



**PERFORMANCE AUDIT REPORT
ON
ROLE OF TMA ABBOTTABAD IN
PROVISION OF MUNICIPAL
SERVICES IN DISTRICT
ABBOTTABAD**

AUDIT YEAR 2019-20

AUDITOR GENERAL OF PAKISTAN

PREFACE

The Auditor General of Pakistan conducts audit in accordance with 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. The Performance Audit on "Role of TMA Abbottabad in provision of Municipal Services in respective Tehsil" was carried out accordingly.

The Directorate General Audit ,District Governments, Khyber Pakhtunkhwa conducted performance audit on the "Role of TMA Abbottabad in provision of Municipal services in respective tehsil" for the year 2015-16 to 2018-19 during February 2020 with a view to report significant findings to stakeholders. Audit examined the economy, efficiency and effectiveness aspects. Audit also assessed, on test check basis, whether the management complied with the applicable laws, rules and regulations in managing the services. The Performance Audit report indicates specific actions that, if taken, will help the management to realize the objectives.

Most of the observations included in this report have been finalized in the light of written responses and discussions with the management. DAC meeting could not be arranged despite repeated reminder.

The Audit Report is submitted to the Governor of Khyber Pakhtunkhwa in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before Provincial Assembly of Khyber Pakhtunkhwa.

Islamabad
Dated:

(Javaid Jehangir)
Auditor General of Pakistan

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ABBREVIATIONS AND ACRONYMS

AD	Assistant Director
ADP	Annual Development Programme
AGP	Auditor General of Pakistan
EPA	Environmental Protection Agency
INTOSAI	International Organization of Supreme Audit Institutions
KP	Khyber Pakhtunkhwa
LGE & RDD	Local Government, Elections & Rural Development Department
PHE	Public Health Engineering
SAI	Supreme Audit Institution
SAMA	Services and Assets Management Agreement
TMA	Tehsil Municipal Administration
WSSCA	Water and Sanitation Services Company Abbottabad
WSS	Water Supply Schemes

EXECUTIVE SUMMARY

The Director General Audit, District Governments, Khyber Pakhtunkhwa conducted performance audit on “Role of TMA Abbottabad in provision of Municipal Services in respective Tehsil” during February, 2020.

The major objectives of the audit were to ascertain that:

- i. the contracts were awarded economically and transparently.
- ii. whether municipal services delivery was managed with due regard to economy, efficiency and effectiveness.
- iii. the objectives were achieved within the estimated time and budget.
- iv. compliance of the Khyber Pakhtunkhwa Local Government Act 2013, applicable rules, regulations, accounting procedures and Implementation of Pakistan Animals Slaughter Control Act 1963 and Khyber Pakhtunkhwa Public Property Act 1977 and Khyber Pakhtunkhwa Environmental Protection ACT-2014.
- v. the internal controls in the office of TMA were operative and functioned effectively.

Tehsil Municipal Administration Abbottabad is working under the administrative control of Secretary, LGE&RDD Khyber Pakhtunkhwa. According to Third Schedule of section 42 Part III of Local Government Act 2013 and rule 3(2) in first schedule of the Khyber Pakhtunkhwa Tehsil Municipal Administration Rules of Business 2015, operational components and business of TMAs includes rural development works including all municipal services such as development, betterment, improvement and maintenance of works of public utility like water supply, lighting of public places, drainage, conservancy, removal and waste management.

KEY AUDIT FINDINGS

1. Loss to public exchequer due to ill planning Rs. 9.840 million
2. Non-Exercising control over TMA land
3. Non-provision of basic facilities in the General Bus Stands

4. Non-maintenance of hygiene environment in Slaughter Houses
5. Non-maintenance of database and information system
6. Illegal collection of fee over and above the schedule rates - Rs.71.689 million
7. Non-recovery of building rent – Rs. 1.400 million
8. Irregular expenditure on cleanliness of public Places- Rs 1.724 million
9. Non-provision of funds and facilities for public Libraries.
10. Non-reconciliation of expenditures between TMA and WSSCA– Rs. 368.869 million
11. Irregular expenditure on the ineligible sector and in absence of mutation deeds-Rs. 10.093 million
12. Defective contract Agreement
13. Non-removal of discrepancies pointed out by NAB in the substandard execution of schemes worth –Rs 360.312 million
14. Poor performance of TMA in completion of 799 schemes of municipal services
15. Unauthentic expenditure on execution of Water Supply Schemes-Rs. 1.355 million
16. Non-transfer of Fire brigade machinery and vehicles to Rescue-1122
17. Non- conducting physical verification of Assets of TMA for municipal service delivery.

RECOMMENDATIONS

Based on audit findings and outcome of the audit exit meeting, the audit has formulated series of recommendations. These are intended not only to add value to current system and practices, to enhance efficiency and effectiveness in the management and administration of the other TMAs but additionally to aid relevant agencies in preparation of PC-1, contract documents and plans in future. However, the list of recommendations is not exhaustive and all TMAs should strive towards achieving the common goal of municipal service delivery in the most economical, efficient and effective manner.

Audit recommends that:

1. Fixing responsibility against the person (s) at fault beside recovery of loss from persons at fault and the plant should be operationalized immediately besides.
2. Illegal occupants should be evicted from public property and responsibility should be fixed against persons at fault.
3. Basic facilities in General Bus Stand Abbottabad should be provided and proper utilization of the shops and collection of taxes should be managed.
4. Ensuring healthy and hygienic environment in slaughter houses.
5. Comprehensive database and information system should be prepared
6. The Peshawar High Court judgment should be implemented in letter and spirit and the matter should investigated to fix responsibility.
7. Rent of building should be recovered immediately
8. Implementation of MOU between TMA and WSSCA and to stop further payment
9. Provision of funds for basic facilities and books to public libraries should be provided.
10. Reconciliation of accounts.
11. Irregular expenditure should be regularized besides fixing responsibilities against the persons at fault.
12. Reviewing the current MOU to address the gaps identified.
13. Rectification/corrective measures in the matter besides fixing responsibility against the person(s) at fault.
14. The schemes should be completed at the earliest besides imposition of penalty on contractors and taking action against the person(s) at fault.
15. Evidence as well NOC should be provided that the Water Supply Schemes are of approved specification of the PHE Department.
16. Fire brigade vehicles should be handed over to 1122 as per provincial government notification.
17. The matter should be investigated besides fixing responsibility against the persons at fault. Physical verification of store/stock should be carried out under intimation to Audit.

1 INTRODUCTION

1.1 Background

According to Local Government Act 2013, Municipal Services includes water supply, sanitation, conservancy, removal and disposal of refuse, garbage, sewer or storm water, solid or liquid waste, drainage, public toilets, express ways bridges, flyovers, public roads, streets, foot path, traffic, signals pavements and lighting thereof, public parks gardens, arboriculture, landscaping, bill board, hoardings, firefighting, land use control, zoning, master planning, markets, housing urban or rural infrastructure, environment and construction, maintenance or development thereof and enforcement of any law or rules relating thereto.

Every Tehsil will have a Tehsil Municipal Administration consisting of the Tehsil Council, Tehsil Municipal Officer, municipal officers and other officials of the local council service. The Executive Authority of tehsil municipal administration shall vest in the Nazim Tehsil Council who is responsible to ensure that the business of tehsil municipal administration is carried out in accordance with the Khyber Pakhtunkhwa Local Government Act 2013. A brief of the key roles and functions of a Tehsil Municipal Administration includes:

- Monitoring and supervising the performance of government offices located in the tehsil and hold them accountable by reporting to the district government.
- Enforcing laws, rules and bye-laws to ensure efficient and quality delivery of municipal services (anti-encroachment drives, affixing of sign-boards, etc)
- Executing and managing development plans for improvement of municipal and infrastructure services.
- Exercising control over land development by public and private sectors for agriculture, industry, commerce, residence, recreation, entertainment, transport, etc
- Maintaining data base and information system on services in the tehsil and provide public access to it on nominal charges.
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- Coordinating and supporting municipal functions amongst village and neighborhood councils.
- Regulating markets, issuing licenses, granting permissions as well as imposing penalties against violations.
- Developing and managing schemes, including site development, in collaboration with district government.
- Formulating strategies for infrastructure development, improvement in delivery of services and implementation of laws.

2. AUDIT OBJECTIVES

The major objectives of the audit were to ascertain that:

- vi. the contracts were awarded economically and transparently.
- vii. whether municipal services delivery was managed with due regard to economy, efficiency and effectiveness.
- viii. the objectives were achieved within the estimated time and budget.
- ix. compliance of the Khyber Pakhtunkhwa Local Government Act 2013, applicable rules, regulations, accounting procedures and Implementation of Pakistan Animals Slaughter Control Act 1963 and Khyber Pakhtunkhwa Public Property Act 1977 and Khyber Pakhtunkhwa Environmental Protection ACT-2014.
- x. the internal controls in the office of TMA were operative and functioned effectively.

3. AUDIT SCOPE AND METHODOLOGY

The following audit scope and methodology was followed:

- i. Examination of feasibility studies, PC-I, bidding documents, vouchers, Financial Statements and other relevant record on test check basis for the year 2015-16 to 2018-19.

- ii. Interviews with the TMO, TO (I), TO(R), Consultants and Public were conducted.
- iii. Physical examination/verification in the field.
- iv. Entrance and exit meetings with the management of TMA.

Budget and expenditure of the TMA Abbottabad for the financial year 2018-19 is as under:

Budget & Expenditure Position TMA Abbottabad 2018-19				
Period	Particulars	Budget	Expenditure	Excess/(Saving)
2018-19	Salary	248,000,000	213,728,004	-34,271,996
	Non Salary	124,109,000	130,824,372	6,715,372
	Development	279,984,000	121,219,006	-158,764,994
		652,093,000	465,771,382	-186,321,618

There were no problems in the release/reimbursement of funds from the Government of Khyber Pakhtunkhwa. Sufficient funds were available at the close of the financial year. The less utilization of funds indicates financial mismanagement as per the following audit observations.

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Organization and Management

4.1.1 Loss to public exchequer due to ill planning Rs.9.840 million

According to Section 41 of Local Government Act 2013, every official of a local government and every person charged with administration and management of property of a local Government shall be personally responsible for any loss or waste.

TMA Abbottabad finalized a contract with MS Busters Shami Road Cantt Lahore for solid waste management plant at cost 24.083 million. The local office was bound to provide 1500 tons per month solid waste at rate of Rs.80 per ton but till the date of audit (February 2020), the solid waste management plant was not made functional which resulted in a loss of Rs.9,840,000.

From	To	Months	Monthly	Rate	Total
01.04.2013	28.02.2020	82	1500 Ton	80	9,840,000

Loss occurred due to weak administrative and financial controls which resulted in loss to Government.

When pointed out in February 2020, management replied that treatment plant has been handed to WSSC in 2017. Reply is not satisfactory as the local office utilized a huge amount and due to inefficiency of TMA, the plant was non-functional till date of audit.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit recommends that the matter should be investigated fixing responsibility against the person (s) at fault beside recovery of loss from persons at fault and the plant should be operationalized immediately besides.

4.1.2 Non-Exercising control over TMA land

According to Rule 20 of TMA Rules of Business 2015 that Tehsil or Town Municipal officer shall inspect and pay special attention to proper use and care of property of TMA.

During Performance audit of TMA Abbottabad for “Role of TMA in provision of municipal services, it was observed that TMA failed to exercise control on its land. Resultantly the land was occupied by the local community and other departments of the government. Loss of Rs 2,370,794,639 (as worked out by TMA) occurred. (Details at Annex-1).

Non-exercising of control over TMA land occurred due to weak administrative control which resulted in illegal occupation and loss to the govt.

When pointed out in February 2020, management replied that Lease Cases are subjudice in the court of law besides notices for vacation of government properties have already been issued to the concerned. Departmental reply is evasive as properties of TMA were illegally occupied and huge amount of arrears are still pending against defaulters.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit suggests that illegal occupants should be evicted from public property and responsibility should be fixed against persons at fault.

4.1.3 Non-provision of basic facilities in the General Bus Stands

According to Khyber Pakhtunkhwa General Bus Stand Rules 1999 and section 54 of Local Government Act- 2013, it shall be the responsibilities of TMA to construct and maintain waiting rooms/sheds and other suitable facilities like drinking of water and lavatories, within the limits of the bus stands.

TMA Abbottabad failed to provide the above facilities in main General Bus Stand and some mini addas to passengers and other staff.

Non-provision of the basic facilities occurred due weak internal controls and deprived public of their basic facilities.

When pointed out in February 2020, management replied that TMA authority spent a huge funds from M&R fund for the improvement of allied facility on the general bus stand. More over efforts are underway for acquisition of land for shifting of Adda. Department reply is evasive as no facilities were provisioned by TMA for general public in terminals for passengers and drivers.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit recommends that basic facilities in General Bus Stand Abbottabad should be provided and proper utilization of the shops and collection of taxes should be managed.

4.1.4 Non-maintenance of hygiene environment in Slaughter Houses

According to the Pakistan Animals Slaughter Control Act 1963 and Khyber Pakhtunkhwa Food Safety and Halal Food Authority instructions for slaughter houses that:

1. Slaughter houses must be registered and issued valid license from Khyber Pakhtunkhwa Food Authority.
2. Hygienic condition must be ensured.
3. There must be traps for insects and proper mechanism for regular cleanliness
4. There must be regular supply of running water in the slaughter house
5. There must be proper drainage system for removal of dirt and blood.

During the performance audit of Municipal services in TMA Abbottabad it was observed that TMA Abbottabad did not observe Standard Operating Procedures and health and hygiene regulation. Details below:

1. Registration document of slaughter house was not maintained.
2. The electricity and water supply shortage was observed.
3. There was no room for Veterinary doctor
4. No proper system of cleanliness and removal of waste was exist at site.
5. The back side of slaughter house was completely filled with garbage.

Non maintenance of hygienic environment of slaughter houses occurred due to weak internal controls, compromising the public health.

When pointed out in February 2020, management replied that all standard procedures have been adopted. Department reply is evasive as no documentary proof in support of reply for standard procedure were provided.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit suggests ensuring healthy and hygienic environment in slaughter houses.

4.1.5 Non-maintenance of database and information system

As per Schedule (I) Rule 3 (2) of Khyber Pakhtunkhwa Tehsil and Town Municipal Administration Rules of Business-2015, TMO is required to maintain a comprehensive database and information system on services in the tehsil municipal records and archives and provide public access to it on nominal charges.

During Performance Audit of TMA Abbottabad for “Role of TMAs in Provision of Municipal Services, it was observed that the TMO did not maintain a database and information system about municipal services in its domain.

The irregularity occurred due to weak administrative controls thereby refusing the public of their access to awareness about municipal services available to them.

When pointed out in February 2020, management replied that TMA Abbottabad has operated software for one window operation, Compliant cell, HR Data, Rent Software.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Department reply is evasive as no data base and information system were found and accessible to general public.

Audit recommends that comprehensive database and information system should be prepared.

4.1.6 Illegal collection of fee over and above the schedule rates - Rs.71.689 million

According to the judgment of Peshawar High Court dated 04.05.2015 the contractors/ departments were directed to stop collection of over and above fee than schedule rates from transporters and display the schedule of rates of fee of all kind of vehicles at conspicuous places.

TMA Abbottabad issued notices to 06 contractors for over-charging fees from transporters over and above Scheduled rates.

Over-charging of the scheduled rates occurred due to weak financial controls resulting putting extra burden on the public at large.

S.No	Stand Name	Actual Govt. Recovery			Total recovery by private persons		
		No. of	Rate	Amount	No.of	Rate	Amount

		Vehicles			Vehicles		
1	Rawalpindi Wagon	134	30	4020	134	130	17420
2	Islamabad Wagon	54	30	1620	54	170	9180
3	Rawalpindi Bus	43	30	1290	43	130	5590
4	Local Bus	20	25	500	20	45	900
5	Muzafarabad Wagon	17	30	510	17	220	3740
6	Attock Chakwal	13	30	390	13	220	2860
7	Murree Wagon	25	20	500	25	120	3000
8	Haripur Wagon	76	20	1520	76	70	5320
9	Sherwan Wagon	33	20	660	33	40	1320
10	Salhad Suzuki	34	10	340	34	25	850
11	Suzuki General Stand	235	10	2350	235	25	5875
12	Mansehra Wagon	90	20	1800	90	60	5400
	Total			15,500			61,455
	Loss Per Day	61,455-15,500=45,955					

Period				Per Day Loss	Total Loss
From	To	Months	Days	45,955	71,689,800
01.10.2015	28.02.2020	52	1560		

When pointed out in February 2020, the management stated that reply would be furnished after verification of record.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit recommends the Peshawar High Court judgment should be implemented in letter and spirit and the matter should be investigated to fix responsibility.

4.2 Financial Management

4.2.1 Non-recovery of building rent - Rs.1.4 million

According to Rule 45.3, chapter X (Local Government Taxation) of Local Government Act 2013, all arrears of taxes, rents and other moneys claimable by a local government under this act shall be recoverable as arrears of land revenue.

TMA Abbottabad rented the building of town hall along with side rooms to Hazara University by the TMA but rent amounting to Rs 1.4 million was not recovered from the Vice Chancellor Hazara University.

Non-recovery of rent occurred due to weak financial controls, resulting in loss to the authority.

When pointed out in February 2020, management replied that notices shall be issued to Hazara university for recovery. Department reply is evasive as till the date no action was taken by the TMA.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit recommends that rent of building should be recovered immediately.

4.2.2. Irregular expenditure on cleanliness of public Places- Rs 1.724 million

According to the agreement between TMA and WSSC all the function of water supply, sanitation, solid waste disposal and cleanliness of public places were shifted to WSSC along with TMA staff, movable and immovable machinery and equipments.

TMA Abbottabad incurred an amount of Rs.1,724,000 on cleanliness of public places in spite of the fact that same function was the responsibility of WSS Abbottabad.

The irregularity occurred due to weak administrative and financial management public money was wasted.

When pointed out in February 2020,management replied that it is policy matter and will be decided by provincial government. Department reply is evasive as solid waste management was not a function to be performed by TMA.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit recommends implementation of MOU between TMA and WSSCA and to stop further payment.

4.2.3. Non-provision of funds and facilities for public Libraries.

According to Schedule Part-B of the Local Government Act 2013, the City District Government is responsible for maintaining public libraries.

During Performance audit of municipal services it was observed that TMA Abbottabad did not allocate any budget during last three years for proper maintenance and updating of two public libraries. No new books were purchased and other allied facilities like chairs, tables and books shelves were provided.

Irregularity occurred due to weak internal and administrative controls which public were deprived of the basic facility.

When pointed out in February 2020,management replied that Necessary action will be taken and progress will be intimated to audit. Department reply is not cogent as no funds were allocated for public libraries.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit recommends that provision of funds for basic facilities and books to public libraries should be provided.

4.2.4 Non reconciliation of expenditures between TMA and WSSC– Rs368.869 million

As per Clause-11.4 of the agreement between TMA and WSSCA, account departments of both the parties shall carryout reconciliation of figures of receipts realized during a quarter and the budgeted and payable amount to be transferred to the Second party during the ensuring month immediately which shall be re-adjusted on the basis of actual collection as ascertained through such reconciliation.

Tehsil Municipal Officer paid Rs 368,869,050 to Water and Sanitation Services Company Abbottabad on account of Salary, Non-Salary and Development in light of agreement made between TMA Abbottabad and WSSC as detailed below. However no reconciliation was carried out between TMA and WSSCA.

S.No	Year	Payment to WSSC
1	2016-17	45,829,354
2	2017-18	142,372,095
3	2018-19	180667601
Total		368,869,050

No reconciliation occurred due to weak financial framework audit was unable to know the veracity of the transactions.

When pointed out in February 2020,management replied that reconciliation will be made and progress will be shown to audit. Department reply is evasive as no reconciliation statement was provided to audit.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit recommends that reconciliation of accounts.

4.2.5 Irregular expenditure on the ineligible sector and in absence of mutation deeds- Rs. 10.093 million

According to guidelines for the release and utilization of developmental funds issued vide Government of Finance Department No SO (DEV-IV) FD/4-3/2013-14/Guidelines dated 02-01-2014, construction of community centers was not enlisted in the eligible sectors of development under ADP and PFC fund. And S/No. 5(c) of D.O. No.F.7 (1) RO (RD)/2003 dated Islamabad, 24th January, 2004 of the Government of Pakistan Ministry of Local Government and Rural Development provides, “Land for the purpose for developmental schemes wherever applicable, is to be provided free of cost, it shall not form part of the cost estimates of the scheme. In case a member offers private land its mutation shall be effected before execution of scheme”.

TMA Abbottabad incurred an expenditure of Rs 10,093,682 on 12 Community Centers as per Annexure-2. Construction of Community Centers were not included in the list of eligible sectors and also mutation documents of the land were also not available to ensure that land was transferred in the name of the local Government.

The irregularity occurred due to weak internal controls, Public money was not spent vigilantly.

When pointed out in February 2020, management replied that the work on community centres were carried out on existing centres by improving and extension work. Department reply is evasive as the funds were allocated for ineligible sectors.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit recommends that irregular expenditure should be regularized besides fixing responsibilities against the persons at fault.

4.3 Procurement and Contract Management

4.3.1 Defective contract Agreement

According to Para 19 (i & ii) of GFR Vol.-I, terms of contract must be precise and definite and there must be no room for ambiguity therein. Legal and financial advice may be taken in drafting of contract before they are finally entered into.

Services and Assets Management Agreement was executed between the Tehsil Municipal Administration, Abbottabad, and Water and Sanitation Services Company Abbottabad on 30th April, 2017. However, following shortcomings were noticed in the execution of contract agreement:

1. Agreement was not signed / vetted by the Finance department Khyber Pakhtunkhwa. Peshawar.
2. The WSSC, Abbottabad receive huge amount of funds from KP Government apart from monthly share of salaries transferred to WSSC, Abbottabad. However, no contribution of WSSC, Abbottabad was found on record in terms of actual work done. TMA Abbottabad was managing the solid waste in different areas instead of WSSC.
3. With the increase of population and increasing demand of water supply and solid waste on daily basis no targets regarding solid waste and water supply were fixed in the agreement.
4. No provisions pertaining to the arrears of water user charges were mentioned.

The shortcoming in the MOU occurred due to weak internal controls, public money was not protected.

When pointed out in February 2020, management replied that clarification will be made from LCB, regarding agreement between TMA Abbottabad and WSSC and reply will be submitted. Department reply is evasive defective agreement was executed by TMA.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit recommends reviewing the current MOU to address the gaps identified.

4.4 Construction and Works

4.4.1 Non- removal of discrepancies pointed out by NAB in the substandard execution of schemes worth –Rs 360.312 million

According to Instructions of Joint visit of NAB and TMA staff on dated 13.07.2019 as per annexure 03 TMA office was bound to meet the deficiencies pointed out.

TMA Abbottabad awarded 13 schemes worth Rs 360.312 million to various contractors under Uplift & Beautification of Divisional Headquarter in KP ADP No. 1122(2014-15). The schemes were required to be executed according to specification of the works. Record revealed that a joint inspection by NAB and Technical Staff of the local office was carried out and various deficiencies were pointed out as per Annexure-3. The contractors concerned were informed through notices to rectify/remove the deficiencies. However, they failed to take corrective action. Detail of schemes given below:

Uplift & Beautification of Divisional Headquarters in Khyber Pakhtunkhwa Sub-Head Abbottabad (Rs. In million)		
S#	Sub-Scheme Name	Bid Cost
1	Installation of LED Road lights at different main roads.	60.240
2	Development / improvement of existing parks (ShimlaHill Park)	113.475
3	Improvement of Public Building(Eidgah near TMA Office)	20.569
4	Renovation of Chowks / Monuments	9.814
5	Installation of Sign Boards, wall Painting, Sculpture at different sites A/abad	3.750
6	Repair/Renovation of General Bus Stand Abbottabad	1.700
7	Waiting Shed at Muree Road/KKH & Others	11.160
8	Renovation of Children Park Ilyasi Masjid	12.894
9	Remaining work of Development/improvement of existing park (Shimla Hill)	69.600
10	Tourist Site/Faciliation Center Muslim Abad Salhad	16.050
11	Construction of Compound Wall Graveyard	32.760
12.	Remaining work Jinnah Bagh	4.5
13	Improvement of TMA Park	3.8
Total		360.312

Non removal/correction/rectification of deficiencies in the schemes occurred due to weak internal controls, which resulted in substandard work and loss to Government.

When pointed out in February 2020, management replied that As per direction of NAB all the defective works have been rectified. Department reply is evasive as no evidence was provide in support of reply.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit recommends rectification/corrective measures in the matter besides fixing responsibility against the person(s) at fault.

4.4.2 Poor performance of TMA in completion of 799 schemes of municipal services

According to Government of Khyber Pakhtunkhwa, Local Government Election and Rural Development Department letter no. Director (LG)/ District ADP/2015 dated 28.01.2015; all the schemes shall be completed within the same financial year. Similarly according to S No 9.11 of Government of Khyber Pakhtunkhwa P&D Rules 2015, it is the responsibility of district administration that proper monitoring and evaluation of developmental schemes shall be ensured. Similarly according to Government of Khyber Pakhtunkhwa LGRD Department Local council Board letter No.AO/Planning/LCB/GEN/4-10/2016 dated 31.01.2019 that District Monitoring officers shall visit all the developmental schemes executed by TMAs and submit detail report of all the developmental works.

The TMA failed to complete the following schemes within the stipulated period of time as per detail given.

S. No	Sector	Allocation (Million)	Total Schemes	Completed Schemes	Ongoing	Expenditure (Million)
1	PFC Fund for the Year of 2015-16	283.5314	900	510	390	168.5209
2	PFC Fund for the Year of 2016-17	266.8485	822	641	181	239.446
3	PFC Fund for the Year of 2017-18	55.03	118	73	45	40.59908
4	PFC Fund for the Year of 2018-19	149.6247	314	142	172	96.68354
5	Beautification schemes	375.077	16	5	11	342.875
Total		1130.1116	2170	1371	799	888.12452

Furthermore, M&E reports of the same schemes were also not found on record to ascertain the quality of the schemes.

Non-utilization of developmental funds and non-monitoring of schemes occurred due to weak internal controls, which deprived the community from the benefits of the development schemes.

When pointed out in February 2019, management stated that most of the schemes under PFC 2015-16 to 2018-19 have been completed and remaining works will be completed in due course of time. Department reply was not tenable as all the schemes were incomplete since long.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit recommends that the schemes should be completed at the earliest besides imposition of penalty on contractors and taking action against the person(s) at fault.

4.4.3 Unauthentic expenditure on execution of Water Supply Schemes- Rs 1.355 million

According to Government of Khyber Pakhtunkhwa, Local Government, Election & Rural Development Department Notification No. CPO(LG)Dev/Misc/2014-15 dated 18.03.2015, the executing agencies working under LGE&RDD Department would ensure that specifications approved by the Public Health Engineering Department, Khyber Pakhtunkhwa regarding the use of pipes and machinery are followed in letter and spirit and NOC should be obtained from PHE department while implementing schemes related to water supply funded from public sector funding in their respective jurisdiction.

TMO Abbottabad executed water supply schemes worth Rs 1,355,000 under District ADP 2018-19. No evidence was provided regarding specification of pipes and machinery used in the schemes to substantiate the standard specification of PHE Department Khyber Pakhtunkhwa adopted for execution of schemes. Furthermore, no NOC was obtained from PHE Department Abbottabad for execution of water supply schemes, hence possibility of duplicate schemes could not be ruled out. Detail given below:

S.No	Name of scheme	UC	Cost
1	WSS Dub Beerangali (HT pipe with small source tank)	Beerngali-II	500,000
2	Water Supply pipe ¾ Sirgah	MoharKhurd	250,000
3	Water Tank Moh: ChashmaNarra	MoharKhurd	150,000
4	WSS Chand Mari Batnara Phase-II	Sir Gharbi-III	305,000
5	WSS kaloor	Banda Pir Khan-II	150,000
Total			1,355,000

Execution of schemes in absence of the approved specification of PHE Department occurred due to weak internal and financial controls, quality of work was not protected.

When pointed out in February 2020, management replied that There is no need to obtain NOC from PHED. All the schemes were executed as new and after completion will be handed over to local council for O&M. Department reply is

not tenable as neither evidence regarding execution of works according to PHE specification were provided nor the requisite NOC were obtained from PHE department.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit recommends that evidence as well NOC should be provided that the Water Supply Schemes are of approved specification of the PHE Department.

4.5 Assets Management

4.5.1 Non-transfer of Fire brigade machinery and vehicles to Rescue-1122

According to Government of KP notification No.PA/KPK Bills 2012/6083 dated 20.9.2012 Relief, Rehabilitation & settlement Department Peshawar through the policy decision, initially all the firefighting related resources of various departments in the District Peshawar, Mardan, Abbottabad, Swat & DI Khan (human resources, operational expenses, fire vehicles & equipments) shall be placed under the administrative control of Head Quarter Emergency Rescue Services (Rescue-1122).

TMA Abbottabad failed to place/transfer three Fire brigade vehicles and two vehicles to Rescue 1122 as per the above instructions.

S.No	Vehicle No.	Status
1	FB 3639	Parked
2	FB 500	Parked
3	FB 300	VIP Duty

Similarly TMO spent Rs.1, 646,573 (Detail below) as operational expenses on the same fire brigade which were to be spent by Rescue 1122.

S/No.	Particulars	POL	Repair work	Salary
1	Fire Brigade	Rs.157,179	Rs.113,440	Rs.1, 375,954

Non-Compliance of the Government instructions was occurred due to weak internal control and financial management. TMA resources were wasted.

When pointed out in February 2019, management stated that one fire brigade vehicle remains ready for any station on the call of rescue 1122 and for movement of VVIP. Departmental reply is evasive as all the functions of fire brigade were shifted to Rescue 1122.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit suggests that fire brigade vehicles should be handed over to 1122 as per provincial government notification.

4.5.2 Non- conducting physical verification of Assets of TMA for municipal service delivery.

As required under Para 158 to 162 of G.F.R Vol. I and Schedule I 3(2) of TMAs Rule of Business 2015, Management of municipal lands, estates, properties, facilities, assets and enterprises vested in the Tehsil or Town Municipal Administration and physical verification of store / stock should be carried out at least once in a year by an officer who is not custodian of Ledger Keeper or Accountant of the store and record a certificate of store with its results in the stock register.

Tehsil Municipal Officer Abbottabad did not carry out physical verification of store / stock during the year 2018-19. Furthermore, record of the assets and liabilities was also not maintained. A large number of dead stock items were also laying but detail record of these items was not found in the local office.

Non-carrying out of physical verification and maintenance of record relating to stores and stock occurred due to weak administrative control, Public assets were not protected.

When pointed out in February 2020, management replied that as required under the law the TMO/administration physically checked and verified the store every year and proper record is being maintained. All such stock register were shown to the audit. Department reply is evasive as no record of assets were found on record.

Request for convening the DAC meeting was made in September, 2020 with subsequent reminders. However, DAC meeting was not convened till finalization of this report.

Audit suggests the matter should be investigated besides fixing responsibility against the persons at fault. Physical verification of store/stock should be carried out under intimation to Audit.

4.6 Monitoring and Evaluation

4.6.1 Execution of works in deviation of specification, cases of non-adherence to conditions of operation and other lapses, indicate lack of adequate monitoring and supervision mechanism. Proper monitoring and supervision should be put in place to ensure efficient execution of works and provision of municipal services. Further, adequate supervision is essential for ensuring compliance to prevalent regulations and smooth progress and timely completion of contracts.

4.6.2 Comments on Internal Controls

Internal Control is a tool for management to improve performance, prevent losses, and control mismanagement of public money and safeguard government assets.

In TMA lack of internal control was evident from the shortcomings pointed out in this report. The monitoring and evaluation system of project was found weak and ineffective due to abnormal delay in implementation of the project, non-completion of developmental schemes and non-achievement of its objectives.

4.6.3 Non-conducting of internal audit.

According to para-13 of GFR Vol-1, each Head of the Department will get the accounts of his office and those of the subordinate disbursing officers inspect at least once in every financial year by a Senior Officer not connected with the accounts matters. The result of these inspections should be endorsed to the Audit.

No internal audit of the TMA was carried out so far.

The laps occurred due to weak internal controls and financial indiscipline.

Audit recommends that internal audit of the TMA be carried out and the internal audit report be submitted to Audit and Administrative Secretary accordingly for necessary action.

4.7 Compliance with Grant/ Loan Covenants

Instances of non-compliance with applicable rules and regulations have been reported in the audit findings.

4.8 Environment.

During performance auditing, the following environmental issues were noticed.

4.8.1 Non-preparation of master plan for Sanitation in District Abbottabad

According to Sanitation Act 2006, each District shall prepare a Master Plan for Sanitation.

TMA Abbottabad did not prepare master sanitation plan in coordination with all agencies. Designs of developmental schemes were prepared in absence of covering basic components of sanitation aspect of drainage similarly no linkages with main drainage system was taken into account.

Non-preparation of master plan for sanitation in district Abbottabad occurred due to weak administrative control. No due consideration was given to minimise the impacts of the disasters.

When pointed out in February 2020, management replied that it is the responsibility of WSSC to prepare sanitation plan in coordination with TMA. Department reply is evasive as no plan was prepared regarding sanitation and its standard protocols.

Audit suggests preparation for master plan for sanitation in district Abbottabad.

4.8.2 Non-disposal of hazardous waste

According to Rule of Business 2015 Schedule, it is responsibility of TMA that sanitation and solid waste management including solid waste collection and sanitary disposal of solid, liquid industrial and hospital waste.

In jurisdiction of TMA Abbottabad a large number of private clinics were in operation which generates hazardous waste in residential area. All waste including hazardous waste of clinics are putted in garbage drums located without proper segregation and incinerations which is harmful for the health of waste management staff and general public as well.

When pointed out in February 2020, management replied that the matter related to WSSC. Department reply was evasive as it was the responsibility of TMA to dispose off the waste and keep proper record.

Audit suggests that the matter may be brought to the notice of concerned authorities and action may be taken under the rule. Proper segregation of waste should be made and hazardous hospital waste should be incinerated to save the health of waste management staff and general public.

4.9 Sustainability

The program is sustainable. The municipal services delivery is an essential program and relevant to the priorities of the government.

4.10 Overall Assessment

In view of the observations, it is concluded that TMA, Abbottabad failed in provision of municipal services satisfactorily, economically, efficiently and effectively. The failure occurred due to ill planning, inappropriate allocation of funds and un-economical expenditure. This ill planning, mismanagement, weak

internal controls and weak monitoring for provision of services resulted in non-supply of drinking water, dumps of garbage, poor sanitation, out of order street lights, lack of parks and traffic jams in the city. Moreover the intended outputs were not achieved within the planned time and budget.

i. Relevance

The municipal service delivery is an essential program and relevant to the priorities of the government. However, the lack of monitoring and supervision system has resulted in inefficient use of resources.

ii. Efficacy

With the help of sound monitoring system, focused approach and efforts, the program would be a tremendous success in achieving its objectives.

iii. Efficiency

The goals of the program could not be achieved due to poor planning, inefficient execution and monitoring and lack of coordination among the TMAs, District Administration and other stakeholders. Moreover, funds were not utilized in time and judicious manner.

vi. Economy

The available funds were not utilized timely and economically which resulted in cost overrun and delayed/deferred benefits. In addition to this, efforts were not made to save the Government from losses as already pointed out in audit observations.

v. Effectiveness

The objectives of the program have not been achieved effectively. The program would have been more effective, if the activities were planned in the professional way and executed accordingly.

vi. Compliance with Rules

Major instances of non-compliance with applicable rules and regulations have been reported in the audit findings.

vii. Performance rating of the program
Moderately satisfactory

viii. Risk rating of the program
Medium.

5. CONCLUSION

5.1 Key issues for the future and lesson learned

The municipal services were not managed with due regard to economy, efficiency and effectiveness. The ill planning and weak internal controls had caused negative financial impacts in shape of price escalation, non-recovery of rents and deferred benefits.

Considering the relevance of the information, audit findings and recommendations it is hoped that the contents of this report would be helpful in understanding the issues leading to poor municipal service delivery and further, in framing and instituting corrective mechanisms in waste management and for consideration in planning of future ADP schemes. It is expected that the TMA Authority and management will take note of factors attributing to the inefficient delivery of municipal services, non-completion of developmental schemes, cost and time overruns and pursue prudent and sound financial and project management practices in future to minimize time and cost overrun and achieve value for money in public spending.

RECOMMENDATIONS

Based on audit findings and outcome of the audit exit meeting, the audit has formulated series of recommendations. These are intended not only to add value to current system and practices, to enhance efficiency and effectiveness in the management and administration of the other TMAs but additionally to aid relevant agencies in preparation of PC-1, contract documents and plans in future. However, the list of recommendations is not exhaustive and all TMAs should strive towards achieving the common goal of municipal service delivery in the most economical, efficient and effective manner.

Audit recommends that:

1. Fixing responsibility against the person (s) at fault beside recovery of loss from persons at fault and the plant should be operationalized immediately besides.
2. Illegal occupants should be evicted from public property and responsibility should be fixed against persons at fault.
3. Basic facilities in General Bus Stand Abbottabad should be provided and proper utilization of the shops and collection of taxes should be managed.
4. Ensuring healthy and hygienic environment in slaughter houses.
5. Comprehensive database and information system should be prepared
6. The Peshawar High Court judgment should be implemented in letter and spirit and the matter should be investigated to fix responsibility.
7. Rent of building should be recovered immediately
8. Implementation of MOU between TMA and WSSCA and to stop further payment
9. Provision of funds for basic facilities and books to public libraries should be provided.
10. Reconciliation of accounts.
11. Irregular expenditure should be regularized besides fixing responsibilities against the persons at fault.
12. Reviewing the current MOU to address the gaps identified.

13. Rectification/corrective measures in the matter besides fixing responsibility against the person(s) at fault.
14. The schemes should be completed at the earliest besides imposition of penalty on contractors and taking action against the person(s) at fault.
15. Evidence as well NOC should be provided that the Water Supply Schemes are of approved specification of the PHE Department.
16. Fire brigade vehicles should be handed over to 1122 as per provincial government notification.
17. The matter should be investigated besides fixing responsibility against the persons at fault. Physical verification of store/stock should be carried out under intimation to Audit.

ACKNOWLEDGEMENT

We wish to express our appreciation to the management of TMAs Abbottabad for the assistance and cooperation with the auditors during this Performance Audit.

ANNEXURES

ANNEXURE-1

LIST OF ENCROACHED PROPERTY OF TMA, ABBOTTABAD

S No.	Title of Property	Occupation since	Occupied by whom	Area illegally occupied	Market value in rupees
1	Women children Hospital	Not known	Health Department	26 Kanal	133,848,000
2	Plot Aftab Sweet	Not known	Local Community	8 Marlas	27,337,600
3	Plot Near Cantt Police Station	Not known	Local Community	7 Marlas	23,920,400
4	Plot Narrian Tube Well	Not known	Not known	10 Marlas Approx	2,500,000
5	Bar Club	Not known	Bar Club	50154 Sft	474,619,103
	TMA property	1952	C & W Department	135 kanal 19 M	271,000,000
6	GTS Adda	2005	Judiciary	100308 Sft	926,640,000
7	Dina Abad Land	1952	C & W Department	53991 Sft	510,929,536
Total					2,370,794,639

Annexure-2

Municipal Services under PFC Fund 2018-19

Sector: Municipal Services under PFC Funds 2018-19		
#	Name of scheme	Allocation
1	Remaining Work Community Center (Roof Work) Kalan V/C GaliBaniyan U/C Kuthwal	400,000
2	Renovation / Extension of Community Center (Hujra) Banda Ali Khan V/C-III U/C Mirpur	1,453,000
3	Remaining Work Hujra Lower Salhad V/C-II U/C Salhad	300,000
4	Remaining Work for Community Center Ward No.15 U/C Kehal	600,000
5	Const: of Community Center Gloni U/C Sarbhana	500,000
6	Const: of Community Center Moh: Khalil Zai U/C Nawansher	900,000
7	Const: of Community Center Dhudhial U/C Nawansher	900,000
8	Const: of Barra HujraBandiDhundand U/C Banda Pir Khan	1,000,000
9	Const: of ChotaHujraBandiDhundand U/C Banda Pir Khan	250,000
10	Const: of Community Center MalyarMohra near Olympia Form-II, Jamil U/C Baldheri	800,000
11	Const: of Community Center MalyarMohra near Olympia Form-II, Jamil U/C Baldheri	800000
12	Const: of Community Hall and JinnazaGahPalakian V/C Chahan U/C Bagnotar	2,190,682
Total		10,093,682

Detail of Discrepancies in Beautification of Abbottabad TMA Abbottabad

S#	Sub-Scheme Name	Discrepancies
1	Installation of LED Road lights at different main roads.	Following street lights installed are non functional. 1.Javed House 2.Azeem House 3.Shair Afzal House 4.Suhail Afzal House 5.Srdar Anwar House 6.Mazhar Akram House 7.Dr Rizwan House 8.GM House 9.Dr Abdullah house 10Tanveer House 11.Sjaad House 12.Mlk Nauman House Mera 13.Tariq House 14.M Masood 15.Suzuki adda 16.Qasim Khan 17.dar ul khair Park 18.Master Munir House 19.waheed Khan 20.Masjad Darul khair 21.Aamir House
2	Development / improvement of existing parks (ShimlaHill Park) Phase I	1.Marble be fixed at top portion of Sliding 2.Almonium be fixd at outer side steps 3.Exit road made as PCC and railing be fixed at entry and exit roads Railing be fixed at Abbottabad point 4.Grill fixed at Boundary be repaired Drain be repaired in thr Parking 5.Almonium Portion be made in Cafeteria 6.Marble be fixed at front steps too 7.Steel be fixed at the top of Hotel 8.lights be fixed immediately 9.coping be repaired at walls 10.Repair work at walking track be corrected
3	Improvement of Public Building(Eid gah near TMA Office)	1. levelling & dressing at front be complete 2.Nallah be completed 3.Arch be completed 4.leveling of tuff tiles be completed 5.drain from District Courts to be cemented 6.Stone fixing at Boundary wall 7.granite fixing be replaced with slabs 8.From Gross planting be removed un necessary gross 9.Hand Pump needs to Box built

4	Renovation of Chowks / Monuments	1.Grill be fixed at thanda pani chowk and tiles be corrected 2.khushhal chowk grill and PCC foundation be corrected 3.fawara chowk moter & nozel tiles and marble be polished 4.nari and shaheen chowk marble fitting other work be rectified 5.dhobi chowk work be completed immediately.
5	Installation of Sign Boards+wall Painting+Sculpture at different sites in Abbottabad	1. wall painting not done 2.Sign Board at sides not completed so for it needs to be completed 3. fallen Signe boards at sides be repaired
6	Repair/Renovation of General Bus Stand Abbottabad	1.Bus stand be repaired as PCC 2.Epansion joint be made in PCC of Bus stand
7	Waiting Shed at Muree Road/KKH & Others	
8	Renovation of Children Park Ilyasi Masjid	
9	Remaining work of Development/improvement of existing park (Shimla Hill)	1.Drain on Parking Area 2.map of grate grill 3.retaining wall on lecture theatre
10	Development of tourist sites SNo6	1. Brick work be revised 2. Tuff tiles be fixed at track 3. 3Gross be planted in parks 4. Benches be made as Shimla park 5. Railing is to be fixed too
11	Construction of compound wall at Graveyard	1.Tiles at RCC Be levelled 2.Repair work is of substandard be revised 3. steel grill needs to be oil painting
12	Beautification of Jinnah/company Bagh	1.Foot path tiles be levelled 2.steps tiles be repaired 3.pipes of water exit be levelled 4.crub stone be repaired 5.look after of the garden be under TMA till handing over to concerned 6 repair & paint of the rooms.
13	Development/improvement of TMA Park near TMA Office ATD	1.Work not done at sight 2.only swings at sight 3.gate at sight be repaired and tuff tiles be fixed