Un-transparent award of work Rs 4.00 million involving loss / over payment of Rs 0.400 million due to manipulation in tender documents

Para 89 of CPWD Code read with Rule 7 of Delegation of Powers Rules-2001 requires the tendering in the most open and public manner and to execute work under proper agreement. Detail transparent procedure of NIT, Tendering opening process and conclusion of contracts are given in the KKPRRA Rules 2014.

Scrutiny of the Tenders record of TMA Bannu for the 2017-18 revealed that NIT published in daily news-papers required rates for the work No 02 on MRS-2016. All the contractors quoted their rates on MRS-2016. Rates offered were as follows.

1. Muhammad Tariq	AT PAR
2. Bakhta Zeb	2% Above
3. Pak Insaf	2.5% Above
4. Muhammad Usman	10% below

The lowest rate of 10% below on MRS 2016 was quoted by Muhammad Usman. On BOQ attached with Tender form the rate of 10% below was manipulated by cutting below and writing above.

Due to inadequate administrative and financial control the work was awarded to the contractor on at Par of estimated cost of Rs 4.00 million vide acceptance letter No. 8089-95/TMA dated: 19.05.2017. The comparative statement was incorrectly prepared, which indicates the non-transparency and manipulation also. Resultantly loss / Overpayment of Rs 400,000 as per detail given below are involved.

- i. Payment required if awarded on 10% below MRS 2016=Rs 4,000,000 –
10%below=3,600,000
- ii. Overpayment involved=Rs 4,000,000 – 3,600,000 = 400,000

Un-transparent award and overpayment was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides recovery / regularization and action against person (s) at fault.

AIR Para No.55 (2017-18)

1.3.3.35 Un-transparent award of work Rs 4.00 million involving loss / over payment of Rs 0.120 million due to manipulation in tender documents

Para 89 of CPWD Code read with Rule 7 of Delegation of Powers Rules-2001 requires the tendering in the most open and public manner and to execute work under proper agreement. Detail transparent procedure of NIT, Tendering opening process and conclusion of contracts are given in the KKPRRA Rules 2014.

Scrutiny of the Tenders record of TMA Bannu for the 2017-18 revealed that NIT published in daily news-papers required rates for the work No 05on MRS-2016. All the contractors quoted their rates on MRS-2016. Rates offered were as follows.

1. Muhammad Tariq	AT PAR
2. Bakhta Zeb	1% Above
3. Pak Insaf	3% Above
4. Muhammad Usman	3% below

The lowest rate of 3% below on MRS 2016 was quoted by Muhammad Usman. On BOQ attached with Tender form the rate of 3% below was manipulated by cutting below.

Due to inadequate administrative and financial control the work was awarded to the contractor on at Par of estimated cost of Rs 4.00 million vide acceptance letter No. 8111-17/TMA dated: 19.05.2017. The comparative statement was incorrectly prepared, which indicates the non-transparency and manipulation also. Resultantly loss / Overpayment of Rs 120,000 as per detail given below are involved.

- i. Payment required if awarded on 3% below MRS 2016=Rs 4,000,000 –
3%below=3,880,000
- ii- Overpayment involved=Rs 4,000,000 – 3880,000 = 120,000

Un-transparent award and overpayment was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides recovery / regularization and action against person (s) at fault.

AIR Para No.56 (2017-18)

1.3.3.36 Non-recovery of Income Tax – Rs 3.961 million

Section 236 (A) of the Income Tax Ordinance 2001 requires the recovery of Advance Income Tax at time of sale by auction @ Rs 15% of the bid amount w.e.f. 01.07.2017.

TMO, TMA Bannu awarded different contracts to various contractors valuing 26.937 million without recovery of income tax @ 15% worth Rs 3,960,550 (as per detail given below) during 2017-18.

Sr. No.	Description of Tax	Name of Contractor	Bid Amount	Income Tax @ 15%
1.	Cattle Fair Urban	Shah Naraz	20,000,000	3,000,000
2.	Groups Latrine City	Wilayat Khan	930,000	139,500
3.	Sign Board	Aamir Rauf	815,000	122,250
4.	Entry Fee Sabzi Mandi	Amjad Khan	800,000	40,000
5.	Tehbazari	Aamir Rauf	595,000	89,250
6.	Mall Godown	Aamir Rauf	292,000	43,800
7.	Cattle Fair Kakki	Aamir Rauf	3,090,000	463,500
8.	Car Park Chown Bazar	Sher Ahmad	125,000	18,750
9.	Cattle Fair Ghoriwala	Aamir Rauf	135,000	20,250
10.	Cattle Fair Nurar	Aamir Rauf	90,000	13,500
11.	Lorry Adda Nurar	Sharifullah	65,000	9,750
Total			26,937,000	3,960,550

Non recovery of Income Tax was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.17 (2017-18)

1.3.3.37 Unauthorized expenditure on the purchase of (2) Vehicles – Rs 3.124 million

According to Serial No 3 of Austerity measures circulated by Government of Khyber Pakhtunkhwa Finance Department letter No. BO.I / FD/ 5-8 / 2016-17 dated: 04.07.2016 that, there shall be complete ban on the purchase of new vehicles during 2016-17. According to Note (b) to Serial No 3 of Government of Khyber Pakhtunkhwa Delegation of Powers under the financial rules and the powers of re-appropriation rules-2001, all cases involving purchase of vehicles / motor cycles shall have prior concurrence of Provincial P&D and Finance Department even it is approved as part of PC-I. According to condition No a & b of Government of Khyber Pakhtunkhwa Local Government Election and Rural Development Department Peshawar notification No SO (C&D) LGE & RDD / Transport Committee / 2015-16/528 dated: 03.04.2017 that, there shall be no duplication of purchases, and only those District Governments & TMAs shall make procurement of new vehicles where the presently serviceable vehicle does not exists. Further the existing old / unserviceable vehicles shall be surrendered to Administrative Department for auction.

TMO, Tehsil Municipal Administration Bannu spent Rs 3,124,000 vide cheques No. 8949460 30.12.2016 and Cheque No 1887651 datedL 19.10.2017 on

the purchase of two new vehicles during ban period and without approval of Provincial P&D and Finance Department during Financial Year 2016-17 & 2017-18. Audit further observed that:-

1. According to condition (b) of the notification mentioned above only those District Governments & TMAs shall make procurement of new vehicles where the presently serviceable vehicle does not exist. However, two serviceable vehicles for TMO and Nazim were available with the local office, which were used and expended Rs 3,000,000 on the purchase of POL and repair of the subject two vehicles.
2. According to condition (a) of the notification mentioned above, the existing old / unserviceable vehicles shall be surrendered to Administrative Department for auction, however the vehicles were neither declared condemned nor surrendered to Administrative Department, but were used by the local office during 2016-17 and 2017-18.
3. Payment was made in advance without approval.
4. Direct supply orders were issued instead of open competitive bidding in violation of KPPRA rules 2014.
5. Bidders were restricted to supply specific brand (Toyota) & (Suzuki) instead of bids based on performance or functional specification in violation of Section 23(4) of KPPRA.
6. Sales tax @ 1/5 from Indus motors was not deducted, thus Rs 50,361 was overpaid.

Unauthorized expenditure was incurred due to non-compliance of rules, which resulted in a loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.29 (2017-18)

1.3.3.38 Fraudulent award of work to non-participating contractor and payment to other contractors - 2.655 million

Para 89 of CPWD Code read with Rule 7 of Delegation of Powers Rules-2001 requires the tendering in the most open and public manner and to execute work under proper agreement. Detail transparent procedure of NIT, Tendering opening process and conclusion of contracts are given in the KKPR Rules 2014.

Scrutiny of the Tenders record of TMA Bannu for the Year 2016-17 revealed that NIT published in daily news-papers required rates for the work No 54 & 55 on MRS-2016. The following contractors quoted their rates on MRS-2016 as follows.

Work-54

- | | |
|---------------------------|----------|
| 1. Muhammad Usman | AT PAR |
| 2. Bakhta Zeb | 2% above |
| 3. New Bannu Construction | 1% Above |

Work-55

- | | |
|-------------------|------------|
| 1. Muhammad Usman | AT PAR |
| 2. Abdul Malik | 1.5% above |
| 3. Bakhta Zeb | 2% above |

Both the contracts was awarded to Mr. Abdul Malik Khan despite the fact that the said contractor did not participate in bidding process of scheme No 54 and 55. Due to inadequate administrative and financial control the work was awarded to the contractor fraudulently. This indicates the non-transparency in the award of works. Further it was astonishing to note that Rs 2.655 million were paid to the Mr Muhammad Usman, which is not understood as the work was awarded to Mr Abdul Malik and payment was made Muhammad Usman.

Fraudulent award of work was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.52 (2017-18)

1.3.3.39 Fraudulent award of work on the name of TGC – Rs 1.695 million

Para 89 of CPWD Code read with Rule 7 of Delegation of Powers Rules-2001 requires the tendering in the most open and public manner and to execute work under proper agreement. Detail transparent procedure of NIT, Tendering opening process and conclusion of contracts are given in the KKPRRA Rules 2014.

Scrutiny of the Tenders record of TMA Bannu for the year 2016-17 revealed that NIT published in daily news-papers required rates for the work No 31 on MRS-2016. The following contractors quoted their rates on MRS-2016 as follows.

1. SKC
2. Piyaw Shah
3. Umar Nawaz for (TGC)

The Tribal Global Company was register with the name of Sher Muhammad S/O Peer Ahmad. However, the contractor Sher Muhammad not participated in the bidding process of work No 31. But a person Mr Umar Nawaz

used the license of TGC participated in the bidding process which is not authorized as use of license of other contractor is not covered in any law.

Fraudulent award of work was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.53 (2017-18)

1.3.3.40 Wastage of Public money due to unjustified payment for installation of P/Pumps without pumping machinery – Rs 1.1567 million

Para 96 of GFR states that It is contrary to the interest of the state that money should be spent hastily or in an ill-considered manner merely because it is available or that the lapse of a grant could be avoided. A rush of expenditure particularly in the closing month of financial year will ordinarily be regarded as breach of financial regularity.

TMO, TMA Bannu issue Administrative Approval vide letter No. 6812-24/TMA /Bannu dated: 13.04.2017 for installation of Pressure pumps, overhead tanks culverts at UC Hassani for estimated cost of Rs 2,790,000. TMA Bannu spent Rs 2,790,000 on the installation of P/Pumps overhead tanks and culverts. 10 number Pressure Pumps were shown installed without pumping machinery, which does not meet the purpose and it is not understood that how installation of pressure pumps was made without providing claiming machinery. Therefore, it is apprehended that execution of drilling without pumping machinery in unjustified

which makes the matter suspected. Further physical verification was also not arranged despite repeated requests.

Wastage of public money was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides recovery / regularization and action against person (s) at fault.

AIR Para No.57(2017-18)

1.3.3.41 Irregular and un-authorized drawl and payment on account of salaries - Rs 21.480 million

Sr. No 8 of Austerity measures circulated by Government of Khyber Pakhtunkhwa Finance Department letter No. BO.I / FD/ 5-8 / 2017-18 dated: 30.06.2017 stated that No appointment of contingent paid staff shall be made during the course of the financial year without the prior consent of the Finance Department.

Examination of the Account record of TMA Bannu for the year 2016-17 & 2017-18, revealed that 291 regular sanitary staff was on the strength of the TMA for Municipal Services. The Chief Sanitary Inspector deputed that entire staff to different areas. In addition to that 79 Nos and 100 Nos sanitary staff (fixed pay) @ Rs 10,000 was also appointed during 2016-17 & 2017-18 respectively for Municipal Services. (179 *12*10,000). When demanded the detail of those staff along with their place of posting, they failed to provide the detail. Further Attendance Register was also not maintained. Appointment of

staff on fix pay may be justified under proper rules, approval of the competent authority subject to the additional works and sanctioned strength. Payment against appointment on fix pay is held irregular and extra burden on financially weak TMA.

Irregular and unauthorized drawl was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides recovery / regularization and action against person (s) at fault.

AIR Para No.60 (2017-18)

1.3.3.42 Non recovery of rent outstanding against allottee of shops of Rs. 8.710 million

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

During scrutiny of accounts record of TMA Domel 2017-18, it was observed that 245 No of shops allotted to various allottees on rent basis, and a huge amount of Rs. 8,710,798 was outstanding against the defaulters till 2017-18.

Non recovery of the outstanding rent is the violation of rules, which shows inadequate administrative and financial control.

When reported in November 2018, management replied stand for recovery.

Request for convening of DAC meeting was made on 16.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.01 (2017-18)

1.3.3.43 Loss to Government due to non-auction of contract of Goat & Ship Market Rs 2.831 million

Sr. No. 2 of the Government of Khyber Pakhtunkhwa LG & RDD letter No. AO-II/LCB/6-11/2017 dated: 20.02.2017 stated that: The local council shall advertise all contract for auction to achieve the maximum increase or up to minimum of 20% over the last year approved bid/income.

Tehsil Municipal Officer, TMA Bannu award contract Goat & Ship Market to a contractor Inayat Ullah Khan during 2017-18 for bid cost of Rs 4,350,000. Contractor deposited Rs 3,541,000 during 2017-18. TMA Bannu sustained loss of Rs 2,831,000 due to award of contract on (61.38 % decrease) in violation of model terms & conditions as per detail given below:-

Description	2017-18
Last year bid (2016-17)	4,400,000
20% Increase over last year bid/income	880,000
Total	5,280,000
Actual Income 2017-18	3,241,000
Loss	2,039,000
Income Tax 15% (2017-18)	792,000
Total Loss	2,831,000

Loss was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.03 (2017-18)

1.3.3.44 Loss to Government due to non-auction of contract of building plan Rs 2.580 million

Sr. No. 2 of the Government of Khyber Pakhtunkhwa LG & RDD letter No. AO-II/LCB/6-11/2017 dated: 20.02.2017 stated that: The local council shall advertise all contract for auction to achieve the maximum increase or up to minimum of 20% over the last year approved bid/income.

Tehsil Municipal Officer Bannu runs departmentally the collection of building plan fee instead of advertise / auction during 2016-17 & 2017-18, which resulted in to loss of Rs 2,579,935 as per detail given below:-

Description	2016-17	2017-18
Income from last year bid 2015-16	1,694,595	2,033,587
20% Increase over last year bid	338,992	406,717
Total	2,033,587	2,440,304
Actual Income	1,243,796	1,219,565
Loss	789,791	1,220,739
Income Tax 10% (2016-17)	203,359	0
Income Tax 15% (2017-18)	0	366,046
Total Loss	993,150	1,586,785
Gross Loss	2,579,935	

Loss was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.01 (2017-18)

1.3.3.45 Loss to Government due to non-auction of contract of Goat & Ship Market Rs 1.832 million

Sr. No. 2 of the Government of Khyber Pakhtunkhwa LG & RDD letter No. AO-II/LCB/6-11/2017 dated: 20.02.2017 stated that: The local council shall advertise all contract for auction to achieve the maximum increase or up to minimum of 20% over the last year approved bid/income.

Tehsil Municipal Officer, TM Bannu auctioned Goat & Ship Market and a contractor Karim Dad Khan offered Rs 4,400,000 during 2016-17. Despite proper vetting of contract from Secretary LCB, the contract was running departmentally instead of awarding to the contractor, which resulted in to loss of Rs 1,832,195 as per detail given below:-

Description	2016-17
Offered Rate 2016-17	4,400,000
Actual Income departmentally 01-07-2016 to 31.12.2017	1,497,805
Actual Income 01.01.2017 to 30.06.2017 (Asif Khan Contractor)	1,510,000
Total Actual Income 01-07-2016 to 31.12.2017	3,007,805
Loss	1,392,195
Income Tax 10% (2016-17)	440,000
Total Loss	1,832,195

Loss was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.02 (2017-18)

1.3.3.46 Loss to Government due to non-auction of contract of Mall Go down / Slaughter House / Sign Board – Rs 1.763 million

Sr. No. 2 of the Government of Khyber Pakhtunkhwa LG & RDD letter No AO-II/LCB/6-11/2013 dated: 14.03.2016 and letter No. AO-II/LCB/6-11/2017 dated: 20.02.2017 stated that: The local council shall advertise all contract for auction to achieve the maximum increase or up to minimum of 20% over the last year approved bid/income.

TMO, TMA Bannu runs departmentally the contract of Mal Go Down / Slaughter House / Sign Board during 2016-17 & 2017-18 instead of through open competitive auction / bidding, which resulted in to loss of Rs 1,762,567.

Loss was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.10, 12 & 13 (2017-18)

1.3.3.47 Loss to TMA & Federal Government due to non-auction of contract of Lorry Adda Kakki – Rs 1.833 million

Sr. No. 2 of the Government of Khyber Pakhtunkhwa LG & RDD letter No AO-II/LCB/6-11/2013 dated: 14.03.2016 and letter No. AO-II/LCB/6-11/2017 dated: 20.02.2017 stated that: The local council shall advertise all contract for auction to achieve the maximum increase or up to minimum of 20% over the last year approved bid/income.

Tehsil Municipal Officer Bannu runs departmentally the collection of Lorry Adda Kakki instead of advertise / auction during 2016-17 & 2017-18, which resulted in to loss of Rs 1,833,092 as per detail given below:-

Description	2016-17	2017-18
Income from last year bid 2015-16/2016-17	871,664	1,045,997
20% Increase over last year bid	174,333	209,199
Total	1,045,997	1,255,196
Actual Income during the year	433,880	327,100
Loss	612,117	928,096
Income Tax 10% (2016-17)	104,600	0
Income Tax 15% (2017-18)	0	188,279
Total Loss	716,717	1,116,375
Gross Loss	1,833,092	

Loss was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.14 (2017-18)

1.3.3.48 Loss of Rs 1.679 million due to non deposit into Government Treasury

Para 26 & 28 of GFR Vol-I stipulates that controller officer is required to ensure that all sums due to government are regularly and promptly assessed regularized and duly credited in the government account and that no amount due to government should be left out standing without sufficient reasons.

TMO Domel awarded different developmental contracts to various contractors during 2017-18. Audit observed that the local office paid Rs 32,772,130 to the contractors leaving a balance of Rs 1,679,940, which was deducted from the contractor bills as below rates offered by Contractors, but neither surrendered nor approved for further utilization from the competent authority. (Detail as per Annexure-8)

Non surrendering / utilization of funds occurred due to negligence, weak financial control, which deprived the public timely benefit of the funds.

When reported in November 2018, management replied “Agreed”.

Request for convening of DAC meeting was made on 16.11.2018, which could not be convened till finalization of this report.

Audit recommends was that the amount may be deposited into government treasury.

1.3.3.49 Un-authorized execution of work in deviation of PC-I / Administrative Approval – Rs 1.704 million

Para 56 of CPWD Code stipulates that if subsequent to the grant of T.S, 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, TMA Bannu issued Administrative Approval to a scheme “Installation of 13 Number Pressure Pumps in UC Kousar Fateh Khel” for Rs 1,965,000 against the allocation of the 30% TADP for the year 2016-17 at Sr. No 19 of Administrative Approval. As per Original PC-I, 13 numbers Pressure pumps were to be installed at already identified sites (UC Kousar Fateh Khel). Audit however observed that the contractor installed only two Pressure Pump on already identified site (as per original PC-I) and the remaining Pressure pumps were installed on other site location (in other union councils of District Bannu (Mandan UC). Thus the Original PC-I and Administrative Approval were violated which made the matter suspected and misappropriation of Rs 1,704,230 cannot be ruled out besides incurrence of unauthorized expenditure of Rs 1,704,230.

Un-authorized execution of works was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides recovery / regularization and action against person (s) at fault.

1.3.3.50 Un-transparent award of work Rs 1.695 million involving loss /over payment of Rs 0.197 million due to manipulation in tender documents

Para 89 of CPWD Code read with Rule 7 of Delegation of Powers Rules-2001 requires the tendering in the most open and public manner and to execute work under proper agreement. Detail transparent procedure of NIT, Tendering opening process and conclusion of contracts are given in the KKPRRA Rules 2014.

Scrutiny of the Tenders record of TMA Bannu for the 2016-17 revealed that NIT published in daily news-papers required rates for the work No 19 on MRS-2016. All the contractors quoted their rates on MRS-2016. Rates offered were as follows.

1. Muhammad Tariq	At PAR
2. Muhammad Usman	10 % Below
3. Sabir Construction	40 % Above

The lowest rate of 10% below on MRS 2016 was quoted by Muhammad Usman. Due to inadequate administrative and financial control the work was awarded to the contractor on at Par of estimated cost of Rs 1.965 million vide acceptance letter No. 3122-25/TMA dated: 05.12.2016. The comparative statement was incorrectly prepared, which indicates the non-transparency and manipulation also. Resultantly loss / Overpayment of Rs 165,500 as per detail given below are involved.

- i. Payment required if awarded on 10% below MRS 2016=Rs 1.965 million–
10%below=1.7685 million
Overpayment involved=Rs 1.965 million – 1.7685 million
= 0.1965 million

Un-transparent award and overpayment was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides recovery / regularization and action against person (s) at fault.

AIR Para No.45 (2017-18)

1.3.3.51 Un-authorized execution of work in deviation of PC-I / Administrative Approval – Rs 1.695 million

Para 56 of CPWD Code stipulates that if subsequent to the grant of T.S, 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, TMA Bannu issued Administrative Approval to a scheme “Installation of 16 Number Pressure Pumps in UC Shamshi Khel” for Rs 1,965,000 against the allocation of the 30% TADP for the year 2016-17 at Sr. No 27 of Administrative Approval. As per Original PC-I, 16 numbers Pressure pumps were to be installed at already identified sites (UC Shamshi Khel). Audit however observed that the contractor installed all Pressure Pump on other site location (in other union councils of District Bannu (Ghoriwala UC). Thus the Original PC-I and Administrative Approval were violated which made the matter suspected and misappropriation of Rs 1,965,000 cannot be ruled out besides incurrence of unauthorized expenditure of Rs 1,965,000.

Un-authorized execution of works was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides recovery / regularization and action against person (s) at fault.

AIR Para No.47 (2017-18)

1.3.3.52 Un-transparent award of work Rs 1.095 million involving loss / over payment of Rs 0.131 million due to manipulation in tender documents

Para 89 of CPWD Code read with Rule 7 of Delegation of Powers Rules-2001 requires the tendering in the most open and public manner and to execute work under proper agreement. Detail transparent procedure of NIT, Tendering opening process and conclusion of contracts are given in the KKPRIA Rules 2014.

Scrutiny of the Tenders record of TMA Bannu for the 2016-17 revealed that NIT published in daily news-papers required rates for the work No 41 on MRS-2016. All the contractors quoted their rates on MRS-2016. Rates offered were as follows.

1. Abdul Malik	1.5% Above
2. Muhammad Usman	AT PAR
3. Bakhta Zeb	12 % below

The lowest rate of 12% below on MRS 2016 was quoted by Bakhta Zeb.

Due to inadequate administrative and financial control the work was awarded to the contractor on at Par of estimated cost of Rs 1.095 million vide acceptance letter No. 3210-13/TMA dated: 05.12.2016. The comparative statement was incorrectly prepared ignoring the rate of Bakhta Zeb, which indicates the non-transparency and manipulation also. Resultantly loss / Overpayment of Rs 131,400 as per detail given below are involved.

- i. Payment required if awarded on 12% below MRS 2016=Rs 1,095,000 –
12%below=963,600
- ii. Overpayment involved=Rs 1,095,000 – -963,600 = 131,400

Un-transparent award and overpayment was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides recovery / regularization and action against person (s) at fault.

AIR Para No.48 (2017-18)

1.3.3.53 Loss to Federal Government due to non recovery of Income Tax worth Rs. 0.147 million

Terms & conditions of the agreement with the contractor states that “contractor will be bound to pay income tax in Advance @ 10% on the total bid amount.”

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

TMA Domel, awarded contract of cattle fair Domel to contractor Noor Wali Khan s/o Saeed Wali khan valuing Rs 1,476,000 during 2017-18. Audit observed that Income tax worth Rs 147,600 was required to be deducted in advance which was not done (as per detail given below).

LIST SHOWING STATEMENT OF OUTSTANDING 2017-18

S.No	Name of Contract	Name of Contractor	Financial Year 2017-18	Total Bid Amount	Income Tax @ 10%
1	Cattle Fair Domel	Saeed Wali Khan	2017-18	1,476,000	147,600
Total				1,476,000	147,600

Non recovery of income tax in advance is the violation of rules and the Government was deprived from the revenues.

When reported in November 2018, management replied stand for recovery.

Request for convening of DAC meeting was made on 16.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.05 (2017-18)

1.3.3.54 Non deductions of professional Tax Rs 0.417 million

The Government of Khyber Pakhtunkhwa Finance Act vide no XXV of 2014 which states that There shall be levied and collected a tax for each financial year , from persons engaged in professions , trades callings or

employment described in column 2 of the table below at the specified rate against each category in column 3 thereof.

- (1) Provided that where a person falls in more than one category of profession, trades, calling etc .He shall be liable to pay tax in respect of the one where the tax is highest.
- (2) If a person liable to pay tax under subsections (a) Fails to pay the tax by the 30th day of September of the year to which the tax pertains he shall be liable to pay penalty at the rate of 50% of the tax due from him in additions to the actual tax
- (3) The Tax and the penalty leveled and imposed under this section shall be recoverable as arrears of land revenue.

Contractors, suppliers and consultants who during preceding financial year to the federal or any Provincial Government or any local authority in the district goods commodities, or rendered service of the value.		
A	When exceeding Rs 10,000/-but not exceeding Rs 0.5 million	4,000
B	When exceeding Rs 0.5million/-but not exceeding Rs 1million	5,000
C	When exceeding Rs 1.00/-but not exceeding Rs 2.5 million	7,000
D	When exceeding Rs 2.5/-but not exceeding Rs 10 million	18,000
E	When exceeding Rs 10million /-but not exceeding Rs 25 million	25,000
F	When exceeding Rs 25million/-but not exceeding Rs50million	30,000
G	When exceeding Rs 50million/- and above	100,000

TMO, TMA Bannu failed to recover professional tax outstanding against various contractors worth Rs 407,000 during 2016-18.

Non deduction was occurred due to non-compliance of rules, which resulted in to loss to Government.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

Audit recommends inquiry besides recovery / regularization and action against person (s) at fault.

AIR Para No.59 (2017-18)

1.3.3.55 Non-compliance with Local Government Act 2013, Rules of Business 2015 & Budget Rules 2016

According to section 37(4) of LGA 2013, every Nazim, district council and tehsil council shall appoint an Internal Auditor. According to section 39 of LGA 2013, every Nazim shall, once in every year on a date fixed by him, take physical stock of movable and immovable properties. According to clause 1 (e) of section 23 of LGA 2013, Nazim will prepare and present report on the performance of municipal administration in tehsil council at least twice a year. According to schedule-I of Rules of Business 2015, Finance section shall prepare financial statements. According to section (4) of Budget Rule 2016, the TO (Finance) shall develop fiscal forecasts for 3 years. {See Rule 3 (2)}As per instructions / requirements laid down in Schedule 1 of the Khyber Pakhtunkhwa Tehsil and Town Municipal Administration Rules of Business 2015 the Finance Office shall “prepare financial statement and present them for internal and external audit”.

Record of TMA, Bannu for the financial year 2016-18 revealed non-compliance of the Act and rules as per detail as under:

1. Internal Auditor has not been appointed.
2. The annual stock verification, report of moveable, immoveable property/stock has not been prepared for submission to local council.
3. Performance report has not been prepared.
4. Financial Statements has not been prepared for internal and external audit.
5. The 03 years fiscal forecast has not been prepared as required under Budget Rules 2016.

Non-compliance with LGA-2013 was occurred due to non-compliance of rules, which resulted in to violation of rules.

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

Request for convening the DAC meeting was made on 28.11.2018, which could not be convened till finalization of this report.

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

AIR Para No.25 (2017-18)

1.3.3.56 Non preparation of Appropriation, Finance and Financial Statements

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 168 of Local Government Act 2012, require the Auditor-General of Pakistan to conduct audit of the receipts and expenditure of Local Fund of District Council and Municipal Committees.

TMO Domel Budgetary and expenditure position for the year 2017-18 is given as under:

Head of Accounts	Budget for 2017-18	Revised Budget for 2017-18
Opening Balance on Ist July, 2017	12,728,369	71,891,205
Receipt during the year	130,349,815	61,413,335
Total Receipt	143,077,184	133,304,540
Total Expenditure	142,164,215	75,342,141
Closing Balance on 30 th June, 2018 (Dev+ Local fund)	912,969	57,962,399

Audit observed that Appropriation Account, Finance Accounts and Financial Statement were not prepared and submitted to audit to authenticated allocation and as well grant-wise analysis of the expenditures.

Non preparation /maintenance of Appropriation Account, Finance Account and Financial Statement for year 2017-18 is violation of rules.

When reported in November 2018, management replied stand for future guidance.

Request for convening of DAC meeting was made on 16.11.2018, which could not be convened till finalization of this report.

Audit recommends preparation of Appropriation Account, Finance Account and Financial Statement for year 2017-18 and be produced to audit.

AIR Para No.06 (2017-18)

AD LGE & RDD

1.4 AD LG E&RDD BANNU

1.4.1 Irregularity/Non-compliance

1.4.1.1 Loss to Government due to Non Deduction of Sales Tax on Services Rs 51.542 million

Notification of Khyber Pakhtunkhwa Revenue Authority No. F-16(4) KPRA/Notification /WH/1323 dated 31-08-2015 S.NO 26 states that 15% Services Tax is required to be deducted from services provided by person engaged in contractual execution of work or furnishing supplies.

Assistant Director (LGE&RDD) Bannu, paid Rs 343,614,509 on various developmental works against (District ADP & PMD 2016-17) during 2017-18, Sales Tax on Service worth Rs-51,542,176 was not deducted by department from the contractors as required under reference rules and loss of Rs-51,542,176 was given to the Public exchequer.

S.No	ADP	Release amount	Total Expenditure
1	District ADP 2016-17	289,389,000	265,615,280
2	Prime Minister Directive	97,300,000	77,999,229
Total		386,689,000	343,614,509
Sales Tax on Services @15%			51,542,176

Non-deduction of sales tax on services occurred due to non compliance of rules.

When reported in December 2018, management replied that the above taxes are not properly notified and progress is in court, as and when decided, deduction will be made.

Request for convening of DAC meeting was made on 03.01.2019, which could not be convened till finalization of this report.

Audit recommends the sales tax amount may be deducted and deposit into Government Treasury.

AIR Para-03 (2017-18)

1.4.1.2 Non Utilization of Developmental Funds – Rs 10.941 million

According to Para 12 of GFR Vol.-1, a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

Assistant Director (LGE&RDD) Bannu, received developmental fund of Rs 10,941,000 under (District ADP 2016-17). The local office retained developmental fund, instead of utilizing in the current Financial Year 2017-18, carried forward again to the next financial year 2018-19. **(Detail as per Annex-4).**

Non utilization of funds occurred due to negligence, weak financial control, which deprived the public timely benefit of the funds.

When reported in December 2018, management replied that, notices have already been sent against the defaulters contractors by Technical staff and will be started soon.

Request for convening of DAC meeting was made on 03.01.2019, which could not be convened till finalization of this report.

Audit recommends necessary justification besides regularization from competent authority and timely utilization of developmental funds in current Financial Year and action against the person(s) at fault.

AIR Para-04 (2017-18)

1.4.1.3 Expenditure without Technical Sanction - Rs 25.867 million

Para 58 of CPWD read with Para 32 of CPWA Code Volume-I provide that no work shall be executed without Administrative Approval / Technical Sanction and Budget allotment. According to Para I of General Instructions issued vide Government of Khyber Pakhtunkhwa (Works & Services Department) No. SO (PAC) DAC/48-2008/DERA/W&SD dated 10-3-2008, Technical Sanction should be obtained prior to commencement of the works as per rules. In future, if the TS is not obtained prior to commencement of scheme then disciplinary action will be initiated against the responsible officer. According to Government of NWFP Local Government Department Letter No.ACI/LCB/ESTT:/3-5/2005 dated 22-11-2005, Engineers in BPS-17 is empowered to accord technical sanction up to Rs 1,500,000.

Assistant Director (LGE&RDD) Bannu, paid Rs 25,867,314 on execution of various Developmental Schemes under head (District ADP 2016-17) of estimated cost of Rs 38,700,000 without obtaining technical sanction from the competent authority during 2017-18.(Detail as per Annex-5)

When reported in December 2018, management replied that Technical Sanction of these schemes are in progress and will be complete soon.

Request for convening of DAC meeting was made on 03.01.2019, which could not be convened till finalization of this report.

Audit recommends inquiry in the matter besides regularization of expenditure from competent authority and action against person (s) at fault.

AIR Para-05 (2017-18)

1.4.1.4 Non recovery of compensation money worth Rs 3.870 million

Clause- 2 of contract agreement requires the imposition of penalty @ 1 % per day subject to maximum 10% of the estimated cost of the work that remained un-complete/un-finished after the proper dates.

Assistant Director (LGE&RDD) Bannu, awarded different types of Developmental contracts and paid Rs 25,867,314 to contractor during 2017-18. The works was awarded to the contractors with a completion period of Six (6) months. However neither the work was completed up to the last date of audit nor penalty imposed for Rs 3,870,000 on the contractor.

Non imposition of penalty causes into loss to Public Revenue and also an undue financial assistance to the contractor.

When reported in December 2018, management replied that time extension resolution properly approved by the District Council and will be shown to audit.

Request for convening of DAC meeting was made on 03.01.2019, which could not be convened till finalization of this report.

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

AIR Para-06 (2017-18)

1.4.1.5 Unauthorized purchase of vehicles during ban period and without approval-Rs 3.929 million

According to Serial No 3 of Austerity measures circulated by Government of Khyber Pakhtunkhwa Finance Department letter No. BO.I / FD/ 5-8 / 2017-18 dated: 30.06.2017 that, there shall be **complete ban on the purchase of new vehicles** during 2017-18. According to Note (b) to Serial No 3 of Government of Khyber Pakhtunkhwa Delegation of Powers under the financial rules and the

powers of re-appropriation rules-2001, all cases involving purchase of vehicles / motor cycles shall have prior concurrence of Provincial P&D and Finance Department even it is approved as part of PC-I. According to condition No a & b of Government of Khyber Pakhtunkhwa Local Government Election and Rural Development Department Peshawar notification No SO (C&D) LGE & RDD / Transport Committee / 2015-16/528 dated: 03.04.2017 that, there shall be **no duplication of purchases**, and only those **District Governments & TMAs shall make procurement of new vehicles where the presently serviceable vehicle does not exists**. Further the existing old / unserviceable vehicles shall be surrendered to Administrative Department for auction.

Assistant Director LGE&RDD(District Council) Bannu purchased Two number vehicles during 2017-18. Following irregularities were noticed:

1. Local office Purchased two number vehicles of Rs. 3.929 million vide cheque 0539997dated 27.11.2017, during ban period and without approval from Transport Section of Government of Khyber Pakhtunkhwa Administration Department.
2. According to condition (b) of the notification mentioned above only those District Governments shall make procurement of new vehicles where the presently serviceable vehicle does not exists. However serviceable vehicle for Assistant Director LGE&RDD bearing Registration No. A-1113 and Pickup X-1068 were available with the local office.
3. Local Government allowed to procure Suzuki Bolan Van for Assistant Engineer (LG&RRD), whereas local office purchased HILUX- 2494 CC as per Notification No. SOG(LG)7-1/Misc/2016/Voll-II dated 08.08.2016.

Unauthorized purchase of vehicles was occurred due to non compliance of rules.

When reported in December 2018, management replied that vehicles purchased as per proper procedure of government and all relevant documents will be produced to audit.

Request for convening of DAC meeting was made on 03.01.2019, which could not be convened till finalization of this report.

Audit recommends inquiry in the matter besides regularization and action against the person (s) at fault.

AIR Para-07 (2017-18)

1.4.1.6 Loss due to less deduction of Income Tax – Rs 1.850 million

According to SRO No 136 dated: 13.02.2015, Section 153 (1) (b) states that's Income Tax @7.5% instead @6.5% is required to be deducted.

Assistant Director LGE&RDD, District Bannu spent Rs 354,470,810 on execution of various developmental schemes during 2017-18. Audit observed that Income tax worth Rs 24,735,085 was deducted instead of Rs 26,585,310, which resulted in to loss of Rs 1,850,225.

S.No	ADP	Gross work done	Income Tax deducted	Income Tax required @7.5%	Less deducted
1	District ADP 2016-17	270,549,457	18,904,963	20,291,209	1,386,246
2	Prime Minister Directive	83,921,353	5830122	6,294,101	463,979
Total		354,470,810	24,735,085	26,585,310	1,850,225

Less deduction was occurred due to non-compliance of rules, which resulted in to loss to government.

When reported in December 2018, management replied that less deduction of income tax will be properly consult in local office, after that deduction will be shown to audit.

Request for convening of DAC meeting was made on 03.01.2019, which could not be convened till finalization of this report.

Audit recommends deduction of income tax and depositing the same in to proper head of account.

AIR Para-09 (2017-18)

1.4.1.7 Unauthorized deduction of contingency charges of Rs-9.667 million

According to Notification of Government of KPK Finance Department No: BO(PFC-III)/FD/1-2/Grant to LC (TMA)/16-17 dated: Peshawar, the 30th August 2016, that Developmental Grants can be used for execution of developmental schemes, payment against the salaries and clearance of utilities bills is the violation of Rules-12 of GFR and Rules-33.

Assistant Director LGE&RDD, District Bannu paid an amount of Rs 354,470,810 during 2017-18. Audit observed that contingency @2.5% deducted 9,667,225 from the developmental fund, which held irregular and unauthorized.

S.No	ADP	Gross work done	Contingency charges 2.5%
1	District ADP 2016-17	270,549,457	7234725
2	Prime Minister Directive	83,921,353	2432500
Total		354,470,810	9,667,225

Unauthorized deduction of contingency charges was occurred due to non-compliance of rules, which resulted in to loss to government.

When reported in December 2018, management replied that this will be consult with local office and Technical staff after that government procedure/direction will be followed.

Request for convening of DAC meeting was made on 03.01.2019, which could not be convened till finalization of this report.

Audit recommends that unauthorized deduction will be deposit into government treasury and action against the person(s) at fault.

AIR Para-11 (2017-18)

1.4.1.8 Non Utilization of Developmental Funds - Rs 49.335 million

According to Para 12 of GFR Vol.-1, a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

Secretaries village councils District Bannu maintained closing Bank balance on 30.06.2017 and 30.06.2018 of Rs 49,335,537 (Detail is given as per Annex-6) in violation of above instruction the local office instead of utilizing the fund in the current financial year 2017-18, carried forward to the next financial year 2018-19.

Audit observed that non utilization of funds occurred due to non-compliance of rules, which resulted in to violation of rules.

When reported in December 2018, management replied that the audit para will be further discussed with the relevant NCs, VCs after that properly reply will be submitted.

Request for convening of DAC meeting was made on 03.01.2019, which could not be convened till finalization of this report.

Audit recommends the necessary action against the person (s) at fault for not utilizing the funds.

AIR Para-01 (2017-18)

1.4.1.9 Irregular credit of income tax into Government treasury-Rs 1.234 million

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

Secretaries of the following village councils deducted income tax of Rs 1,234,360 on execution of various developmental schemes during 2016-17 and 2017-18. It was observed that income tax was deducted from the contractor bills and was credited into designated bank account of income tax officer (ITO) instead of Government treasury under respective head of account. Moreover the copy of cheques and reconciled statement with income tax department was also not available in record which needs proper justification. (Detail as per Annex-7)

Irregular credit of income tax was occurred due to non-compliance of rules, which resulted in to wrong credit of income tax into improper account.

When reported in December 2018, management replied that the audit para will be further discussed with the relevant NCs, VCs after that properly reply will be submitted.

Request for convening of DAC meeting was made on 03.01.2019, which could not be convened till finalization of this report.

Audit recommends credit of income tax into proper head of accounts.

AIR Para-03 (2017-18)

1.4.1.10 Non-recovery of House Rent and 5% maintenance charges of Rs 1.152 million

According to Allotment of Residential Accommodation Rules, 1980 as amended in 1992, the government servants who have been provided government accommodation are not entitled to house rent allowance and their salary will be subjected to deduction of 5% maintenance charges.

During audit of Secretary District Council Bannu, it was noticed that the following officers and officials are occupied government residual bungalows and quarters, instead of few times noticed by AD (LGE&RDD), but deduction of house rent and 5% maintenance charges of Rs 1,152,931 was not being made from their monthly pay (Detail given below).

Non deduction of HRA & 5% maintenance charges

S. No	Name of Officers/Official	Period	Residence	Outstanding HRA+5% Maintenance	Amount
1	Mr Kamran Khan(ADC)	21.9.2015 to 30.6.2018	Bungalow No. 4	33x2635	86,955
2	Mr Ishfaq Khan (APA)	17.2.2016 to 30.6.2018	Bungalow No. 2	28x2635	73,780
3	Amir Zada (chowkidar)	6 months	Quarter No. 3	6x1458	8,748
4	Rizwan ullah Khan(Secretary to Commissioner	12.7.2016 to 30.6.2018	Bungalow No. 1	24x2635	63,240
5	Shah Mohammad MPA (DDAC)	10.11.2016 to 30.6.2018	Bungalow No. 5	19x24216	460,104
6	Malik Gul Baz(Private)	10.11.2016 to 30.6.2016	Bungalow No. 3	19x24216	460,104
Total					1,152,931

Non deduction of House Rent Allowance was occurred due non compliance of rules.

When reported in December 2018, management replied that notices have already been sent against the defaulters and their deduction will shown as soon as possible.

Request for convening of DAC meeting was made on 03.01.2019, which could not be convened till finalization of this report.

Audit recommends deduction of HRA and 5 % maintenance charges be started forthwith beside recovery of outstanding amount of Rs- 1,152,931 and action against the person(s) at fault.

AIR Para-01 (2017-18)

1.4.1.11 Unauthorized purchase of vehicles during ban period and without approval-Rs 3.82 million

According to Serial No 3 of Austerity measures circulated by Government of Khyber Pakhtunkhwa Finance Department letter No. BO.I / FD/ 5-8 / 2017-18 dated: 30.06.2017 that, there shall be **complete ban on the purchase of new vehicles** during 2017-18. According to Note (b) to Serial No 3 of Government of Khyber Pakhtunkhwa Delegation of Powers under the financial rules and the powers of re-appropriation rules-2001, all cases involving purchase of vehicles / motor cycles shall have prior concurrence of Provincial P&D and Finance Department even it is approved as part of PC-I. According to condition No a & b of Government of Khyber Pakhtunkhwa Local Government Election and Rural Development Department Peshawar notification No SO (C&D) LGE & RDD / Transport Committee / 2015-16/528 dated: 03.04.2017 that, there shall be **no** duplication of purchases, and only those District Governments & TMAs shall make procurement of new vehicles where the presently serviceable vehicle does not exist. Further the existing old / unserviceable vehicles shall be surrendered to Administrative Department for auction.

Secretary District Council of District council Bannu, purchased Two number vehicles during 2017-18. Following irregularities were noticed:

1. Purchase vehicles for Nazim and Naib Nazim of Rs. 3,824,000 vide cheque 0539997 dated 27.11.2017, during ban period and without approval from Transport Section of Government of Khyber Pakhtunkhwa Administration Department.
2. According to condition (b) of the notification mentioned above only those District Governments shall make procurement of new vehicles where the presently serviceable vehicle does not exist. However serviceable vehicle for District Nazim bearing Registration No. A-5523 Peshawar and Naib Nazim PR- 0043 Peshawar were available with the local office.

Irregular purchase of vehicles was occurred due to non compliance of rules.

When reported in December 2018, management replied that vehicles purchased as per proper procedure government and relevant documents will be produced to this office.

Request for convening of DAC meeting was made on 03.01.2019, which could not be convened till finalization of this report.

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

AIR Para-02 (2017-18)

DEVELOPMENT AUTHORITIES

1.5 Bannu development Authority

1.5.1 Irregularity non-compliance of rules

1.5.1.1 Non Depositing taxes in to government treasury - Rs 7.935 million

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

BDA Deducted/Collected various taxes during the Financial year 2015-16, but not credited the same in to the proper government account.

Nature of Tax	Amount (Rs)
C.V Tax	4,966,491
Stamp Duty	517550
C.G. Tax	2,451,450
Total	7,935,491

The above taxes was deducted during the period from March 2016 to June 2016, Taxes for the remaining period i.e. from July 2015 to February 2016 were not maintained by the accountant.

Non deduction of taxes occurred due non compliance of rules.

When reported in May 2017, management did not respond to audit observation.

Request for convening of DAC meeting was made on 03.06.2017, which could not be convened till finalization of this report.

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

AIR Para-01 (2015-16)

1.5.1.2 Loss to BDA Rs 95.33 million

Office order issued by P.D. BDA Bannu No.7120-23/BDA/ H-1 dated 3-4-2012, where impose violation charges @ Rs.350/sqft.w.e.f.1-4-2012.

Project Director Bannu Development Authority Bannu issued notices to the following occupants to vacate the illegal occupied land.

During the audit of the BDA it came to notice that the property of the BDA was illegally captured by private persons.BDA neither vacate the said piece of land nor impose penalty @ Rs.350/sqft till date of audit. The amount of penalty comes to Rs 95,330,900 which may now be imposed and recovered .

S.No	Area /Site	Status	Captured area in sqft	Rate of Penalty/ sqft	Amount of Penalty (Rs)
1	76 shops in BDA Plaza	Illegal occupation	192sft*76=14592	350	5,107,200
2	35 shops in sector A & D	Illegal occupation	192 sft*35=6720	350	2,352,000
3	T.B Hospital	Illegal occupation by Passban Town	21784	350	7,624,400
4	Green Belt	Illegal occupation	207134sft	350	72,496,900
5	Police Post	Illegal occupation	22144sft	350	7,750,400
Total					95,330,900

The illegal occupation by the private persons/Police department in the BDA is a serious law breaking activity, which occurred due non compliance of rules.

When reported in May 2017, management did not respond to audit observation.

Request for convening of DAC meeting was made on 03.06.2017, which could not be convened till finalization of this report.

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

AIR Para-03 (2015-16)

1.5.1.3 Non recovery of non-user charges-Rs 14.539 million

Recovery of non-user charges at the prescribed rates by made from the allottees in case of non construction of their plots according to clause-II of the building regulations read with para 1 of the standing orders of PUDB dated: 19.10.2001. Each administrative department has to see that the dues of the government are correctly and promptly assessed, collected and paid into Government Treasury vide Para 8 and 26 of GFR Vol-I.

Project Director Bannu Development Authority Bannu did not recover non user charges worth Rs 14,539,128 (detail attached) outstanding against various allottees during 2015-16.

When reported in May 2017, management did not respond to audit observation.

Request for convening of DAC meeting was made on 03.06.2017, which could not be convened till finalization of this report.

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

AIR Para-07 (2015-16)

1.5.1.4 **i. Unauthorized payment of Rs 3.619 million on account of Gratuity**
ii. Overpayment of Rs 2.714 million on account of Gratuity

According to Serial No 9.24 of Pension cum gratuity scheme 1954 that A Government Servant who has rendered five years qualifying service or more qualifying services may be granted a gratuity not exceeding one months' emoluments for each completed year of a qualifying service. This amount will be paid to him at the time of his retirement or to his family in the event of his death which is service.

In violation to above Project Director Bannu Development Authority paid Rs 3,619,070 on account of gratuity during 2015-16 to Mr. Liaqat Ali Khan (Assistant Director) prior to his retirement.

Further According to rule quoted above Rs 905,200 (Last Basic Pay Rs 29200*31 years) was required to be paid as he spent 31 years in the Bannu Development Authority, whereas payment of Rs 3,619,070 was paid which was Rs 2,713,870 in excess of his entitlement, which resulted in to overpayment.

Other cases of the over payment on account of gratuity may also be handled in the same manner.

When reported in May 2017, management did not respond to audit observation.

Request for convening of DAC meeting was made on 03.06.2017, which could not be convened till finalization of this report.

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

AIR Para-11 (2015-16)

1.5.1.5 Non recovery of advances Rs.1.291 million

Para 23 of the General Financial Rules Volume I requires that every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

Project Director Bannu Development Authority paid advances Rs 1,291,484 to the following employees. These employees transferred to other Developmental authorities, but the advances are still out standing against theme.

Name of Employee	Amount Out standing
Tahir, Surveyer	251,334
Tayyab, Accountant	289,200
Haibat Khan, office Asstt.	40,5000
Shamsh ur Rehman, Sub Engineer	90,980
Abdul Ghaffar , Sub Engineer	254,970
Total	1,291,484

These outstanding amount may now be recovered from the employees.

When reported in May 2017, management did not respond to audit observation.

Request for convening of DAC meeting was made on 03.06.2017, which could not be convened till finalization of this report.

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

AIR Para-22 (2015-16)

ANNEXURES

Annex-1

Detail of MFDAC Paras

Sr. No.	AIR No.	Department	Caption	(Rs in million)
1	01	DO (Fisheries)	Irregular expenditure on account of repair of Government vehicle	0.272
2	02	DO (Fisheries)	Non recovery of Departmental dues	0.402
3	03	DO (Fisheries)	Loss to Federal Government due to non recovery of Income Tax	0.140
4	04	DO (Fisheries)	Loss due to non forfeiter of call deposit	0.100
5	05	DO (Fisheries)	Unauthorized purchase of store items	0.482
6	06	DO (Fisheries)	Un-authorized drawl of Conveyance Allowance	0.150
7	01	DO (Sports)	Non-deposit of Sales Tax and Income Tax	0.0977
8	02	DO (Sports)	Irregular credit of income tax into Government treasury	0.303
9	05	DO (Sports)	Overpayment on account of TA/DA	0.0318
10	06	DO (Sports)	Un-authorized drawl of Conveyance Allowance	0.030
11	08	DO (Sports)	Non deduction of Stamp Duty	0.0108
12	09	DO (Sports)	Irregular payment of Special Compensatory Allowance to non-entitled officer	0.0324
13	10	DO (Sports)	Non-deposit of Income Tax and Sales Tax	0.161
14	11	DO (Sports)	Loss due to less deduction of Income Tax and sales tax	2.185
15	12	DO (Sports)	Doubtful and factious payment	0.143
16	02	DD (Live Stock)	Loss to Government on account of supply through un-Approved firms	0.096
17	04	DD (Live Stock)	Un-authorized drawl of Conveyance Allowance	0.030
18	06	DD (Live Stock)	Irregular expenditure on account of repair of Government vehicle	0.446
19	07	DD (Live Stock)	Misappropriation	0.111
20	09	DD (Live Stock)	Non deduction of Stamp Duty	0.096

21	11	DD (Live Stock)	Doubtful payment on account of TA/DA	0.383
22	12	DD (Live Stock)	Loss to Government due to non achievement of target	0.636
23	01	DO (Social Welfare)	Non deduction of Stamp Duty	0.109
24	02	DO (Social Welfare)	Irregular payment on account of supply through un-Approved suppliers	0.075
25	03	DO (Social Welfare)	Irregular expenditure on repair of vehicles	0.211
26	04	DO (Social Welfare)	Overpayment on account of drawl of Conveyance Allowance	0.265
27	01	DD (Agriculture)	Irregular expenditure on account of repair of Government vehicle	0.301
28	02	DD (Agriculture)	Loss due to non deduction of Stamp Duty	0.011
29	04	DD (Agriculture)	Irregular and un-authorized expenditure	
30	06	DD (Agriculture)	Doubtful expenditure on account of harvesting charges	
31	08	DD (Agriculture)	Irregular expenditure on account of POL and Repair of Government Vehicles	0.921
32	09	DD (Agriculture)	Non maintenance of proper stock registers and missing of two No Laptop	--
33	02	District Health Officer	Non execution of contract agreement	65.454
34	03	District Health Officer	Award of different pay scales to employees of same designation and payment	46.700
35	04	District Health Officer	Para-04 Irregular cash payment to employees Rs 42.536 million	42.536
36	09	District Health Officer	Loss to government due to non-recovery of penalty	0.209
37	12	District Health Officer	Irregular Purchase	1.176
38	13	District Health Officer	Non-utilization and non-surrender of Funds	4.68
39	17	District Health Officer	Unjustified payments	3.074
40	18	District Health Officer	Non-availability of actual payee receipt on account of Financial Assistance	2.700
41	19	District Health Officer	Irregular expenditure	1.999
42	20	District Health Officer	Loss due to less deduction of Income Tax	1.531

43	21	District Health Officer	Overpayment on account of drawl of HRA, Conveyance Allowance & non-deduction of 5% maintenance Charges	0.551
44	22	District Health Officer	Irregular expenditure	0.948
45	23	District Health Officer	Loss to Government	0.877
56	24	District Health Officer	irregular expenditure	1.220
46	25	District Health Officer	Loss to government	0.229
47	26	District Health Officer	Non-deduction of Income Tax	0.097
48	1	DPWO Bannu	Irregular payment of rent without agreement	0.960
49	2	DPWO Bannu	Irregular expenditure on account of POL	0.353
50	5	DPWO Bannu	Non-availability of actual payee receipt on account of Financial Assistance	0.900
51	6	DPWO Bannu	Non-surrendering of savings due to non-utilization of funds	3.5
52	7	DPWO Bannu	Irregular appointment of staff in higher Pay Scale than admissible	--
53	11	DPWO Bannu	Loss to Government due to demolition of RHSC-A building and damage of office items	5.00
54	4	DC Bannu	Irregular & Unauthorized allocation of Budget to non-devolved departments	3.729
55	5	DC Bannu	Wrong reflection of the post of class-iv in Budget Book	--
56	9	DC Bannu	None credit of unspent balance to Government on account of M&R WSS of PHE	15.00
57	10	DC Bannu	None surrendering of unspent balance to Government of M&R Roads & Buildings	16.500
58	15	DC Bannu	Defective budgeting	0.392
59	16	DC Bannu	Difference between book and bank balance	114.472
60	17	DC Bannu	Non-utilization of developmental funds	517.165
61	21	DC Bannu	Overpayment on account of annual increment	0.156
62	22	DC Bannu	Loss on account of Compulsory Acquisition Charges	0.963
63	29	DC Bannu	Irregular payment on account of telephones charges to non-entitled	0.500

			staff	
64	32	DC Bannu	Non-availability of actual payee receipt on account of Financial Assistance	0.600
65	33	DC Bannu	Irregular and un-economical purchase on account of purchase of Furniture & Fixtures	0.296
66	34	DC Bannu	Irregular Advance Payment on purchase of Furniture & Fixtures and non- supply of items	1.590
67	36	DC Bannu	Irregular payment on account of Printing & Publication	0.474
68	43	DC Bannu	Irregular appointment of staff for SDC / DMU Bannu	9.765
69	01	AD, LGE&RDD	Irregular expenditure on account of POL and repair of Government Vehicles	0.248
70	02	AD, LGE&RDD	Non deduction of Stamp Duty	0.045
71	08	AD, LGE&RDD	Non deductions of professional Tax	0.171
72	10	AD, LGE&RDD	Non deposit of DRP Fund	0.531
73	02	AD, NCs/VCs	Non deduction of income tax on honoraria	0.214
74	04	AD, NCs/VCs	Non preparation of Books of Accounts (Appropriation, Finance Accounts and Financial Statements)	--
75	03	District Council	Para-03 Non deduction of Stamp Duty of-Rs 0.044	0.044
76	02	TMA Domel	Non deduction of Stamp Duty	0.070
77	03	TMA Domel	Irregular expenditure on account of POL and repair of Government Vehicles	0.950
78	04	TMA Domel	Loss to TMA	0.483
79	09	TMA Domel	Non Credit of receipts in to Government Treasury	0.040
80	10	TMA Domel	Non recovery of compensation money	0.300
81	11	TMA Domel	Expenditure without Technical Sanction	3.00
82	14	TMA Domel	Over payment on account double payment of room rent	0.003
83	15	TMA Domel	Irregular payment on account of PTCL charges of TMO Residence	0.0099
84	5	TMA Bannu	Loss to TMA	0.268

85	11	TMA Bannu	Irregular running of cancel contract & Non collection / deposit of The Bazari Fee	0.482 0.400
86	32	TMA Bannu	Overpayment on account of TA/DA	0.105
87	33	TMA Bannu	Irregular payment of TA/DA to private persons	0.258
	1	Cooperative	Loss to government due to non-recovery of outstanding loans .	3.083
	2	Cooperative	Non Surrender of savings	0.343
	3	Cooperative	Un authorize Expenditure	0.0450
	4	Cooperative	Irregular Expenditure .	0.035
	2	DHO	Non execution of contract agreement	65.454
	3	DHO	Award of different pay scales to employees of same designation and payment of	46.700
	4	DHO	Irregular cash payment to employees	42.536
	7	DHO	Loss due to un-operational of operation Theatre units and re-curing loss	11.200 1.680
	9	DHO	loss to government due to non-recovery of penalty	0.209
	10	DHO	Loss of due to un-operational of Dental units and re-curing loss	5.00 3.819
	12	DHO	Irregular Purchase	1.176
	13	DHO	Non-utilization and non-surrender of Funds	4.68
	17	DHO	Unjustified payments .	3.074
	18	DHO	Non-availability of actual payee receipt on account of Financial Assistance	2.700
	19	DHO	Irregular expenditure	1.999
	20	DHO	Loss due to less deduction of Income Tax	1.531
	21	DHO	Overpayment on account of drawl of HRA, Conveyance Allowance & non-deduction of 5% maintenance Charges .	0.550
	22	DHO	Irregular expenditure .	0.948
	23	DHO	Loss to Government	0.877
	24	DHO	irregular expenditure .	1.220
	25	DHO	Loss to government .	0.229
	26	DHO	Non-deduction of Income Tax –	0.097

	4	DEO Female	Non Allocation/Release of Funds	48,250
	6	DEO Female	Suspected mis-appropriation .	736,710
	7	DEO Female	Doubtful payments .	566,915.
	8	DEO Female	Irregular promotion of Qasid / Naib Qasid to Junior Clerks and payment of	0.516
	9	DEO Female	Unauthorized expenditure	104,100
	4	DEO Male	Non Allocation/Release of Funds	34,281
	7	DEO Male	Suspected mis-appropriation .	1,763
	10	DEO Male	Irregular payments .	1,064
	11	DEO Male	Irregular Expenditure On Account Of TA/DA .	0.844 .
	12	DEO Male	Irregular Expenditures .	0.682
	13	DEO Male	Irregular payment . and postponement of liability .	20,000 416,543
	14	DEO Male	Irregular expenditure .	246,169
	15	DEO Male	Irregular Expenditure. .	147,495
	16	DEO Male	Irregular Expenditure .	129,090
	17	DEO Male	Irregular expenditure .	40,000
	18	DEO Male	Doubtful payment on account of MRC Bill	160,500
	20	DEO Male	Irregular appointment and drawl of salary .	310,020
	21	DEO Male	Excess Expenditure	5,733

Annex-2
Para No 2.1.3.48

Detail of medicines purchased from un-approved Firms

Sr. No.	Name of Medicine	Year	Firm/Supplier Name	Quantity	Rate	Amount
4	Oxpendanid Drench 100 ml	2015-16	M/S Aman Ullah & Brother, Serai Naurang	369	135	49815
5	Nileeber Milk Care 1-KG	-do-	-do-	361 KG	135	48735
3	Cypermetherin	-do-	-do-	34 Litter	1450	49300
6	Trifon	-do-	-do-	90	550	49500
7	Biwern 100 ml	-do-	-do-	712	70	49840
8	Pumin Yeast 250 gms	-do-	-do-	69	720	49680
9	Star Yeast 1000 gms	-do-	-do-	39	1260	49140
10	Sodium Acid 1kg pack	-do-	-do-	53	940	49820
11	Inj. Bovimec 100ml	2016-17	M/S Pace Pharma Said per Road, Rawal Pindi	46	1080	49680
12	-do-	-do-	-do-	-do-	-do-	49680
13	-do-	-do-	-do-	-do-	-do-	49680
14	Mineral Block	-do-	M/S Aman Ullah & Brother, Serai Naurang	415	120	49800
15	-do-	-do-	-do-	410	120	49200
16	Inj. Bovimec 100ml	-do-	M/S Pale Pharma	46	1080	49680
17	-do-	-do-	-do-	-do-	-do-	49680
18	Inj. Vigorin	-do-	M/S Elerne International Ind. Triangh Kahuta Islamabad	249	200	49800
19	Inj. Tylopre 20	-do-	-do-	90	550	49500
20	Inj. Enrelac 10	-do-	-do-	170	290	49300
21	Inj. Amivit	-do-	-do-	280	240	49920
22	Inj. Top Vet	-do-	-do-	116	430	49880
	Total					991,630

Annex-3
Para No. 4.1.1.2

Non Utilized of Developmental Fund

S. No	Name of Scheme	District	Cost	2016-17	
				Allocation	Expenditure
1	Black Top Roads & Repair, Surfacing , R/Wall & Culverts (Phase-III) at UC Mitha Khel	Bannu	1.200	1.200	-
2	Inst. of P/Pumps at (Maroof Salim) District Bannu	-do-	1.100	1.100	-
3	Pavement of Streets with Drain, Bridges and Drain Channels (Phase-II) in UC Ismail Khel	-do-	2.000	2.000	-
4	Const. of Verandah at UC Mama Khel Banochi	-do-	0.781	0.781	-
5	Const. of Three Nos Community Centers at UC Mandew	-do-	1.998	1.998	-
6	Const. of 4-Nos Over Head Tanks at UC Mandew	-do-	0.596	0.596	-
7	Const. of No Community Center in UC Mandew	-do-	0.670	0.670	-
8	Pav. of Streets with Drain and Bridge (Phase-II) at UC Kakki-II	-do-	2.000	2.000	-
9	Const. of Drain in UC Kakki-2	-do-	0.596	0.596	-
Total		-	10.941	10.941	0

Annex-4
Para No. 4.1.1.3

Detail Of Incomplete Developmental Schemes Of District Adp 2016-17					
S.No/ Code	Name of Scheme	District	Cost	2016-17	
				Allocation	Expenditure
1	Inst. of P/Pumps at UC Ghoriwala	Bannu	2.000	2.000	1649500
2	Const. of Over Head Tanks (Phase-I) at UC Ghoriwala	Bannu	1.500	1.500	913000
3	Const. of Over Head Tanks (Phase-II) at UC Ghoriwala	Bannu	1.096	1.096	338900
4	BT Roads & Repair, Surfacing , R/Wall & Culverts (Phase-I) at UC Mitha Khel	Bannu	1.500	1.500	1095600
5	BT Roads & Repair, Surfacing , R/Wall & Culverts (Phase-II) at UC Mitha Khel	Bannu	1.500	1.500	1230000
6	Pavement of Street & Drains & Const. of Masjid Tanks at UC Shamshi Khel	Bannu	0.996	0.996	473850
7	Const. of Shingle Road, Culverts, P/Band & Tarnu UC Shamshi Khel	Bannu	1.600	1.600	1332800
8	Pavement of Street & Drains (Phase-II) at UC City-II	Bannu	1.096	1.096	457400
9	Pavement of Streets & Drain at UC City-I	Bannu	2.000	2.000	926900
10	Inst. of Pressure Pumps (Phase-I) at VC Mewa Khel	Bannu	1.500	1.500	1500000
11	Inst. of Pressure Pumps (Phase-II) at VC Basia khel	Bannu	1.500	1.500	1500000
12	Pavement of Street & Drains at UC Hassani	Bannu	1.596	1.596	714800
13	Const. & Repair of Roads (Package-IV) District Bannu	Bannu	2.000	2.000	1617300
14	Const. of Community Center (Amir Marjana) at District Bannu	Bannu	1.100	1.100	499300
15	Inst. of Pressure Pumps (Phase-III) at UC Baka Khel	Bannu	1.596	1.596	1532000

16	Pave: of Streets with Drain, Culverts at UC Ismail Khel (Phase-I)	Bannu	2.000	2.000	1221600
17	Inst. of P/Pumps in UC Ismail Khel Area	Bannu	0.596	0.596	562300
18	pavement of Steets & Drains at UC Ghari Sher Ahmad	Bannu	0.900	0.900	614000
19	Repair of Streets & Drains at UC Ghari Sher Ahmad.	Bannu	1.150	1.150	514500
20	Inst. Of P/Pumps at UC Ghari Sher Ahmad.	Bannu	1.546	1.546	1546000
21	Const. of Shingle Roads at UC Nar Jaffar	Bannu	1.440	1.440	544300
22	18-Nos Inst. of P/Pumps at UC Nar Jaffar	Bannu	1.850	1.850	1295700
23	Const. of Culverts , RCC Slab, W/Tanks & Pavement of Streets & Drains at UC Nar Jaffar	Bannu	1.306	1.306	510364
24	Const. of Two Nos Community Centers at UC Mandew	Bannu	1.332	1.332	1176200
25	Pav: of PCC Street with Drain and Culverts (Phase-I) UC Kakki-II	Bannu	2.000	2.000	1007300
26	Const. of Shingle Road at Nariva Patool Khel UC Khander Khan Khel	Bannu	2.000	2.000	1093700
Total:		-	38.700	38.700	25,867,314

Annex-5
Para No. 4.1.1.8

Detail of Funds Not Utilized

S. No	Name of Village Council	Accounts No.	Date	Amounts
1	VC Takhti-IV		30.06.2017	2,894,563
			30.06.2018	1,846,684
2	VC Jani Khel-II		30.06.2018	2,370,850
3	VC Kot Beli	BOK 11747-007	30.06.2017	4,334,160
			30.06.2018	3,171,650
4	VC Adami Tittar Khel		30.06.2017	3,443,937
			30.06.2018	3,042,348
5	VC Nizam Khan	BOK 66766-00	30.06.2017	1,573,590
			30.06.2018	1,392,782
6	VC Mandan		30.06.2017	3,739,038
			30.06.2018	6,189,028
7	VC Sardi Khel		30.06.2017	0
			30.06.2018	0
8	NC City-III		30.06.2017	4,264,280
			30.06.2018	3,097,163
9	VC Khandar Khan Khel		30.06.2017	0
			30.06.2018	3,797,712
10	VC Hassan Khel Essaki	BOK 11890-00	30.06.2017	2,179,484
			30.06.2018	1,998,268
11	VC Amandi-II		30.06.2017	0
			30.06.2018	0
Total				49,335,537

Annex-6
Para No. 4.1.1.9

Detail of Cheques credit into Designated Bank Account of (ITO)

Sr. No.	Cheque No. & Date	NC/VC Name	Amount	in the Name of
1	29276315 dated 28/11/2017	Hassan Khel Essaki	42285	Regional Income Tax Officer, Bannu
2	26535495 dated 04/12/2017	Takhti Khel-IV	150549	Regional Income Tax Officer, Bannu
3	26535502 dated 22/02/2018	Takhti Khel-IV	38816	Regional Income Tax Officer, Bannu
4	23848896 dated 07/03/2017	Takhti Khel-IV	8067	Regional Income Tax Officer, Bannu
5	23848891 dated 13/01/2017	Takhti Khel-IV	122415	Regional Income Tax Officer, Bannu
6	26535501 dated 22/02/2018	Takhti Khel-IV	11878	Regional Income Tax Officer, Bannu
7	28301653 dated 14/12/2017	Adhami Titter Khel	35354	Regional Income Tax Officer, Bannu
8	2830166 dated 19/01/2018	Adhami Titter Khel	8585	Regional Income Tax Officer, Bannu
9	28301649 dated 29/04/2017	Adhami Titter Khel	28885	Regional Income Tax Officer, Bannu
10	28301635 dated 14/12/2017	Adhami Titter Khel	6205	Regional Income Tax Officer, Bannu
11	2831663 dated 19/01/2018	Adhami Titter Khel	29416	Regional Income Tax Officer, Bannu
12	28301665 dated 19/01/2018	Adhami Titter Khel	4159	Regional Income Tax Officer, Bannu
13	23847441 dated 19/04/2017	Adhami Titter Khel	30802	Regional Income Tax Officer, Bannu
14	23847439 dated 19/04/2017	Adhami Titter Khel	9636	Regional Income Tax Officer, Bannu
15	23847416 dated 05/04/2016	Adhami Titter Khel	10171	Regional Income Tax Officer, Bannu
16	23847417 dated 25/04/2016	Adhami Titter Khel	3150	Regional Income Tax Officer, Bannu
17	23847403 dated 16/03/2016	Adhami Titter Khel	14269	Regional Income Tax Officer, Bannu
18	23847413 dated 25/04/2016	Adhami Titter Khel	7120	Regional Income Tax Officer, Bannu

19	23847404 dated 16/03/2016	Adhami Titter Khel	4419	Regional Income Tax Officer, Bannu
20	23847414 dated 25/04/2016	Adhami Titter Khel	2205	Regional Income Tax Officer, Bannu
21	23847411 dated 18/04/2016	Adhami Titter Khel	728	Regional Income Tax Officer, Bannu
22	23847410 dated 18/04/2016	Adhami Titter Khel	2352	Regional Income Tax Officer, Bannu
23	23847408 dated 18/4/2016	Adhami Titter Khel	1125	Regional Income Tax Officer, Bannu
24	23847407 dated 18/4/2016	Adhami Titter Khel	3632	Regional Income Tax Officer, Bannu
25	29486330 dated 27/04/2018	Jani Khel-II	930	Regional Income Tax Officer, Bannu
26	29486319 dated 02/01/2018	Jani Khel-II	67515	Regional Income Tax Officer, Bannu
27	29486321 dated 02/01/2018	Jani Khel-II	53606	Regional Income Tax Officer, Bannu
28	24170404 dated 11/03/2016	Mandan	14384	Regional Income Tax Officer, Bannu
29	24170405 dated 11/03/2016	Mandan	4455	Regional Income Tax Officer, Bannu
30	24170419 dated 12/05/2016	Mandan	540	Regional Income Tax Officer, Bannu
31	24170413 dated 12/05/2016	Mandan	1744	Regional Income Tax Officer, Bannu
32	24170407 dated 16/05/2016	Mandan	540	Regional Income Tax Officer, Bannu
33	24170408 dated 16/05/2016	Mandan	1743	Regional Income Tax Officer, Bannu
34	24170411 dated 08/06/2016	Mandan	2906	Regional Income Tax Officer, Bannu
35	24170412 dated 08/06/2016	Mandan	900	Regional Income Tax Officer, Bannu
36	24170418 dated 08/06/2016	Mandan	3150	Regional Income Tax Officer, Bannu
37	24170417 dated 08/06/2016	Mandan	10171	Regional Income Tax Officer, Bannu
38	24170430 dated 07/12/2016	Mandan	69524	Regional Income Tax Officer, Bannu
39	24170437 dated 09/02/2017	Mandan	9906	Regional Income Tax Officer, Bannu
40	24170433 dated 10/01/2017	Mandan	56948	Regional Income Tax Officer, Bannu

41	23945384 dated 28/10/2016	Sardi Khel-I	127526	Regional Income Tax Officer, Bannu
42	23945385 dated 28/10/2016	Sardi Khel-I	1851	Regional Income Tax Officer, Bannu
43	23945386 dated 28/10/2016	Sardi Khel-I	5085	Regional Income Tax Officer, Bannu
44	23945388 dated 28/10/2016	Sardi Khel-I	1275	Regional Income Tax Officer, Bannu
45	23945387 dated 28/10/2016	Sardi Khel-I	14384	Regional Income Tax Officer, Bannu
46	28111846 dated 23/05/2017	Sardi Khel-I	17140	Regional Income Tax Officer, Bannu
47	28111844 dated 16/05/2017	Sardi Khel-I	89421	Regional Income Tax Officer, Bannu
48	28111857 dated 20/10/2017	Sardi Khel-I	48442	Regional Income Tax Officer, Bannu
49	28111862 dated 09/11/2017	Sardi Khel-I	51657	Regional Income Tax Officer, Bannu
50	28111872 dated 25/01/2018	Sardi Khel-I	540	Regional Income Tax Officer, Bannu
51	28111873 dated 25/01/2018	Sardi Khel-I	1854	Regional Income Tax Officer, Bannu
Total			1,234,360	

Annexure-7
Para No. 3.1.3.23

Expenditure without contractor enlistment

Sr. No.	Name of Contractor	Name of ADP	Total ADP amount	Below Rate	Date of commencement	Date of Completion	Amount Paid
1	Tribal Global Construction	Installation of 6" 8" dia pressure pumps at Tehsil Domel	5249000	5%	6/30/2017	5/24/2018	4988711
			0		1st running bill	1974547	0
			0		2nd running bill	2447471	0
			0		3rd and final bill	566693	0
			0		Total	4988711	0
2	Sher Ahmad Khan & Sons	Installation of 6" 8" dia pressure pumps construction of water tanks	2200000	5%	6/30/2017	10/26/2017	2035000
			0		1st running bill	1572503	0
			0		final bill	462497	0
			0		Total	2035000	0
3	Sher Ahmad Khan & Sons	Installation of 6" dia pressure pumps and construction of water tanks at UC Bezan Khel	2200000	5%	6/30/2017	12/29/2017	2034775
			0		1st running bill	662835	0
			0		2nd running bill	831640	0
			0		final bill	540300	0
			0		Total	2034775	0
		Total	9649000				9058486

Annexure-8
Para No. 3.1.3.48

LIST DETAIL OF SCHEME APPROVED BY BELOW RATES

Sr. NO.	Name of Scheme	Name of Contractor	ADP	Financial Year	Estimated cost	Expenditure Amount	Below rate	below balance
1	Installation of Pressure pumps and water tanks and wash rooms at UC Zeraki Pirba Khel, Tehsil Domel	Sher Ahmad Khan & Sons	Tehsil ADP 2016-17	2017-18	2,200,000	2,200,000	5%	110,000
2	Construction of Drain, RCC salabs at main Kohat Road and installation of 6" dia pressure pumps at Tehsil Domel	Tribal Global construction	50% Tehsil ADP 2016-17	2017-18	7,159,800	6,804,000	5%	357,990
3	installation of Pressure Pumps and tanks at Khandar Khan Khel, Zeraki Pirba Khel, Tehsil Domel	Azeem Khel Construction Co.	Tehsil ADP 2016-17	2017-18	2,200,000	2,200,000	5%	110,000

4	Installation of 4" 6" and 8" dia pressure pumps, construction of surface of water tanks and tank at Aspirke Waziran, Tehsil Domel	Azeem Khel Construction Co.	Tehsil ADP 2016-17	2017-18	4,000,000	4,000,000	5.00%	200,000
5	Construction of Drain at main kohat road Tehsil Domel	Azeem Khel Construction Co.	Tehsil ADP 2016-17	2017-18	1,790,000	1,745,202	5.00%	89,500
6	Installation of 6" dia pressure pumps at various places at UC Khander Khel Tehsil Domel	Malik Muhammad Usman	Tehsil ADP 2016-17	2017-18	2,200,000	2,142,105	5.00%	110,000
8	Installation of 8" dia pressure pumps and water tank at Tehsil Domel	Azeem Khel Construction Co.	Tehsil ADP 2016-17	2017-18	2,200,000	2,043,990	5.00%	110,000
9	Installation of 6" dia pressure pumps at various places at UC	Sher Ahmad Khan & Sons		2017-18	2,200,000	2,141,867	5.00%	110,000

	Bizen Khel Tehsil Domel							
10	Installation of 6" 8" dia pressure pumps and construction of OHT and SWT at UC Aral I Zeraki Pirba Khel, Tehsil Domel	Malik Muhammad Usman	Tehsil ADP 2016-17	2017-18	2,200,000	2,074,573	5.00%	110,000
11	Installation 6" 8" dia pressure pumps at Tehsil Domel	Tribal Global construction	Tehsil ADP 2016-17	2017-18	5,249,000	5,249,000	5.00%	262,450
12	construction of place for funeral at UC Khander Khan Khel Tehsil Domel	Azeem Khel Construction Co.	Tehsil ADP 2016-17	2017-18	2,200,000	2,171,393	5.00%	110,000
Total					33,598,800	32,772,130		1,679,940