



AUDIT REPORT
ON
THE ACCOUNTS OF
GOVERNMENT OF KHYBER PAKHTUNKHWA
AUDIT YEAR 2016-17

AUDITOR GENERAL OF PAKISTAN

ABBREVIATIONS & ACRONYMS

1. ADB.....Asian Development Bank
2. ADPAnnual Development Program
3. APRActual Payee Receipts
4. AM&R.....Annual Maintenance & Repair
5. ARSAgriculture Research Station
6. AWKUM..... Abdul Wali Khan University Mardan
7. AUP..... Agriculture University Peshawar
8. BOQ.....Bill of Quantities
9. C&W.....Communication and Works
10. CCCPO.....Chief Capital City Police Office
11. CPPACentral Power Purchasing Agreement
12. CPPA..... Central Power Purchase Agency
13. CPOCentral Police Office
14. CPWA.....Central Public Works Accounts
15. CPWD.....Central Public Works Department
16. CSR.....Composite Schedule of Rates
17. CTR.....Central Treasury Rules
18. CRBCChashma Right Bank Canal
19. Cft.....Cubic feet
20. COD.....Commercial Operation Data
21. DCO.....District Coordination Officer
22. DRC.....Documents Review Committee
23. DAC.....Departmental Accounts Committee
24. DAO.....District Accounts Office
25. DFC.....District Food Controller
26. DFODivisional Forest Officer
27. DDA.....District Director Agriculture
28. DDODrawing & Disbursing Officer

29. DSCDevelopmental Steering Committee
30. DRACDistrict Rate Committee Assessment
31. EGBEmpty Gunny Bag
32. EME.....Electro Mechanical Engineering
33. FDCForest Development Corporation
34. FTR.....Federal Treasury Rules
35. FIR.....First Information Report
36. FATA..... Federally Administrative Tribal Area
37. FANAFrontier and Northern Area
38. GFRGeneral Financial Rules
39. GHW.....
40. HPP.....Higher Power Project
41. HDF.....Hydel Development Fund
42. HOD.....Head Of Department
43. HED.....Higher Education Department
44. HECHigher Education Commission
45. HMCHayatabad Medical Complex
46. IFSP.....Insaf Food Security Program
47. IPC.....Interim Payment Certificate
48. KPKhyber Pakhtunkhwa
49. KgKilogram
50. KmKilometer
51. LFA.....Literacy For All
52. LG&RDDLocal Government & Rural Development
Department
53. MBMeasurement Book
54. MCCMedicines Coordination Cell
55. MFSC.....Model Farm Service Center
56. MSMedical Superintendent
57. MD.....Managing Director
58. MNCH.....Maternal Newborn & Child Health

59. MOU.....Memorandum Of Understanding
60. NEPRA.....National Electric Power Regulatory Authority
61. NITNotice Inviting Tender
62. NRC.....National Reserve Centre
63. NSRNon Schedule Rate
64. NSL.....Natural Soil Level
65. NTDC.....National Transmission and Dispatch Co
66. NTN.....National Tax Number
67. O&M.....Operation and Maintenance
68. OM.....Operations Manual
69. OFWM.....On Farm Water Management
70. OPDOut Patient Department
71. PD.....Project Director
72. PACPublic Accounts Committee
73. PASSCO.....Pakistan Agriculture Storage & Supply
.....Corporation
74. PESCO.....Peshawar Electric Supply Company
75. PEDO.....Pakhtunkhwa Energy Development Organization
76. PHYDO.....Provincial Hydro Development Organization
77. PC.....Project Coordinator
78. PCC.....Plain Cement Concrete
79. PLA.....Personal Ledger Account
80. PPA.....Power Purchase Agreement
81. POL.....Petroleum, Oil & Lubricants
82. POF.....Pakistan Ordnance Factory
83. PDWPProvincial Development Working Party
84. RCCReinforced Cement Concrete
85. SDOSub Divisional Officer
86. SME's.....Small & Medium Enterprises
87. SMEDA..... Small & Medium Enterprises Development
.....Authority

- 88. SRSP.....Sarhad Rural Support Programme
- 89. S&EO Storage & Enforcement Officer
- 90. Sft Square Feet
- 91. SIP Special Initiative Package
- 92. STN.....Sales Tax Number
- 93. TEVTA.....Technical Educational & Vocational Training
.....Agency
- 94. TS.....Technical Sanction
- 95. TTS Tenure Track System
- 96. UA.....
- 97. UAA Un-attractive Area Allowance
- 98. VC..... Vice Chancellor
- 99. Vol Volume
- 100. WAPDA Water and Power Development Authority
- 101. WUA.....Water User Association

TABLE OF CONTENTS

ABBREVIATIONS & ACRONYMS	i
PREFACE	ii
EXECUTIVE SUMMARY	viii
SUMMARY TABLES & CHARTS	viii
I Audit Work Statistic	viii
II Audit Observations Classified by category	viii
III Outcome Statistics	ix
IV Irregularities pointed out	x
CHAPTER - 1	
1 Public Financial Management Issues pertain to Appropriation Accounts and Finance Accounts compiled by the Accountant General and Finance Department Government of Khyber Pakhtunkhwa.....	1
1.1.1 Un-reconciled expenditure of Rs. 1,396.177 million	1
1.1.2 Excess expenditure over the final grant - Rs. 168.180 million.....	2
1.1.3 Expenditure without final grant - Rs. 27.300 million.....	3
CHAPTER - 2	
Agriculture Department	
2.1 Introduction	4
2.2 Comments on Budget and Accounts (Variance Analysis)	4
2.3 Brief comments on the status of compliance with PAC directives	6
2.4 AUDIT PARAS.....	7
2.4.1 Non-production of record of the project expenditure – Rs.51.130 million	7
2.4.2 Misappropriation on account of wheat seed/loading un-loading -Rs.292.813 million	7
2.4.3 Misappropriation on account of registration and share fee - Rs.220.140 million.....	8
2.4.4 Misappropriation on account of food insecticides - Rs 5.849 million.....	9
2.4.5 Loss to Government due to payment at higher rates for execution of construction work -Rs.1,320.527 million.....	10
2.4.6 Loss due to non-deduction of sales tax from suppliers – Rs.32.254 million	11
2.4.7 Loss due to non deduction of Income Tax - Rs.29.493 million	12
2.4.8 Loss on the construction/installation of sub-standard high roof tunnels in KP - Rs.15.334 million	13
2.4.9 Loss due to mismanagement of farms - Rs 11.719 million	15
2.4.10 Unauthorized expenditure on transportation of wheat seed - Rs.9.238 million.....	16
2.4.11 Loss due to showing less yield of milk – Rs 7.488 million.....	16
2.4.12 Loss due to ill planning and irregular/un-authorized payment - Rs.3.017 million	18
2.4.13 Loss due to misappropriation on account of purchase of 3 tractors and transportation charges – Rs.2.250 million	19
2.4.14 Loss due to illegal excavation of soil of agriculture land worth millions of rupees ..	20
2.4.15 Non-recovery on account of sale of wheat – Rs.19.348 million	21
2.4.16 Non-recovery of sale proceeds of maize - Rs.7.790 million	21
2.4.17 Non-recovery of 1% stamp duty on the purchase & supply of Parabolic Irrigation segments - Rs.2.780 million	22
2.4.18 Unauthorized/unauthentic distribution of wheat seed - Rs.295.091 million	23
2.4.19 Unauthorized expenditure from Cess fund - Rs.7.730 million	25
2.4.20 Unauthorized and doubtful expenditure on daily paid labour from the receipts - Rs.1.373 million	26
2.4.21 Loss due to non-deduction of income tax - Rs. 6.750 million.....	27

2.4.22	Irregular and unauthorized award of contract of Fishing Right in Tarbela Dam - Rs.105.030 million	27
2.4.23	Irregular drawl on account of purchase of concentrate for beef animals - Rs.7.290 million	29
2.4.24	Non-deposit of receipts amounting - Rs.6.135 million	30
2.4.25	Excess payment on account of loading and unloading charges - Rs.20.962 million	30
2.4.26	Excess payment due to purchase on higher rates-Rs.1.980 million and non-deduction of income tax- Rs.0.476 million	32
2.4.27	Outstanding dues against various sister offices/store keeper - Rs.13.910 million	33

CHAPTER - 3

Administration Department

3.1	Introduction	34
3.2	Comments on Budget and Accounts (Variance Analysis)	35
3.3	Brief comments on the status of compliance with PAC directives	37
3.4	AUDIT PARAS.....	38
3.4.1	Non-production of record for expenditure - Rs.203.200 million.....	38
3.4.2	Loss due to non-recovery of taxes – Rs.9.980 million	39
3.4.3	Non-recovery of room rent and 5% charges - Rs.9.200 million.....	39
3.4.4	Non-recovery of government share from operator of Aircraft -Rs.7.270 million	40
3.4.5	Non-recovery of house rent at market rate and utility charges - Rs.2.097 million....	41
3.4.6	Irregular investment of Government revenue/funds in treasury bills/fixe deposit - Rs.16.110 million	42
3.4.7	Irregular expenditure and non-accountal of store- Rs.13.340 million Non-production of record Rs.6.410 million	43
3.4.8	Irregular allotment of residential accommodation to un-entitled officers/officials ...	45
3.4.9	Non-rendering account in support of payments - Rs. 7.630 million	45

CHAPTER - 4

Communication & Works Department

74.1	Introduction	47
4.2	Comments on Budget and Accounts (Variance Analysis)	47
4.3	Brief comments on the status of compliance with PAC directives	49
4.4	AUDIT PARAS.....	50
4.4.1	Loss to the public exchequer due to allowing enhanced rates to the contractor in violation of the contract agreement and decision of competent forum - Rs.8.981 million.....	50
4.4.2	Loss to public exchequer due to allowing abnormal enhanced rates to contractor - Rs.11.710 million.....	51
4.4.3	Loss due to transportation of earth in violation of contract agreement - Rs.5.870 million.....	52
4.4.4	Loss due to non realization of tender form fee – Rs.3.374 million	53
4.4.5	Overpayment to consultant - Rs.5.845 million.....	53
4.4.6	Overpayment to contractor due to allowing higher rate – Rs.1.200 million	54
4.4.7	Non-recovery of long outstanding revenue - Rs.7.964 million	55
4.4.8	Un-authorized expenditure – Rs.212.903 million	56
4.4.9	Unauthorized expenditure in excess of the contract cost – Rs.390.070 million	57
4.4.10	Un-authorized expenditure - Rs.84.087 million	58
4.4.11	Non-deduction of income tax from the payment allowed on market rates system 2015-Rs.18.628 million.....	60

4.4.12	Unauthorized expenditure on execution of emergency & special repair without observing codal formalities - Rs.10.111 million	60
4.4.13	Unauthorized retention of public money in 5th deposit - Rs.4.089 million	61
4.4.14	Non-recovery due to defective work – Rs.17.390 million	62
4.4.15	Unauthentic expenditure due to non production of auditable record - Rs.16.374 million.....	63
4.4.16	Excess on account of incorrect application of premium – Rs.4.190 million	63
4.4.17	Wasteful expenditure due to defective designs/feasibility study and construction supervision –Rs.24.965 million and Overpayment of Rs.15.845 million.....	64

CHAPTER - 5

Education Department

5.1	Introduction	66
5.2	Comments on Budget and Accounts (Variance Analysis)	66
5.3	Brief comments on the status of compliance with PAC directives	68
5.4	AUDIT PARAS.....	69
5.4.1	Non-production of record of appointments & non-recovery of penalty – Rs.229.204 million	69
5.4.2	Non-production of auditable record	70
5.4.3	Misappropriation due to delay in deposit of funds and profit on investment - Rs.491.081 million	71
5.4.4	Misappropriation by head cashier of Islamia College University – Rs.13.350 million	72
5.4.5	Misappropriation of PC tablets - Rs. 13.140 million.....	73
5.4.6	Misappropriation in the purchase of generator for students hostel – Rs.2.840 million	74
5.4.7	Misappropriation due to less-deposit of milk receipt - Rs.2.206 million	74
5.4.8	Misappropriation in expenditure on roads restoration & repair - Rs.2.080 million ..	75
5.4.9	Misappropriation due to non submission of details of advance – Rs.1.410 million ..	76
5.4.10	Loss due to unauthorized appointment of faculty - Rs.99.815 million	77
5.4.11	Loss due to irregular purchase of pirated and substandard books -Rs. 93.306 million	78
5.4.12	Loss to Government due to non-recovery of fee paid to the absconder scholars - Rs. 61.296 million.....	79
5.4.13	Loss to the University Exchequer due to leasing of University property on lesser rates- Rs. 48.670 million	81
5.4.14	Loss due to acceptance of higher bid for civil work - Rs.38.067 million.....	82
5.4.15	Loss due to non-recovery of rent of shops and agriculture produce - Rs.28.954 million.....	82
5.4.16	Loss due to non recovery of dues from defaulter PhD Scholar-Rs.26.702 million ...	83
5.4.17	Loss due to non deduction of income tax from the contractor/supplier -Rs.31.277 million	84
5.4.18	Loss due to unauthorized payment of income tax from university account – Rs.12.690 million	86
5.4.19	Loss due to purchase of substandard generators – Rs.12.230 million.....	86
5.4.20	Loss due to allowing higher rates - Rs.4.736 million.....	88
5.4.21	Loss due to missing newly purchased generator-Rs.2.680 million and unauthorized provision of newly procured generator to contractor-Rs.1.520 million	88
5.4.22	Loss due to extending undue benefit to the contractor - Rs.2.240 million	89
5.4.23	Loss due to non recovery of Stamp Duty - Rs.1.680 million	90

5.4.24	Loss on account of execution of sand filling instead of earth filling - Rs.1.056 million.....	91
5.4.25	Overpayment on appointment as meritorious professors- Rs.21.050 million	92
5.4.26	Overpayment on account of house rent paid @ 45% instead of 30% - Rs.16.030 million	93
5.4.27	Overpayment on account of price escalation to contractor - Rs.14.850 million.....	94
5.4.28	Overpayment on account of purchase of land for Amir Muhammad Khan Campus Mardan-Rs.7.996 million	96
5.4.29	Overpayment on account of three advance increments - Rs.6.197 million	96
5.4.30	Overpayment on account of Conveyance Allowance - Rs.3.804 million.....	98
5.4.31	Overpayment due to allowing incorrect claim of Sales Tax - Rs.1.025 million.....	98
5.4.32	Non-recovery of Tuition Fee and hostel charges from students - Rs.121.760 million.....	99
5.4.33	Non-recovery from absconder PhD Scholars - Rs.26.825 million	100
5.4.34	Non-recovery of Mobilization Advance - Rs. 2.490 million.....	101
5.4.35	Non-recovery of outstanding receipts -Rs.1.470 million	102
5.4.36	Less recovery of stamp duty/income tax on the purchase of PC tablets - Rs.4.589 million.....	103
5.4.37	Less deduction of income tax from the salary of VC-Rs. 1.460 million	104
5.4.38	Unauthorized and wasteful expenditure on construction of Power House -Rs 305.604 million.....	105
5.4.39	Unauthorized expenditure from the University Trust Fund - Rs.199.810 million..	106
5.4.40	Unauthorized drawl for investment from Islamia College Trust Account - Rs. 91.042 million.....	107
5.4.41	Unauthorized transfer of fund and incurrence of expenditure on campuses -Rs. 27.303 million.....	108
5.4.42	Unauthorized and irregular purchase of weapons - Rs.12.508 million	109
5.4.43	Unauthorized and unnecessary transfer of funds-Rs.100.000 million and Loss due to transfer of fund from PLS to current account-Rs 3.846 million	110
5.4.44	Unauthorized deduction by the bank on account of withholding tax - Rs.2.860 million and unauthorized debit to the university account of withholding tax on profit - Rs.1.174 million	111
5.4.45	Unauthorized payment of additional charge allowance-Rs.2.050 million	112
5.4.46	Irregular and non transparent award of contracts - Rs.3,610.000 million	113
5.4.47	Irregular placement of order for supply of furniture-Rs.538.172 million and non-imposition of penalty for delay in supply - Rs.26.900 million	114
5.4.48	Irregular and unauthorized award of contract after rejection-Rs.338.150 million .	115
5.4.49	Irregular expenditure due to purchase of tractors with machinery without tender-Rs. 7.650 million	116
5.4.50	Wasteful expenditure on the uneconomical and defective execution of civil work – Rs.14.930 million	117
5.4.51	Doubtful payment to contractor for electric works - Rs.76.135 million.....	118
5.4.52	Doubtful payment on the purchase of books-Rs. 29.990 million	119
5.4.53	Wasteful expenditure on the construction of petrol pump-Rs.18.100 million.....	121
5.4.54	Wasteful expenditure due to non-achievement of PC-I objectives – Rs.11.084 million	122
5.4.55	Wasteful expenditure due to leaving the work incomplete - Rs.8.156 million.....	123
5.4.56	Wasteful expenditure on installation of Dairy Processing Unit under STRC Project - Rs.7.000 million	124
5.4.57	Wasteful expenditure due to purchase of below specification transformers & electricity poles – Rs.3.640 million.....	125

5.4.58	Wasteful expenditure on consultancy service for the construction of shopping plaza - Rs.1.613 million	126
5.4.59	Doubtful drawl on account of TA and implementation cost - Rs.30.578 million ..	128
5.4.60	Fraudulent drawl on fake signature of Managing Director and non-recovery of interest @ 15% - Rs.11.250 million	129
5.4.61	Fraudulent drawl out of saving account - Rs.2.592 million	130
5.4.62	Excess expenditure over and above the tender cost - Rs.211.87 million	131
5.4.63	Non-Imposition of Penalty due to delay in completion – Rs.12.733 million	132
5.4.64	Non-completion of inquiry involving loss - Rs. 72.000 million	133
5.4.65	Non-encashment of bank guarantee of defaulter contractor-Rs.41.180 million	134
5.4.66	Non-encashment of performance bond of defaulter contractor-Rs.33.755 million	135

CHAPTER - 6

Energy & Power Department

6.1	Introduction	137
6.2	Comments on Budget and Accounts (Variance Analysis)	138
6.3	Brief comments on the status of compliance with PAC directives	140
6.4	AUDIT PARAS.....	141
6.4.1	Loss due to non finalization of Power Purchase Agreement-Rs.5,025.000 million	141
6.4.2	Loss due to less recovery - Rs.700.785 million.....	142
6.4.3	Loss due to claim of less than approved tariff from purchaser- Rs.184.503 million and Loss due to non-inclusion of sales tax in the claim of energy – Rs.31.366 million	142
6.4.4	Loss due to claim of less tariff than approved - Rs.130.078 million.....	144
6.4.5	Loss due to non-finalization of Power Purchase Agreement – Rs.70.000 million ..	144
6.4.6	Loss due to non-supply of spare parts - Rs.48.210 million	145
6.4.7	Loss due to less payment of Rs.9.035 million and delay in payment of profit on TDRs Rs. 3.38 3 million.....	146
6.4.8	Loss due to non-recovery of outstanding government dues-Rs.2.740 million	147
6.4.9	Overpayment due to allowing higher dollar conversion rate - Rs.3.08 million.....	148
6.4.10	Non-recovery of outstanding dues of energy from CPPA-Rs.2,386.794 million....	149
6.4.11	Non-recovery of outstanding dues from PESCO-Rs.998.00 million	150
6.4.12	Unauthorized expenditure from HDF without approval of Board -Rs.270.460 million.....	151
6.4.13	Unauthorized and doubtful expenditure - Rs.233.210 million	152
6.4.14	Unauthorized and excess payment of salary to the CEO - Rs.11.330 million	153
6.4.15	Irregular and unauthorized utilization of HDF on other activities -Rs.270.460 million.....	154
6.4.16	Irregular and unauthorized enhancement of bid prices-Rs. 105.600 million and acceptance of higher rate for four vehicles-Rs.140.800 million.....	156
6.4.17	Wasteful expenditure on hiring of O&M contractor – Rs.5.340 million.....	157
6.4.18	Doubtful & unwarranted expenditure on Rent of vehicles of O&M Contractor Rs.2.750 million	158
6.4.19	Excess payment to Consultant on account of staff remunerations -Rs.8.927 million	159
6.4.20	Non-conduct of internal audit of the subordinate DDOs.....	160

CHAPTER - 7

Environment Department

7.1	Introduction	161
7.2	Comments on Budget and Accounts (Variance Analysis)	161
7.3	Brief comments on the status of compliance with PAC directives	163
7.4	AUDIT PARAS.....	164
7.4.1	Misappropriation due to not showing 78,084.68 cft timbers on stock- Rs.82.390 million	164
7.4.2	Misappropriation on account of afforestation - Rs.8.250 million	164
7.4.3	Misappropriation due to missing timbers – Rs.3.730 million	165
7.4.4	Misappropriation of 200,509 plants - Rs. 3.334 million	166
7.4.5	Misappropriation due to unauthorized payment to the owners of private nurseries - Rs.3.320 million	167
7.4.6	Misappropriation due to missing timber - Rs.4.521 million.....	168
7.4.7	Misappropriation on establishment of tube nurseries - Rs.2.32 million.....	169
7.4.8	Misappropriation on account of walnut bare rooted nursery - Rs.1.160 million	170
7.4.9	Loss due to illicit cutting of Forest Trees - Rs.235.530 million	171
7.4.10	Loss due to illegal use of forest timber - Rs.6.844 million	171
7.4.11	Loss due to payment to neighbans of closures - Rs.6.77 million	172
7.4.12	Loss due to failure of 140 hectors afforestation - Rs.3.007 million	173
7.4.13	Loss due to non-maintenance of bare rooted nurseries - Rs.2.430 million	174
7.4.14	Loss due to failure of afforestation - Rs.1.780 million.....	175
7.4.15	Loss on Azordam afforestation on disputed land - Rs.2.340 million	175
7.4.16	Loss due to illegal cutting of trees – Rs.2.04 million.....	176
7.4.17	Non-recovery of illegal stocking of 3891.39 cft timber –Rs.6.630 million.....	177
7.4.18	Non-recovery of government outstanding dues from FDC - Rs.3.645 million	178
7.4.19	Unauthorized expenditure on account of purchase – Rs.1.550 million	179
7.4.20	Irregular expenditure on outsource plantation Rs.2.360 million	180
7.4.21	Doubtful expenditure on plantation, watch & ward and watering of plantations under Forest Development Fund - Rs. 4.170 million	181
7.4.22	Doubtful expenditure on tube and bare rooted nurseries - Rs.4.08 million.....	182
7.4.23	Doubtful expenditure on water log area Plantation - Rs.1.729 million	183
7.4.24	Doubtful expenditure on purchase of deodar plants - Rs.1.110 million	185
7.4.25	Doubtful expenditure on purchase of plants - Rs.1.100 million.....	185
7.4.26	Doubtful expenditure on block plantation - Rs.1.070 million	186
7.4.27	Excess drawl on different afforestation work - Rs.5.593 million.....	187
7.4.28	Wasteful expenditure on conservancy and works - Rs.17.632 million	188

CHAPTER – 8

Excise and Taxation Department

8.1	Introduction	190
8.2	Comments on Budget and Accounts (Variance Analysis)	190
8.3	Brief comments on the status of compliance with PAC directives	192
8.4	AUDIT PARAS.....	193
8.4.1	Loss due to non disposal/non auction of 103 confiscated vehicles – Rs.51.500 million	193
8.4.2	Loss due to non allotment of 37 confiscated vehicles for official duties- Rs.18.500 million	193

CHAPTER - 9

Food Department

9.1	Introduction	195
9.2	Comments on Budget and Accounts (Variance Analysis)	195
9.3	Brief comments on the status of compliance with PAC directives	198
9.4	AUDIT PARAS.....	199
9.4.1	Misappropriation of wheat and empty gunny bags – Rs.18.606 million	199
9.4.2	Loss due to shortage of wheat -Rs. 32.648 million	200
9.4.3	Loss due to non-forfeiture of security deposit – Rs.13.00 million	201
9.4.4	Loss due to non-recovery from official – Rs.11.956 million	202
9.4.5	Loss to government due to sale of wheat a lesser rates – Rs.8.560 million	203
9.4.6	Loss due to non-deposit of cost of wheat – Rs.5.08 million	203
9.4.7	Non-availability of wheat sales account of 100 sale points – Rs.278.632 million ..	204
9.4.8	Illegal operation of bank accounts and deposit – Rs.398.04 million and non-accountal of profit of private commercial bank accounts - Rs.31.84 million ..	205

CHAPTER - 10

Health Department

10.1	Introduction	207
10.2	Comments on Budget and Accounts (Variance Analysis)	207
10.3	Brief comments on the status of compliance with PAC directives	209
10.4	AUDIT PARAS.....	210
10.4.1	Non-production of record – Rs.150.000 million	210
10.4.2	Misappropriation on account of Casualty/Emergency Chit Fee – Rs.46.264 million	211
10.4.3	Non-accountal of store items - Rs.11.810 million	212
10.4.4	Misappropriation of Capitation Fund- Rs.6.511 million	213
10.4.5	Misappropriation of locally purchased medicines – Rs.5.630 million	214
10.4.6	Misappropriation of diagnostic kits – Rs.3.320 million	214
10.4.7	Misappropriation of unspent balance – Rs.2.078 million.....	215
10.4.8	Misappropriation on account of cost of gas cylinders - Rs.1.090 million	216
10.4.9	Misappropriation of laptops – Rs.1.000 million.....	217
10.4.10	Loss due to non-deduction of sales/income tax – Rs.127.950 million	217
10.4.11	Loss due to purchases on higher rates - Rs.103.050 million	218
10.4.12	Loss due to non-deduction of maintenance charges – Rs.24.990 million	219
10.4.13	Loss due to late approval of MCC rates – Rs.43.420 million.....	220
10.4.14	Loss due to non implementation of distribution share formula- Rs. 15.917 million ..	221
10.4.15	Loss on account of award of pharmacy welfare shop contract on lesser rate – Rs.10.370 million	222
10.4.16	Loss due to deviation from approved PC-I, TS and BOQ – Rs.8.680 million	223
10.4.17	Loss due to house subsidy at higher rates – Rs.7.580 million	224
10.4.18	Loss due to missing hospital equipments/machinery – Rs.7.250 million.....	225
10.4.19	Unauthorized local purchase of medicines – Rs.4.560 million	225
10.4.20	Loss due to change in rate of Ultrasound charges - Rs.1.350 million	226
10.4.21	Non-recovery of Government dues from hospitals staff etc – Rs.15.242 million	227
10.4.22	Loss due to missing furniture - Rs.3.100 million	228
10.4.23	Loss due to non-recovery of rent and utility charges from canteen contractor – Rs.2.451 million	229
10.4.24	Loss due to non-imposition of penalty on non-repair of MRI machine – Rs.2.100 million	230
10.4.25	Loss due to short supply of diagnostic kits – Rs.1.518 million.....	231

10.4.26	Loss due to double payment – Rs.1.260 million	231
10.4.27	Overpayment due to allowing health professional allowance at higher rates – Rs.23.784 million	232
10.4.28	Overpayment on account of unauthorized Up gradation of Staff - Rs. 14.550 million.....	233
10.4.29	Overpayment due to purchase of Lab chemicals & HBS/HCV strips at higher rate – Rs. 2.820 million	234
10.4.30	Non-recovery of outstanding due from contractors – Rs.6.135 million	235
10.4.31	Non-recovery of liquidated damages - Rs.3.556 million.....	235
10.4.32	Non-recovery of capitation fee – Rs.3.430 million	236
10.4.33	Non-recovery of stamp duty – Rs.1.030 million	237
10.4.34	Unauthorized drawl from government treasury and retention in the bank account – Rs.94.180 million and Non-maintenance of cash book – Rs.136.450 million	238
10.4.35	Unauthorized payment on the purchase of medicines & equipments – Rs.6.270 million	238
10.4.36	Unauthorized expenditure from receipts - Rs.2.000 million	239
10.4.37	Unauthorized opening of bank accounts without the approval of Finance Department	240
10.4.38	Wasteful expenditure on the purchase of substandard stabilizers - Rs.11.990 million.....	241
10.4.39	Irregular expenditure due to various medical purchases without competitive rates through bidding - Rs.9.397 million	242
10.4.40	Excess payment of share – Rs.2.760 million.....	243
10.4.41	Irregular expenditure on Manikins – Rs.2.030 million	244
10.4.42	Non-deposit of maintenance/depreciation charges - Rs.14.990 million and Loss due to paying excess share to staff etc - Rs.5.630 million	245
10.4.43	Illegal drawl of consultant share – Rs.2.869 million.....	246
10.4.44	Fraudulent drawl on repair of cold room – Rs.1.400 million	247
10.4.45	Unauthentic expenditure on civil work in the Health Facilities - Rs.129.859 million.....	248
10.4.46	Non-achieving of goals/objectives of project – Rs.1,360 million	248
10.4.47	Wasteful expenditure due to sub-standard procurement of equipment – Rs. 315.770 million	250
10.4.48	Misuse of Displaced Persons Funds on unnecessary activities – Rs.11.640 million.	251
10.4.49	Illegal retention of government money - Rs.65.980 million	252
10.4.50	Blockage of public money due to unnecessary purchase – Rs.87.980 million.....	253
10.4.51	Wasteful expenditure on Gynae Paeds Ward - Rs. 338.690 million	254
10.4.52	Unauthentic issuance of medicines on doubtful indents – Rs.24.810 million.....	256

CHAPTER - 11

Home & Tribal Affairs Department

11.1	Introduction	257
11.2	Comments on Budget and Accounts (Variance Analysis)	257
11.3	Brief comments on the status of compliance with PAC directives	259
11.4	AUDIT PARAS.....	260
11.4.1	Unverified expenditure on account of pay and allowances due to non production of record - Rs.245.283 million.....	260
11.4.2	Misappropriation on account of repair of vehicles–Rs.13.925 million	261
11.4.3	Misappropriation on hiring of vehicles for Polio campaign – Rs.9.250 million	261
11.4.4	Misappropriation on account of purchase of POL – Rs.9.100 million	262
11.4.5	Misappropriation on account of purchase of Mobil oil - Rs.6.764 million	263

11.4.6	Misappropriation on account of transportation of vehicles for repair to Peshawar – Rs.2.000 million	264
11.4.7	Misappropriation in hiring charges for emergency duty - Rs.2.280 million	265
11.4.8	Misappropriation on account of repair of vehicles - Rs.1.628 million	266
11.4.9	Loss due to non-recovery of income tax – Rs.7.800 million	266
11.4.10	Loss due to non-utilization of available material – Rs.2.352 million	267
11.4.11	Non-recovery of cost of un-acquired land - Rs.26.070 million	268
11.4.12	Non-recovery of taxes from the firm – Rs.3.272 million	269
11.4.13	Non-recovery of DRP charges from suppliers – Rs.3.196 million	269
11.4.14	Overpayment due to payment at incorrect rates – Rs.2.860 million	270
11.4.15	Unauthorized expenditure on the purchase of bullet proof jackets and helmets - Rs.68.885 million and Non-deduction of income tax – Rs.3.100 million	271
11.4.16	Unauthorized retention/non-deposit of undisbursed pay – Rs.29.282 million	272
11.4.17	Unauthorized payment due to allowing deleted item of work – Rs.2.361 million	272
11.4.18	Irregular transfer of funds to IGP office – Rs.48.800 million	273
11.4.19	Irregular expenditure due to excess consumption of POL – Rs.35.700 million	274
11.4.20	Irregular expenditure on hiring charges and provision of POL for private vehicles - Rs. 26.65 million	275
11.4.21	Irregular expenditure due to procurement of substandard moveable security walls and planters– Rs.9.640 million	276
11.4.22	Irregular expenditure on the purchase of plant and machinery and printing charges - Rs.2.570 million	277
11.4.23	Non-deposit of government receipts - Rs.9.696 million	278
11.4.24	Undue favour due to non-enhancing amounts of bank guarantees – Rs.16.000 million	279
11.4.25	Non-return of weapons – Rs.18.265 million	280
11.4.26	Illegal expenditure from government revenue – Rs.10.210 million	281
11.4.27	Unjustified expenditure on purchase of bandolier – Rs.7.597 million	281
11.4.28	Non-imposition of penalty for delay in execution of work – Rs.2.060 million	283
11.4.29	Difference in record of receipts – Rs.48.260 million	284
11.4.30	Doubtful expenditure on entertainment – Rs.20.919 million	285
11.4.31	Blockage of fund due to unnecessary advance payment – Rs.946.870 million and loss due to non-deduction of income tax – Rs.7.05 million	286
11.4.32	Unauthentic payment of escalation and non-invoking clause of de-escalation- Rs.3.110 million	287

CHAPTER – 12

Industries Department

12.1	Introduction	289
12.2	Comments on Budget and Accounts (Variance Analysis)	289
12.3	Brief comments on the status of compliance with PAC directives	292
12.4	AUDIT PARAS.....	293
12.4.1	Non-recovery of grant from sold/closed SMEs -Rs. 43.009 million	293
12.4.2	Unauthorized grant to ineligible SMEs - Rs.12.87 million	294
12.4.3	Unauthorized payment of rehabilitation grant to two SMEs for one and the same Marble Factory - Rs. 3.55 million	295
12.4.4	Unauthorized payment of grant due to tampering in record - Rs.2.720 million	296
12.4.5	Irregular and unauthentic transfer of fund – Rs.1.600 million	297
12.4.6	Unauthorized payment of Rehabilitation grant to ghost SMEs-Rs.14.370million ..	298
12.4.7	Unauthorized Payment of rehabilitation grant on invalid documents - Rs.92.880 million.....	299

CHAPTER - 13

Irrigation Department

13.1	Introduction	301
13.2	Comments on Budget and Accounts (Variance Analysis)	301
13.3	Brief comments on the status of compliance with PAC directives	303
13.4	AUDIT PARAS.....	304
13.4.1	Non-production of record – Rs.1.798 million	304
13.4.2	Misappropriation of Rs.1.841 million	304
13.4.3	Loss due to ignoring the lowest responsive bidder – Rs.69.214 million	305
13.4.4	Loss due to non realization cost of harvested trees Rs.103.802 million	307
13.4.5	Loss due to non-deduction of voids from earth work - Rs.15.170 million	308
13.4.6	Loss due to non-utilization of used form work or its value – Rs.21.249 million	309
13.4.7	Loss due to enhanced rates of work not provided in PC-1 – Rs.6.960 million	309
13.4.8	Loss due to allowing form work for PCC –Rs.1.983 million	310
13.4.9	Overpayment due to deviation from BOQ – Rs.12.270 million.....	311
13.4.10	Unauthorized payment not provided in the approved PC-1 - Rs.41.151 million	312
13.4.11	Unauthorized expenditure on the basis of Variation Order-Rs.6.531 million	313
13.4.12	Irregular and doubtful creation of liability-Rs.24.626 million	314
13.4.13	Irregular and unauthentic payment to consultants – Rs.21.680 million	315
13.4.14	Irregular expenditure without open tender system-Rs.7.431 million	316
13.4.15	Irregular purchase and unauthorized issue of vehicles – Rs.3.546 million	317
13.4.16	Irregular and unauthorized advance payment to WAPDA without actual work done - Rs.3.268 million	318
13.4.17	Irregular and unjustified payment to the supplier Rs.3.145 million	319
13.4.18	Excess payment – Rs.47.304 million	319
13.4.19	Excess expenditure over Technical Sanction - Rs. 20.053 million	321
13.4.20	Excess payment due to allowing higher rates -Rs.1.545 million.....	322
13.4.21	Wasteful expenditure on survey investigation detail design of raising of Baran Dam – Rs.18.000 million	323
13.4.22	Wasteful expenditure on construction of tube well - Rs.8.245 million	323
13.4.23	Wasteful expenditure on rehabilitation of canal road-Rs.2.438 million and non-forfeiture of security deposit – Rs.0.701 million.....	324
13.4.24	Unauthentic expenditure - Rs.20.751 million.....	325
13.4.25	Doubtful expenditure on reconnection charges - Rs.4.715 million	326
13.4.26	Unauthentic expenditure due to doubtful award of contract - Rs.7.989 million.....	327
13.4.27	Dumping of stone without proper utilization-Rs.219.064 million	328
13.4.28	Doubtful measurement -Rs.19.136 million	329
13.4.29	Wasteful expenditure due to allowing unnecessary item of work–Rs.6.475 million	330

CHAPTER - 14

Local Government Department

14.1	Introduction	3321
14.2	Comments on Budget and Accounts (Variance Analysis)	332
14.3	Brief comments on the status of compliance with PAC directives	334
14.4	AUDIT PARAS.....	335
14.4.1	Loss sustained by the public exchequer due to execution of substandard work - Rs.153.459 million	335
14.4.2	Loss due to non-auction of materials - Rs.5.968 million.....	336
14.4.3	Unauthorized Expenditure out of project fund – Rs.208.780 million	336
14.4.4	Unauthorized payment to the contractor on account of escalation - Rs.58.78 million and overhead charges of Rs. 6.928 million	337

14.4.5	Unauthorized payments to the consultants - Rs.4.883 million	338
14.4.6	Non-imposition of liquidated damages - Rs.211.32 million	339
14.7.7	Unauthorized payment due to deviation from Technical sanction – Rs.130.800 million	339
14.4.8	Excess payment to the consultant - Rs.30.345 million	340

CHAPTER - 15

Mines & Mineral Development Department

15.1	Introduction	342
15.2	Comments on Budget and Accounts (Variance Analysis)	342
15.3	Brief comments on the status of compliance with PAC directives	344
15.4	AUDIT PARAS.....	345
15.4.1	Loss due to non-recovery of royalty - Rs. 3299 million	345
15.4.2	Loss due to non-recovery of Government dues - Rs.489.69 5million	346
15.4.3	Loss due to non-finalization of lease contract -Rs.38 million	347
15.4.4	Loss due to non-recovery of outstanding dues from Lucky Cement Factory – Rs.35.734 million	348
15.4.5	Loss due to non-recovery of royalty on enhanced rates - Rs. 3.435 million	349
15.4.6	Loss due to non-imposition of penalty for delay in payment – Rs.1.52 million	350
15.4.7	Non-recovery of royalty from contractors - Rs. 343.200 million	351
15.4.8	Non-recovery of security, withholding & professional tax from contractors on enhanced rates-Rs. 45.123 million	353
15.4.9	Non-recovery of fine assessed due to illegal excavation-Rs.44.383 million.....	354
15.4.10	Non-recovery of outstanding government dues - Rs. 5.005 million.....	355
15.4.11	Unauthentic restoration of license and irregular mineral operation – Rs.3.42 million	357
15.4.12	Illegal operation and production of minerals valuing-Rs.211.848 million.....	358
15.4.13	Illegal and unauthorized sale of mineral produce-Rs. 165 million.....	360
15.4.14	Non-constructing Boundary Pillars by contractors in allotted area of leases	361
15.4.15	Unauthentic and wasteful expenditure on the feasibility study - Rs.27.28 million .	363

CHAPTER - 16

Provincial Housing Authority

16.1	Introduction	365
16.2	Comments on Budget and Accounts (Variance Analysis)	365
16.3	Brief comments on the status of compliance with PAC directives	367
16.4	AUDIT PARAS.....	368
16.4.1	Loss to the government due to non-advertisement of consultancy contract – Rs.17.400 million	368
16.4.2	Loss to public exchequer due to showing available earth as brought from borrow pit excavation - Rs.199.552 million	369
16.4.3	Loss due to less realization of cost of tender form– Rs. 1.850 million	370
16.4.4	Loss to the authority due to less recovery of plot charges -Rs. 3.289 million.....	371
16.4.5	Overpayment due to incorrect rates – Rs.4.242 million	371
16.4.6	Loss due to payment at higher rate – Rs.1.380 million	372
16.4.7	Unauthorized payments not provided in the PC-I/BOQ – Rs.32.833 million	373
16.4.8	Unauthorized payment of escalation – Rs.4.440 million.....	374
16.4.9	Non imposition of penalty – Rs. 33.299 million	374
16.4.10	Unauthentic payment – Rs.47.026 million	375

CHAPTER - 17

Social Welfare Department

17.1	Introduction	377
17.2	Comments on Budget and Accounts (Variance Analysis)	377
17.3	Brief comments on the status of compliance with PAC directives	379
17.4	AUDIT PARAS.....	380
17.4.1	Unnecessary drawl on account of stipend to senior citizens - Rs.12.000 million ...	380
17.4.2	Excess payment than approved budget allocation - Rs.11.010 million	381
17.4.3	Un-authorized opening of bank accounts involving - Rs.93.600 million.....	382
	Annexure – A MFDAC	384
	Annexures	387

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 (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of the accounts of Province and of the accounts of any authority or body established by the Province.

The report is based on audit of the accounts of various departments and organizations of the Government of Khyber Pakhtunkhwa for the financial year 2015-16 and the accounts of some formations for previous financial years. The Directorate General Audit Khyber Pakhtunkhwa conducted audit during 2016-17 on test check basis, with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings carrying value of Rs.1.00 million or more. Relatively, less significant issues are listed in the Annexure-I of the Audit Report. The audit observations listed in the Annexure-I shall be pursued with the Principal Accounting Officers at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observations will be brought to the notice of the Public Accounts Committee 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.

Most of the observations included in this report have been finalized in the light of written response and discussions in the DAC meetings.

The 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 the Provincial Assembly of Khyber Pakhtunkhwa.

Sd/-

(Rana Assad Amin)

Auditor General of Pakistan

Dated:21.02.2017

EXECUTIVE SUMMARY

The Directorate General Audit Khyber Pakhtunkhwa carries out the audit of Government of Khyber Pakhtunkhwa. The Government of Khyber Pakhtunkhwa conducts its operations under the Rules of Business 1985 that envisage provincial government as comprising 30 Principal Accounting Officers for different departments, Attached Departments, Subordinate Offices and certain Autonomous Bodies. Financial provisions of the constitution prescribe the procedures relating to the Receipts and Disbursements to and from the Provincial Consolidated Fund and Public Account for which Annual Budget Statement is authorized by the Assembly. The Directorate General Audit has human resources of 69 officers and other staff resulting in 17112 man days. The annual budget amounted to Rs.99.87 million. The office is mandated to conduct regularity audit (financial attest audit and compliance with authority audit) and performance audit of departments and projects run by those departments. This is a Regularity Audit Report on Expenditures. The Receipts Audit Report has been published separately.

a. Scope of Audit

Out of total expenditure of the Provincial Government for the financial year 2015-16, auditable expenditure under the jurisdiction of Director General Audit Khyber Pakhtunkhwa was Rs.401.33 billion covering 30 PAOs and 1352 formations. Out of this, Director General Audit Khyber Pakhtunkhwa audited an expenditure of Rs 183.20 billion which, in terms of percentage is 46% of auditable expenditure.

b. Recoveries at the instance of audit:

Recovery of Rs 4,216.653 million was pointed out. The recovery of Rs.359.85 million was effected during the year 2016-17 at the time of compilation of report.

c. Audit Methodology:

The audit year 2016-17 witnessed intensive application of desk audit techniques in the Director General Audit, Khyber Pakhtunkhwa. This was facilitated by access to live SAP/R3 data, intranet, internet facility, and availability of permanent files. Desk review helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field activity. This greatly facilitated in the identification of high risk areas for substantive testing in the field.

d. Audit Impact

There was no change in rules, practices and internal control systems during the year as pointed by audit. Hence, similar nature observations of previous years are repeated in this Audit Report.

e. Comments on Internal Control

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

For effective management and achievement of the objectives, various types of internal controls should be in place. Accounting controls ensure completeness, accuracy, timelines and reliability of accounts. Financial controls help in budgeting and accurate forecasting. Administrative controls help in preventing unauthorized payments, losses and misappropriations, etc.

In most of the provincial government departments lack of internal control is evident from the following shortcomings in the financial management system:

- ✚ Non-observance of canons of financial propriety and non-compliance of rules & regulations.
- ✚ Non-recovery of government dues.
- ✚ Overpayments in pay & allowances.
- ✚ Loss to government due to negligence.
- ✚ Excess payments to suppliers/ contractors.
- ✚ Irregular, unauthorized and unnecessary expenditure.
- ✚ Misuse of financial powers by the subordinate officials.
- ✚ Waste of funds due to un-necessary purchase of store etc.
- ✚ Retention of public money outside the government account.
- ✚ DAC meetings not convened regularly.
- ✚ The Directives of the DAC and PAC not pursued vigorously.

The Principal Accounting Officers should evaluate the existing internal controls and reinforce these controls in the offices and organizations working under their control. They should also ensure;

- ✚ To maintain accurate accounting records and make it available to auditors at the time of the audit. Non-production of record by any person or authority

should be subject to disciplinary action under relevant Efficiency and Disciplinary Rules, applicable to such person in terms of section 14(3) of the Auditor General's (Functions, Powers, and Terms & Conditions of Service) Ordinance, 2001.

- ✚ To recover government dues and deposit it in government treasury.
- ✚ To avoid keeping of public money outside the government account and prevent unnecessary drawl of funds.
- ✚ To prevent misuse of government assets.
- ✚ To investigate the cases of losses and take remedial measures.
- ✚ To regularly convene DAC meetings and;
- ✚ To pursue directives of DAC & PAC.

f. The key audit findings of the report:

- ✚ Blockage of public money of Rs.1,034.850 million was noticed in 2 cases¹.
- ✚ Difference in record of receipts of Rs.48.260 million was noticed in 1 case².
- ✚ Doubtful and unwarranted expenditure of Rs.197.482 million was noticed in 14 cases³.
- ✚ Dumping of stone without proper utilization of Rs.219.064 million was noticed in 1 case⁴.
- ✚ Excess drawl / expenditure of Rs.560.515 million was noticed in 14 cases⁵.
- ✚ Fraudulent drawl on fake signature and repair of machinery of Rs.15.242 million was noticed in 3 cases⁶.
- ✚ Illegal drawl / expenditure and retention of money of Rs.853.947 million was noticed in 6 cases⁷.
- ✚ Irregular expenditure on purchases of Rs.5214.245 million was noticed in 26 cases⁸.
- ✚ Less deduction and less recovery of Rs.6.04 million was noticed in 2 cases⁹.
- ✚ Loss of Rs.13,388.995 million was noticed in 93 cases¹⁰.
- ✚ Misappropriation of Rs.1,285.221 million was noticed in 34 cases¹¹.
- ✚ Misuse of Displaced persons funds of Rs.11.640 million was noticed in 1 case¹².
- ✚ Non imposition of penalty of Rs.286.312 million was noticed in 5 case¹³.
- ✚ Non accountal of store item and profit of banks of Rs.43.650 million was noticed in 2 cases¹⁴.
- ✚ Non achieving of goals of project of Rs.1,360.000 million was noticed in 1 case¹⁵.

- ✚ Non availability of wheat sales account of 100 sales points of Rs.278.632 million was noticed in 1 case¹⁶.
- ✚ Non completion of inquiry involving loss of Rs.72.000 million was noticed in 1 case¹⁷.
- ✚ Non deduction of income tax of Rs.21.728 million was noticed in 2 case¹⁸.
- ✚ Non deposit/ non recovery etc of Rs.4,194.925 million was noticed in 32 cases¹⁹.
- ✚ Non encashment of bank guarantee and performance bond of Rs.74.935 million was noticed in 2 cases²⁰.
- ✚ Non forfeiture of security deposit of Rs.0.701 million was noticed in 1 case²¹.
- ✚ Non maintenance of cash book of Rs.136.540 million was noticed in 1 case²².
- ✚ Non production of record of Rs.641.742 million was noticed in 6 cases²³.
- ✚ Non rendering of account / non return of weapons of Rs.25.895 million was noticed in 2 cases²⁴.
- ✚ Outstanding recoverable government dues Rs.13.917 million was noticed in 1 case²⁵.
- ✚ Overpayment of Rs.157.448 million was noticed in 17 cases²⁶.
- ✚ Unauthentic / Unauthorized payments etc Rs.3,469.630 million was noticed in 55 cases²⁷.
- ✚ Undue favor / Un-necessary drawl / un-reconciled expenditure of Rs.1424.177 million was noticed in 3 cases²⁸.
- ✚ Unjustified expenditure on purchase of bandolier of Rs.7.597 million was noticed in 1 case²⁹.
- ✚ Unverified expenditure on account of pay and allowances of Rs.245.283 million was noticed in 1 case³⁰.
- ✚ Wasteful expenditure of Rs.814.064 million was noticed in 17 cases³¹.

g. Recommendations

- ✚ The departments' compliance towards PAC directives was poor. The PAOs should give full attention to the PAC directives and improve compliance by their respective departments.
- ✚ The PAOs should ensure production of auditable record to audit in respect of cases relating to non production of record pointed by audit and take disciplinary action in terms of section 14 (3) of Auditor General's Ordinance, 2001.
- ✚ The PAOs should strengthen the internal control mechanism to prevent losses and recurrence of similar nature of irregularities.
- ✚ The PAOs should ensure holding of DAC meetings regularly.
- ✚ PAOs should promptly investigate cases of embezzlements/frauds.
- ✚ The departments should ensure adherence to the provisions of GFR, Procurement Rules and other Government Instructions.
- ✚ Departments need to deposit the public money received by them in the Provincial Consolidated Fund and Public Account instead of depositing into unauthorized accounts in commercial banks.
- ✚ Instances of making payments by the departments or their autonomous bodies/authorities to employees in contravention of rules and in disregard of the employees' entitlement need to be checked by effecting recoveries where due and taking disciplinary action against the officials involved in overpayments.

SUMMARY TABLES & CHARTS

Table 1 Audit Work Statistics

S.No	Description	No.	Budget (Rs. in billion)
1	Total entities in Audit jurisdiction	30	401.33
2	Total formations in audit jurisdiction	1,352	401.33
3	Total entities audited	12	183.20
4	Total formations audited	111	134.05
5	Audit and inspection reports	111	134.05
6	Special audit reports	0	0
7	Performance audit reports	0	0
8	Other reports	0	0

Table 2 Audit observations classified by category

S.No	Description	Amount (Rs. in millions)
1	Unsound asset management	367.221
2	Weak financial management	3,290.793
3	Weak internal controls relating to financial management	24,127.344
4	Others	8,460.135
Total		36,245.393

Table 3 Outcome statistics

S#	Description	Expenditure on acquiring physical assets (procurement)	Civil work	Receipts	Others	Total current year (Rs. in million)	Total last year
1	Outlays audited	20,404.35	72,173.00	-	308,752.65	401,330.00	244,520.65
2	Amount placed under audit observation/irregularities of audit	1,693.68	1,412.80	48.26	33,090.653	36,245.393	226,011.62
3	Recoveries pointed out at the instance of Audit	32.20	67.91	-	4,116.543	4,216.653	4,648.70
4	Recoveries accepted/established at the instance of Audit	32.20	67.91	-	4,116.543	4,216.653	3,947.80
5	Recoveries realized at the instance of audit	-	-	-	359.85	359.85	115.10

Table 4 Table of Irregularities pointed out

S.No	Description	Amount placed under audit observation (Rs. in million)
1	Violation of rules and regulations and violation of principle of propriety and probity in the public operations.	7,007.092
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	1,300.463
3	Accounting errors (Accounting policy departure from NAM*, 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	Weaknesses of internal control systems.	20,284.92
5	Recoveries and overpayments, representing cases of established overpayment or misappropriation of public money.	4,216.653
6	Non-production of record	920.350
7	Others, including cases of accidents, negligence etc.	2,515.915
Total		36,245.393

* The accounting policies and procedures prescribed by the Auditor General of Pakistan which are IPSAS (cash) compliant.

Chapter - 1

Public Financial Management Issues pertaining to Appropriation Accounts and Finance Accounts compiled by the Accountant General and Finance Department Government of Khyber Pakhtunkhwa.

1 Audit Paras

1.1.1 Un-reconciled expenditure of Rs. 1,396.177 million

Para-89(4)(viii) of the GFR Vol-I, states 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 head of the department with those that appear in the Accountant General books. Unless in any case there are special rules or orders to the contrary, such as those contained in paragraph 90, the reconciliation should be made monthly, the initial responsibility resting with the Accountant General.

During review of the Appropriation Accounts of the Government of Khyber Pakhtunkhwa for the financial year 2015-16, it was noticed that expenditure to the tune of Rs.1,396,170,000 was incurred by different DDOs under different grants without reconciling the figures with the Accountant General office. The detail of unreconciled expenditure is given below.

(Rs.)

S.No.	Grant No.	Cost Centre	Expenditure
1	02	CL-4024	2,039,691
2	02	DA-4012	1,936,500
3	02	PR-4016	23,149,223
4	03	NC-21011204	902,036,107
5	10	PR-4987	27,840,189
6	14	PR-5225	150,185,154
7	15	PR-5477	14,533,226
8	47	PR-5711	274,457,028
Total			1,396,177,118

The lapse occurred due to weak internal controls and non-observance of rules.

The matter was reported to the Accountant General of Khyber Pakhtunkhwa in September 2016. It was replied that the Department concerned will explain their position.

The issue was discussed in the Departmental Accounts Committee meeting held in November 2016. The management replied that the above mentioned figure is minute as compared to the total expenditure and the concerned DDOs will be directed to reconcile the expenditure. No further progress was reported till finalization of this report.

Audit recommends that the response of the quarter concerned be obtained.

1.1.2 Excess expenditure over the final grant - Rs. 168.180 million

Para 88 of GFR Vol-I states that the authority administering a grant is ultimately responsible for watching the progress of expenditure on public service under its control and for keeping the expenditure within the grant. Para 12 of GFR Vol-I states that a controlling officer must see that the total expenditure is kept within the limits of the authorized appropriation. He must be in a position to assume before the Government and Public Accounts Committee to explain or justify any instance of excess.

During review of the appropriation Accounts of the Government of Khyber Pakhtunkhwa for the financial year 2015-16, it was noticed that under various heads of accounts of different grants an expenditure amounting to Rs. 168,180,000 was incurred over and above the final grants.

Audit is of the view that excess expenditure over the final grant needs some budgetary checks in the system in order to restrict the payments to the limit of final grant.

The matter was reported to the Accountant General of Khyber Pakhtunkhwa in September 2016. It was replied that the Department concerned will explain before the PAC.

In the DAC meeting held in November 2016, the management replied that the excess was incurred by the concerned departments which can be pointed out in regularity audit and explained in the PAC by the concerned departments.

Audit recommends that response of the quarter concerned be obtained.

1.1.3 Expenditure without final grant - Rs. 27.300 million

Para 88 of GFR Vol-I states that the authority administering a grant is ultimately responsible for watching the progress of expenditure on public service under its control and for keeping the expenditure within the grant. Para 12 of GFR Vol-I states that a controlling officer must see that the total expenditure is kept within the limits of the authorized appropriation. He must be in a position to assume before the Government and Public Accounts Committee to explain or justify any instance of excess.

During review of various Grants of the Appropriation Accounts of the Government of Khyber Pakhtunkhwa for the financial year 2015-16, it was noticed that under various heads of accounts of different grants, the departmental authorities incurred expenditure against zero/nil final grant, which resulted into excess expenditure of Rs.27,300,000.

Audit holds that all these payments were made in the SAP system based budgeting and accounting process, therefore claims of the payments without budget were not required to have been allowed.

The matter was reported to the Accountant General of Khyber Pakhtunkhwa in September 2016. It was replied that the Department concerned will explain before the PAC.

In the DAC meeting held in November 2016, the management replied that the expenditure against the nil/zero budget was incurred by the departments concerned, which can be pointed out in regularity audit and will be explained in the PAC by the departments concerned.

Audit recommends to reconcile the figures.

Chapter - 2

Agriculture Department

2.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

- ❖ Agricultural Education and Research including Agricultural University.
- ❖ Experimental and demonstration farms.
- ❖ Improvement of Agricultural methods.
- ❖ Protection against insects and pests and prevention of plant diseases.
- ❖ Government gardens, including Botanical and Zoological gardens.
- ❖ Agricultural Engineering, mechanized cultivation and soil conservation.
- ❖ Improvement of varieties, its nutritional requirements and maintenance of soil fertility in research wings.
- ❖ Improvement of Livestock.
- ❖ Prevention of animal diseases.
- ❖ Veterinary Training and Research.
- ❖ Prevention of cruelty to animals.
- ❖ Zoological Survey.

2.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

A summary of grants/appropriations and actual expenditure in FY 2015-16 is given below:

Non-Development

						(Rs.)
Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
18-Agriculture	NC21	2,348,546,000	70	234,8546,070	1,458,469,192	-890,076,878
Total		2,348,546,000	70	234,8546,070	1,458,469,192	-890,076,878

Development

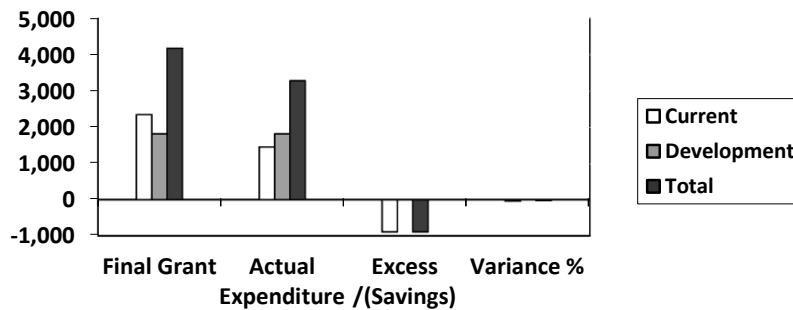
(Rs.)

Grant # 49 (Prov) NC12 & 22 and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
Agriculture	NC22	1,291,387,000	0	1,634,662,000	1,637,586,621	+2,924,621
	NC12	295,613,000	0	187,321,000	182,762,754	-4,558,246
Total		1,587,000,000	0	1,821,983,000	1,820,349,375	-1633625

Overview of expenditure against the final grant

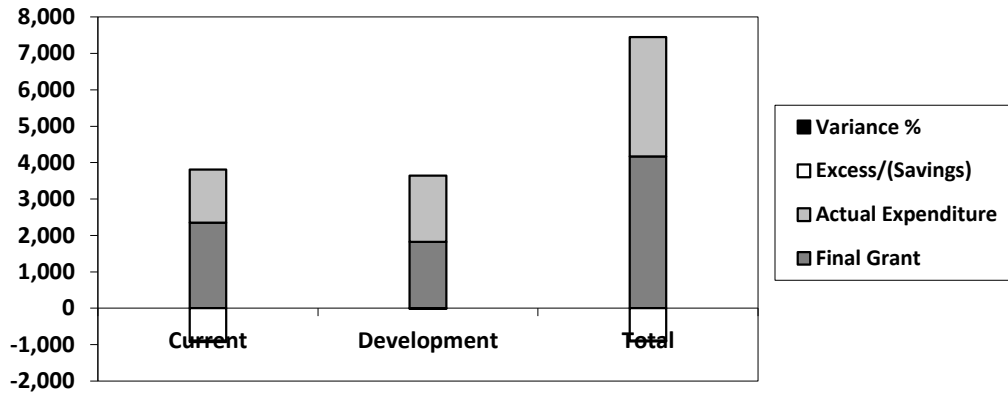
(Rs. in million)

Grant Type	Final Grant	Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	2348.546	1458.469	-890.077	-37.899
Development	1821.983	1820.349	-1.634	-0.089
Total	4170.529	3278.818	-891.711	-21.381



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol-I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Agriculture Department administering the above grant did not surrender anticipated savings of Rs.891.711 million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



2.3 Brief comments on the status of compliance with PAC directives:-

S#	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2001-02	Agriculture	20	20	-	-
2.	2002-03	-do-	10	-	06	04
3.	2003-04	-do-	06	-	05	01
4.	2004-05	-do-	09	-	02	07
5.	2005-06	-do-	02	-	-	02
6.	2007-08	-do-	06	-	03	03
7.	2008-09	-do-	06	-	04	02
8.	2009-10	-do-	13	-	03	10
9.	2010-11	-do-	33	-	17	16
10.	2011-12	-do-	07	-	06	01
11.	2012-13	-do-	04	-	02	02

2.4 Audit Paras

2.4.1 Non-production of record of the project expenditure – Rs.51.130 million

According to Section 14 of the Auditor General’s Ordinance 2001, no information nor any book or other documents, to which the Auditor General has a statutory right of access, may be withheld from the Audit. Any person or authority hindering the auditorial functions shall be subject to disciplinary action under relevant Efficiency and Discipline Rules applicable to such person.

During the financial year 2015-16, in the office of Director General Agriculture (Extension) Peshawar, it was noticed that funds to the extent of Rs.51,140,000 were released to District Director Agriculture (Extension) Peshawar, for the ADP Scheme “Development Activities in Militancy Hit Area of Koh-e-Daman”. The entire allocated budget was utilized on the purchase of Store and Machinery. The Director was requested time and again for provision of record of all Schemes/Projects, but no auditable record, except PC-I, was provided. Non-production of record of the expenditure of Rs.51,130,000 is a serious lapse on the part of management.

The lapse occurred due to weak internal controls.

When pointed out in December 2016, the department stated that detailed reply would be furnished after consulting the record.

Audit requested the department, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that responsibility be fixed for non-production of record against the person(s) at fault under intimation to audit and record be produced to audit.

AP 343 (2015-16)

2.4.2 Misappropriation on account of wheat seed/loading un-loading - Rs.292.813 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should

see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register. Para 23 of the 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.

During the financial year 2015-16, in the office of Director General Agriculture (Extension) Peshawar, it was noticed that, order for the transportation of wheat seed of 340,000 bags was issued, but on verification of record it was noticed that payment was made for the transportation of 452,638 bags, including loading & unloading charges. On further scrutiny, it was observed that 374,330 bags were distributed and the balance 78308 bags were missing and not shown to audit, thus misappropriated. This resulted into loss of Rs.292,813,189, including the price of the bags for Rs.178,933,780 @ Rs.2,285 each, and its loading and unloading charges for Rs.113,879,409.

The public exchequer sustained loss due to weak internal controls.

When pointed out in December 2016, the department stated that detailed reply would be furnished after consulting the record.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility and recover the amount from person(s) at fault.

AP 158 (2015-16)

2.4.3 Misappropriation on account of registration and share fee - Rs.220.140 million

As per approved criteria each applicant was to deposit Rs.100 for registration and Rs.500 as share fee. 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 subordinates.

During the financial year 2015-16, in the office of Director General Agriculture (Extension) Peshawar, it was noticed that, 374,330 bags were received under “Insaf Food Security Program” wherein 11,700 bags were

allocated to District Director Bannu, and the balance 363130 bags were issued to other districts of the province. In District Bannu, the approved criteria was followed and the amount realized of Rs.600 on account of registration and share fee per applicant was deposited into Model Farm Services Center account, however, in other districts the fee realized, Rs.220,140,000 (363,130 × Rs.600) has not been deposited into the relevant account and hence misappropriated by the concerned.

The lapse occurred due to weak internal controls, which resulted into misappropriation of Rs.220,140,000.

When pointed out in December 2016, the department stated that detailed reply would be furnished after consulting the record.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that the amount be recovered and deposited into public treasury and also conduct fact finding inquiry.

APs 153, 159, 200, 225, 230, 263, 301 & 340 (2015-16)

2.4.4 Misappropriation on account of food insecticides - Rs 5.849 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register. 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 subordinates.

During the financial year 2015-16, in the office of Director General Agriculture (Extension) Peshawar, it was noticed that, an expenditure of Rs.5,848,587 was incurred under “Food Security Program” on the purchase of insecticides for its Sub Offices in the province. The supplier/contractor was required to complete supply as per district wise approved plan to respective Districts, along with delivery challans and obtain acknowledgement from the Assistant Director concerned, but, stock entries were recorded on the invoices

without delivery challans. The storekeeper was asked to provide delivery challans, in response blank delivery challans, duly signed by the Supplier and storekeeper were provided.

On visit to Chitral, Mr. Aziz Ullah, Incharge Store Keeper of the District, provided a written statement that nothing was received on this account from the Headquarter.

The lapse occurred due to financial indiscipline and weak internal controls, which resulted into misappropriation of food insecticides of Rs.5,848,587.

When pointed out in December 2016, the department stated that detailed reply would be furnished after consulting the record.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that inquiry be conducted, fix responsibility and recovery be made.

AP 161 (2015-16)

2.4.5 Loss to Government due to payment at higher rates for execution of construction work -Rs. 1,320.527 million

According to para-VI on page 18 of the PC- 1 “Lining / Improvement of Watercourses in Khyber Pakhtunkhwa” District Rate Assessment Committee comprising of Representative of DG On Farm Water Management (OFWM) Office as Chairman, Concerned DD/ DO OFWM, as Member, One Chairman Water User Association (WUA) as Member and Concerned DD/ WMO OFWM as Member will assess the Water Course construction material rates and fix the maximum ceiling on six month or annual basis in accordance with the specifications prescribed in the Field Manuals of Khyber Pakhtunkhwa OFWM.

During the financial year 2014-15, in various offices of Agriculture Department, On Farm Water Management, it was noticed that, construction of Water Courses worth Rs. 1,320,527,132 was executed on the higher rates, rather than assessing the Water Course construction material rates,

without fixing ceiling on six month/annual basis in accordance with the specifications prescribed in the OFWM Field Manuals. Detail as under: -

S.No.	Name of office	Amount Paid (Rs)
1	District Officer OFWM, Peshawar	59,309,118
2	DG OFWM, Peshawar	1,087,239,986
3	District Officer OFWM, Dir Lower	38,626,116
4	District Officer OFWM, Tank	23,338,482
5	District Officer OFWM, D.I.Khan	112,013,430
Total		1,320,527,132

The rates analysis was not approved by the competent forum but the bills were entertained at higher rates.

The public exchequer sustained loss due to weak internal controls and financial indiscipline.

In the DAC meeting held in December 2016, the department replied that cost estimates of all OFWM schemes are based on local market rates, assessed by the designated committee, wherein there is a representative of farmers. According to PC-I of the project, rate assessment committee carries out the exercise twice a year subject to a significant change in the material rates. As there was no considerable change in the material rates, hence, the rates were kept same during the whole year. The departmental reply was not satisfactory, as no rate analysis, duly signed & approved by DRAC, was carried out either annually or biannually. DAC directed that rate analysis committee be constituted, so that comparison of the market rates and those applied by the department in the purchase of materials be properly ascertained. However, no progress was intimated till finalization of this report.

Audit recommends that the rates applied be analyzed, and the DAC directives be implemented in letter and spirit.

APs 155, 160, 187, 201, & 211 (2014-15)

2.4.6 Loss due to non-deduction of sales tax from suppliers – Rs.32.254 million

According to Regional Tax Office Peshawar No.RTO/WHU-I)23 dated 23.07.2014 Sales Tax on supply be deducted @ 17% from contractors/suppliers.

During the financial year 2014-15, in various offices of Agriculture Department, OFWM, it was noticed that Rs.189,731,489 was paid to suppliers/manufacturers for construction of various schemes of water courses, its lining and improvement, however, sales tax of Rs.32,254,353 @ 17% was not deducted from their bills and the amount was thus overpaid. Detail is as below:

(Rs)			
S#	Name of office	Amount paid	Amount of Sales tax
1	District Officer OFWM, Lakki Marwat	45,770,000	7,780,900
2	District Officer OFWM, Peshawar	69,354,269	11,790,226
3	District Officer OFWM, Mardan	74,607,220	12,683,227
Total		189,731,489	32,254,353

The public exchequer sustained loss due to weak internal controls and financial indiscipline.

In the DAC meeting held in December 2016, the department replied that 1/5th of 17% sales tax was deducted from all the payments to WUAs, and the record is available, which can be verified any time. However, no evidence regarding deduction of sales tax, either 17% or 1/5th was produced. The DAC directed for production of record for verification, but no record was produced for verification till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault besides recovery of the loss.

APs 193, 178 & 154 (2014-15)

2.4.7 Loss due to non deduction of Income Tax - Rs.29.493 million

According to Regional Tax office Peshawar No.RTO/(WHU-I)/23 dated 24.7.2014 Income Tax on supply be deducted @ 4.5% from suppliers.

During the financial the year 2014-15, in various offices of Agriculture Department, On Farm Water Management, it was noticed that an amount of Rs.444,251,483 was paid to the Chairmen of Water User Associations. The amount was spent by the respective Chairmen on the purchase of various items, however, income tax of Rs. 29,493,000 @ 4.5% was not deducted from the bills of suppliers. The detail is given below:

(Rs)			
S.No.	Name of office	Amount Paid	Amount of Income Tax
1	District Officer OFWM, Abbottabad	13,648,3000	614,000
2	District Officer OFWM, LakkiMarwat	58,915,881	2,651,000
3	District Officer OFWM, Mardan	74,852,442	25,359,000
4	District Officer OFWM, Tank	31,279,560	156,000
5	District Officer OFWM, D.I.Khan	142,720,600	713,000
Total		444,251,483	29,493,000

The public exchequer sustained loss due to weak internal controls and violation of rules.

In the DAC meeting held in December 2016, the department replied that income tax was deducted from the bills according to rules.

The Departmental reply was not based on facts, as income tax @ 4.5% was not deducted from the suppliers' bills at the time of payment by the Chairmen. The DAC directed for production of original challans for verification, however, no record was produced for verification of recovery of income tax till finalization of this report.

Audit recommends recovery of income tax.

APs 214, 206, 196, 181 & 173 (2014-15)

2.4.8 Loss on the construction/installation of sub-standard high roof tunnels in KP - Rs.15.334 million

According to chapter II (1) of KPPRA Rules, the procuring entity shall use open competitive bidding for the procurement of goods over the value of Rs. 100,000.

During the financial year 2015-16, in the office of Director General Agriculture (Extension) Peshawar, it was noticed that 68 Nos. High Roof Tunnels were approved at a total cost of Rs.15,334,000 in PC-I of the Project "Sustainable Agriculture Development for Food Security through Integrated Approach in Khyber Pakhtunkhwa". The work was awarded to M/S Spinkai Builders Mardan vide supply order No.DGA/E/2390 dated 04.11.2015. The supplier was required to complete the work upto 25th June 2016.

The following irregularities were noticed:

1. The work was carried out through quotations instead of wide publicity; the Government was deprived of economical rates.
2. Work order was issued before signing of the contract.
3. A complaint was lodged by Mr. Rooh Ullah of Maryamzai, that the tunnels installed in his fields were substandard and low cost. An inquiry was conducted into the matter, and it was found that the items installed in the foundation were not according to specification and were not uniform from top to bottom/depth, and needed proper rectification.
4. No proper inspection was carried out by DDA to certify the construction/installation of High Roof Tunnels, as per approved specifications.
5. Payment was made before the submission of inquiry report.
6. The completion certificates were not provided to audit.

Same was the case in Mardan, D.I. Khan, Haripur and Chitral.

The contractor was to pay penalty, @ 10% of the contract value, for failure to supply the implements/ equipments to the requisite quantity, quality and specifications within the specified time, and to provide warranty certificate for the structure as 10 years, authorization certificate from the manufacturer/importer, and indemnity bond. But, no penalty was imposed, and no security was obtained.

The lapse occurred due to weak internal controls, which resulted into sub-standard work and loss.

When pointed out in December 2016, the department stated that detailed reply would be furnished after consulting the record.

Audit requested the department, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that fact finding inquiry be conducted, responsibility be fixed and the loss be made good.

AP 151 (2015-16)

2.4.9 Loss due to mismanagement of farms - Rs 11.719 million

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

During the financial year 2015-16, in the office of Directorate General (Extension) Livestock & Dairy Development Department Khyber Pakhtunkhwa, it was noticed that a sum of Rs.11,287,820 was shown spent on poultry feed and purchase of chicks in Government Poultry Farm Peshawar as per detail below:

S.NO	Description	Amount(Rs)
01	Poultry Feeds	15,040,996
02	Purchase of chicks	1,298,500
TOTAL:		16,339,496

It was further noticed that in the office of Buffalo Breeding & Dairy Farm D.I.Khan, 60 to 90 buffalo per month remained on stock and a sum of Rs.4,869,525 was shown spent on medicines/drugs/Fodder of these animals. The details of expenditure incurred are given below:-

S.NO	Item	Amount (Rs.)
01	Purchase of medicines	499,955
02	Other store (fodder)	4,369,570
TOTAL:		4,869,525

Audit is of the view that, against the total expenditure of Rs.21,209,021 the amount of income realized was Rs.9,489,130, hence Government sustained loss of Rs.11,719,891. The farm business was not properly managed.

Loss occurred due to financial discipline and weak of internal controls.

When pointed out in December 2016, the management stated that detailed reply would be furnished later on.

Audit requested the department, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends for investigation of the matter and appropriate action.

APs 391,392 & 405 (2015-16)

2.4.10 Unauthorized expenditure on transportation of wheat seed - Rs.9.238 million

According to work order issued to carriage Contractor, vide No. 19516/DGA/E, dated 12/10/2015, the contractor was directed to supply wheat Seed from Punjab Seed Corporation store Khaniwal and Sahiwal. 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 or on the part of his subordinate staff.

During the financial year 2015-16, in the office of Director General Agriculture (Extension) Peshawar, it was noticed that, work order for the transportation of wheat seed of 340,000 bags, under “Insaf Food Security Program” was issued to contractor, from Punjab Seed Corporation Store Khaniwal and Sahiwal, however, in addition to the approved quantity, 42944 bags were shown transported from Rahim Yaar Khan, the purchase/procurement of which was not approved. Thus an expenditure of Rs.9,238,000 incurred on transportation of wheat from Rahim Yar Khan was unauthorized as transportation was not provided in the work order.

The lapse occurred due to weak internal controls, which resulted into unauthorized.

When pointed out in December 2016, the department stated that detailed reply would be furnished after consulting the record.

Audit requested the department, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends recovery of the carriage charges as well cost of the excessive unauthorized procurement from the person(s) at fault.

AP 156 (2015-16)

2.4.11 Loss due to showing less yield of milk – Rs 7.963 million

According to the review carried out by the department of Livestock Management University of Agriculture Faisalabad, milk yield of Nelli Ravi is 1200 to 2500 liters per buffalo during lactation period i.e. average milk production is 7.5 liter per day per buffalo.

During the financial year 2015-16, in the office of Buffalo Breeding & Dairy Farm D.I.Khan, it was noticed that there are 45 milking buffalo namely (Nelli Ravi New) on the strength of farm. The record shows that these buffalos have produced 31,363 liters milk i.e. 2.343 liter per day per buffalo. However out of which 21,085 liters milk was shown fed to the calves which is 67.22% of the total production, whereas 10,278 liters milk was sold which is 32.77% of the total production. However, according to the established standards, 7.5 liters milk is required per buffalo, per day and thus 102,937 liters milk is required to be produced.

It was further noticed that there are 24 milk Shaker Buffalos (Nelli Ravi-old) in other farm and these buffalos have produced 12,839.50 liters milk, which comes to 1.53 liter per day per buffalo. Out of overall production, 6,593.50 liters milk was shown fed to calves, which is 51.38% of the total production, whereas 6,237 liters were sold which is 48.61% of the production. According to the standard production of milk, the farm was required to yield 54,900 liters. Thus by showing less yield, the Government was put into a loss of Rs.2,523,000.

Similarly, there are 07 milk shaker Buffalo (old Kundi) on the stock of the local farm. According to the study of Agriculture Live Stock (Faisalabad), average production of one (Kundi) buffalo is 6.5 liter per day. Accordingly, 14625 liters milk was required to be produced whereas the record shows that only 2,678.50 liters milk was produced, which comes to 1.14 liter per buffalo per day, which is not justified. On further verification it was pointed out that of total production, 1398.50 liters milk was feed to calves which is 52.21% of the production whereas 1280 liter milk was sold i.e. 47.78% of the production. Hence, 11,199 liters milk was either less produced and thus an amount of Rs.671,000 have been misappropriated.

It was further noticed that local office has received 15 Nos milking buffalo (kundi) in February 2016. During these five month, the local farm shown produced 8495 liters milk, which means that 3.772 liter per buffalo per day yield. On further verification it revealed that out of total production 5963 liter milk was shown feeded to calves which is 70.19% of the total production, whereas 2532 liter milk was sold which is 29.80% of the total production. While as per standard, the average yield of Kundi Buffalo is 6.5 liter per buffalo per day.

Audit is of the view that by showing less yield, the Government was put into a loss of Rs.7,488,000.

Loss occurred due to mismanagement and weak internal controls.

When pointed out in December 2016, the management stated that detailed reply would be furnished later on.

Audit requested the department, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and take appropriate action against the person(s) at fault.

APs 401 & 402 (2015-16)

2.4.12 Loss due to ill planning and irregular/un-authorized payment - Rs.3.017 million

According to para 145 of GFR Vol-I, purchases must be made in the most economical manner in accordance with the definite requirements of the public services. Care should be taken not to purchase store much in advance of actual requirements.

During the financial year 2015-16, in the office of Director General Agriculture (Extension) Peshawar, it was noticed under “Insaf Food Security Programme”, that seed bags were transported to the distribution points in excess of the actual need. The seed bags lifted in excess of the need were again shifted from different points to ADF stores and an amount of Rs.3,017,737 was paid to the contractor as carriage charges. Thus, public exchequer was overburdened. Moreover, it was directed by the Director Seed to ensure the actual distance claimed in the bill, however, payment was made without such verification. There was no planning on the part of management; hence, no due diligence was exercised.

The loss occurred due to weak internal controls, non-observance of government rules/regulations and financial indiscipline.

When pointed out in December 2016, the department stated that detailed reply would be furnished after consulting the record.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that responsibility be fixed and the loss be made good.

AP 182 (2015-16)

2.4.13 Loss due to misappropriation on account of purchase of 3 tractors and transportation charges – Rs.2.250 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register. Para 23 of GFR 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 subordinates.

During the financial year 2009-10, in the office of District Officer Agriculture Extension D.I.Khan, it was noticed that Rs.2,250,000 was drawn vide cheque No.00429569 on 29.06.2010 for the purchase of 3 tractors, NH fiat 640-S, for the seed farms. The amount was forwarded to DG Agriculture (Ext) vide letter No.3796/DOA(Agri) and bank draft No.181288 dated 14.07.2010, for payment of tractors. The Director General Agriculture Department issued letter No.8352/DGA(E) alongwith demand draft dated 14.07.2010 in the name of M/S Sadat Bro authorized dealer of Al-Ghazi Tractor Ltd. and asked for the delivery of 3 tractors at the farm, but M/S Sadat Bro denied the receipt of payment. The tractors were neither received, nor taken on stock register and hence not issued to the Farm Manager till the date of audit.

Audit holds that the tractors were not received by the Farms Managers and hence the amount misappropriated.

The loss occurred due to weak internal controls.

When pointed out in November 2010, the management furnished no reply.

In the DAC meeting held in January 2011, the department replied that three tractors were received from dealers after audit and issued to seed farms, and payment to dealer was made vide draft No.181288 on 14.07.2010. The

DAC did not agree and directed for departmental inquiry. However, the inquiry was not conducted till finalization of this report.

Audit recommends that DAC decision be implemented.

AP 144 (2009-10)

2.4.14 Loss due to illegal excavation of soil of agriculture land worth millions of rupees

According to clause 4 of the NIT dated January 28, 2015, it was given that block-A be excavated upto 3 feet while in block-B it should be 4 feet. Whereby it was clearly mentioned that if the contractor violated the agreed upon agreement regarding excavation of the land, the department shall be legally authorized to penalize the contractor and also the violation done in excavation may be corrected at the cost of the contractor.

During the financial year 2015-16, in the office of Director Agriculture Research Institute, D.I. Khan, it was noticed that contract for excavation of land was award to the contractor. For this purpose the land was divided into block A, measuring 36 kanal and 2 marla, which was required to be excavated upto 3 feet, whereas block B, measuring 69 kanal and 5 marla to be excavated upto 4 feet, so as to bring it to watering level, suitable for sowing as per NIT.

However, the land was excavated 6 feet illegally, due to which it became misfit for agriculture purpose and became barren. The Government was thus deprived of income generation from this land. It is a recurring loss.

The loss occurred due to weak internal controls.

When pointed out in November 2016, the department stated that detailed reply would be furnished after examination of relevant record.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry into the matter, fix responsibility against the person(s) at fault, and the loss sustained by the Government be made good.

AP 113 (2015-16)

2.4.15 Non-recovery on account of sale of wheat – Rs.19.348 million

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

During the financial year 2015-16, in the office of Director General Agriculture (Extension) Peshawar, it was noticed that, Rs.147,296,740 were realized from the sale of wheat seed by various districts. Out of the total amount, Rs.127,949,140 were deposited in the ADF account and the balance amount of Rs.19,347,600 was outstanding against various District Directorates.

The non-recovery was due to non-observance of financial rules/regulations and weak of internal controls.

When pointed out in December 2016, the department stated that detailed reply would be furnished after consulting the record.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that the matter may be investigated, responsibility fixed and the amount be recovered.

AP 175 (2015-16)

2.4.16 Non-recovery of sale proceeds of maize - Rs.7.790 million

According to para 26 of GFR Vol-I, it is the duty of the department to see that all sum due to Government are regularly and promptly assessed and duly credited in the public accounts and no amount should be left outstanding and the amount need to be compared with the statement of treasury.

During the financial year 2014-15, in the office of Director Cereal Crops Research Institute Pirsabak Nowshera, it was observed that an amount of Rs.9.79 million was outstanding against various dealers on account of sale proceeds of maize hybrid seed Baber which was not recovered. Detail as below:

S.No.	Name of Firm	Total Qty Sold in Kgs	Total Qty Paid for in Kgs	Qty outstanding in Kgs	Rate Rs. Per Kg	Amount outstanding (Rs)
1	M/S Waqar & Co	67,190	7500	59,690	160	9,550,400
2	Fazal Hussain Wadpaga Pesh	500	-	500	-do-	80,000
3	District Director Shangla	1,000	-	1,000	-do-	160,000
Total						9,790,400

The amount was outstanding due to financial discipline, and weak internal controls.

In the DAC meeting held in August 2016, the department replied that the whole quantity was not sold by the dealers, and that some was returned. Out of the sold quantity, an amount of Rs.1,086,600 received, while the remaining amount for the sold quantity will soon be recovered. DAC directed that recovery be made till December, 2016, and details be provided to Audit, however, no documentary evidence regarding recovery was provided till finalization of this report.

Audit recommends that the outstanding amount be recovered and deposited into public treasury.

AP 105 (2014-15)

2.4.17 Non-recovery of 1% stamp duty on the purchase & supply of Parabolic Irrigation segments - Rs.2.780 million

According to Para 22(A) (b) of Finance Act 2007 1% stamp duty for procurement of store and materials be charged.

During the financial year 2014-15, in various offices of Agriculture Department, On Farm Water Management, it was noticed that an amount of Rs.278,133,569 was incurred on the purchase of various items used in the construction / lining and improvement of water courses in agricultural land under respective irrigation command areas, but, 1% stamp duty amounting to Rs.2,780,000 was not recovered as required. Detail is as under:-

(Rs)

S.No.	Name of office	Amount Paid	Amount of Stamp Duty
1	District Officer OFWM, Abbottabad.	13,648,300	136,000
2	District Officer OFWM, Lakki Marwat.	58,915,881	589,000
3	District Officer OFWM, Peshawar.	62,058,828	621,000
4	District Officer OFWM, Tank	31,279,560	312,000
4	District Officer OFWM, D.I.Khan.	112,231,000	1,122,000
Total		278,133,569	2,780,000

The non-recovery was due to non-observance of financial rules/regulations and weak of internal controls.

When pointed out in June 2016, it was replied that all schemes were carried out through WUAs, and not by contractors, therefore, no stamp duty is required on this procurement.

Reply of the department is not tenable as materials for the schemes of watercourses and storage tanks were supplied by contractors, therefore, deduction of 1% stamp duty was mandatory.

In the DAC meeting held in December 2016, department replied that, the schemes were executed on participatory approach, procurement was made by the farmers themselves, on no profit no loss, and not by the contractor. Hence, 1% stamp duty does not apply for such transaction. DAC disagreed and directed that recovery to be made, as there is no exemption. However, recovery was not made till finalization of this report.

Audit recommends that recovery to be made.

APs 172, 182, 158, 203 & 212 (2014-15)

2.4.18 Unauthorized/unauthentic distribution of wheat seed - Rs.295.091 million

According to PC-I the distribution of wheat will be made to applicants already registered with MFSC, who have paid registration fee and who are in possession of agricultural land 1 to 3 kanals of land and forms signed by village/union council, khasra No. etc. duly verified by Revenue Authorities.

During the financial year 2015-16, in various offices of District Directors, under the Director General Agriculture Extension, it was noticed that, wheat seed was distributed under “Insaf Food Security Program” throughout the province. The verification of record revealed that wheat bags were distributed among un-registered farmers, in violation of the approved criteria of the PC-I. The application forms were not signed by the village/union council or other authorized person, Khasra No., and location of the Revenue Patwari was also not mentioned, so as to make sure that the recipient was a genuine and eligible applicant. Moreover, the collection point, address of the recipient and date of receipt was not mentioned on the registration card. The Detail is given below:

S.No.	Name of the District/Division	Number of Bags	Price Per Bag	Amount (Rs.)
1	Abbottabad	9,100	2285	20,793,500
2	Battagram	8,000	-do-	18,280,000
3	D.I. Khan	60,000	-do-	137,100,000
4	Haripur	15,000	-do-	34,275,000
5	Tor Ghar	3,400	-do-	7,769,000
6	Mardan	25,000	-do-	57,125,000
7	Kohistan	4,600	-do-	10,511,000
Total		125,100		285,853,500

The approved criterion was not followed, the eligibility and genuineness of the applicants were not authenticated, and wheat seed was distributed among unregistered and unverified applicants. Hence, public exchequer sustained huge loss of Rs.285,853,500.

It was further noticed that, as per written statement given by Incharge Field Assistant of Daraban distribution point, wherein he stated that 9700 Bags were provided under Insaf Food Security Program for distribution amongst eligible farmers, whereas 5820 Bags were distributed by the field staff and the remaining 3880 bags were stated to have been distributed by the District Director Agriculture (Extension) himself without application forms or verification by Revenue Patwari/Staff. This act was against the procedure, rules and regulations. Thus the distribution of 3880 bags costing Rs.9,238,280 (3880 × 2381) was unauthorized.

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

When pointed out in December 2016, the department stated that detailed reply would be furnished after consulting the record.

Audit requested the department, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, responsibility be fixed for the gross violation and the loss be made good.

APs 278, 300, 313, 323, 326, 332, 339&156 (2015-16)

2.4.19 Unauthorized expenditure from Cess fund - Rs.7.730 million

According to Rule-7 of FTR Vol-I, money received as government revenue shall not be appropriated to meet departmental expenditure nor kept apart from the consolidated fund.

During the financial year 2015-16, in the office of Director Sugar Crop Research Institute Mardan, it was noticed that the local office incurred expenditure of Rs.7,730,000 under Cess Fund. The verification of record revealed that, no action plan, for the year 2015-16, was approved by the competent authority and the amount was utilized without approval, mostly on miscellaneous items, for which already sufficient amount was released in regular budget.

Letter was written to Director General Research KP, for the approval, but till the last date of audit, i.e. October 2016, no approval was accorded for incurring expenditure from Cess Fund. The budget was hastily utilized on unproductive activities and even the unapproved action plan was also violated. Thus, incurrence of Rs.7,730,000 from Cess Fund without approval was unauthorized.

The unauthorized expenditure was made due to non-observance of rules and weak internal controls.

When pointed out in October 2016, the management furnished no reply.

The department was requested for holding the DAC meeting, however neither DAC meeting was held nor any action initiated against the person(s) at fault.

Audit recommends that unauthorized expenditure incurred from the Cess Fund needs a detailed inquiry and appropriate action against the person(s) at fault.

AP 35 (2015-16)

2.4.20 Unauthorized and doubtful expenditure on daily paid labour from the receipts - Rs.1.373 million

According to para 7 of GFR Vol-I, unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Finance Department.

During the financial year 2015-16, in the office of Director Sugar Crop Research Institute Mardan, it was noticed that Farm Manager of Agriculture Research Station Harichand Charsadda incurred an expenditure of Rs.1,372,939 from the receipts of the Farm.

Audit holds the expenditure unauthorized on the following grounds.

1. The expenditure was incurred from the receipts of the Farm, which was unauthorized and no one can utilize receipts for the expenditure.
2. No detail of labour was given in any documented record that where the labours were engaged.
3. Neither thumb impressions of labourers were taken nor was any acknowledgement/copy of CNIC found on muster roll of the recipient.
4. No certificate was given on muster roll as required under the rules
5. No approval of the competent authority was obtained for payment.
6. No proper crop register was prepared from which the authenticity of engaged labours could be verified

The unauthorized and doubtful expenditure of Rs.1,372,939 was made due to weak internal controls.

When pointed out in October 2016, the management furnished no reply.

Audit requested the department, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

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

AP 38 (2015-16)

2.4.21 Loss due to non-deduction of income tax - Rs. 6.750 million

According to Regional Tax Office Peshawar No.RTO/WHU-I)/23 dated 24.07.2014, income tax on supply be deducted @ 4.5% from supplies.

During the financial year 2015-16, in the office of Director General Agriculture (Extension) Peshawar, it was noticed that the local office paid Rs.149,998,955 from ADF and paid to Punjab Seed Corporation. Income tax @ 4% was deducted instead of 4.5% which resulted into less deduction of Rs.749,995. The department recouped the ADF payment by adjusting for net amount of Rs.143,998,872 instead of Rs.149,998,955. Thus the income tax was deducted from the ADF instead of contractor. Thus loss to the public exchequer was Rs.6,749,948.

The lapse occurred due to financial indiscipline and weak of internal controls.

When pointed out in December 2016, the department stated that detailed reply would be furnished after consulting the record.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends recovery of income tax and regularization of advance payment from Agriculture Development Fund.

AP 160 (2015-16)

2.4.22 Irregular and unauthorized award of contract of Fishing Right in Tarbela Dam - Rs.105.030 million

According to sub-rule (i) of rule-20 of Khyber Pakhtunkhwa, Fisheries Rule-1976 and subsequently amendment issued vide notification date 26.08.2013 “the lessee shall at his option either pay the offered bid for fishing rights in full at the time of auction at the spot or 1/3rd of the bid at the time of auction at spot, the remaining amount in two equal installments on or before 31st July for the subsequent 2nd & 3rd year, read with clause-3 the terms & condition of auction of fishing Right of Public water body of Tarbela Dam

Haripur for the three years 2016-19, that 1/3rd of contract value are ought to be deposited on spot, otherwise the contract will be cancelled.

During the financial year 2015-16, in the office of Director Fisheries Khyber Pakhtunkhwa Peshawar, it was noticed that Fishing Rights of Public Water body of Tarbela Dam Haripur for the years 2016-17 to 2018-19 were auctioned on 23.08.2016, where fourteen (14) bidders participated. Mr. Shahid Ali S/o Muhammad Sadiq offered the highest bid of Rs.105,030,000. Hence, a sum of Rs.35,010,333 was required to be deposited on spot, failing which will result in cancellation of contract as well as forfeiture of security in favour of the Government and the contract was required to be offered to the 2nd higher bidder.

The 1/3rd of contract value was not deposited till 13.12.2016. Moreover, the contract was awarded in August 2016 and approval granted in December 2016, vide No.2372-74/DF/GS/ dated 20.12.2016, which shows that the contractor was involved in un-authorized fishing from August 2016 to December 2016, this resulted into loss to the public exchequer.

Furthermore, the department failed to comply with the approved SOPs/criteria duly approved for awarding the contract, as follows:

- (i) No contract Agreement on judicial paper was executed with the contractor.
- (ii) No bank guarantee was obtained from the contractor to secure the Government interest.
- (iii) According to the sanction, the lessee shall deposit income tax in advance which was not done till the date of Audit.
- (iv) No license / permit was issued to the contractor.

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

When pointed out in December 2016, the management stated that reply would be furnished after consulting the record.

Audit requested the department, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends a facts finding inquiry, fixing of responsibility against the person(s) at fault and recovery of the amount.

AP 391(2015-16)

2.4.23 Irregular drawl on account of purchase of concentrate for beef animals – Rs.7.290 million

According to para 11 of GFR Vol-I, each head of a department is responsible for enforcing financial order, strict economy at every step and observing all relevant financial rules and regulations by his own office and by subordinate disbursing officers.

During the financial year 2014-15, record of Director General (Extension) Livestock & Dairy Development Department, revealed that an expenditure of Rs.7,290,000 was incurred by the Project Director Meat & Dairy Production Development Peshawar on the purchase of concentrate for beef animals. The project management failed to formulate proper criteria for the selection of farmers, number of registered farmers in each district and the rate of registration fee etc. Moreover, the payment was drawn from the public exchequer through DDO instead of making payment directly to the farmers. Thus the expenditure of Rs.7,290,000 was irregular.

When pointed out in September 2015, the department failed to produce the aforementioned documents.

In the DAC meeting held in August 2016, the department replied that the list of farmers and support package to farmers was approved by the Project Support Package Committee. Moreover, there was no need of either registration for farmers nor any fee of registration existed for this project. As most of the farmers belonged to far-flung areas, therefore, the bills were drawn in favour of DDO. DAC did not agree and directed that a joint inquiry should be conducted within 15 days for probing the matter. No progress has been intimated till finalization of this report.

Audit recommends inquiry, fixing of responsibility and intimate final status to PAC and audit.

AP 46 (2014-15)

2.4.24 Non-deposit of receipts amounting - Rs.6.135 million

According to para 26 of GFR Vol-I, 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.

During the financial year 2015-16, in the office of Director Sugar Crop Research Institute Mardan, it was noticed that Agriculture Research Station Harichand has 110 acres land, and during the last 03 financial years, various crops were sown and on their sale, Rs.6,134,566 received, but not deposited in the Government Treasury. Detail is as under:

S.No	Year	Receipt (Rs.)	Deposit in Government Treasury
1	2013-14	1,921,850	Nil
2	2014-15	2,179,512	Nil
3	2015-16	2,033,204	Nil
		6,134,566	

The amount was required to be deposited in Government Treasury on time, which was not done. Thus government sustained a loss of Rs.6,134,566.

Non-deposit of receipts for the last three years is a serious lapse and violation of rules, which was due to financial indiscipline and weak internal controls.

When pointed out in October 2016, the management furnished no reply.

The department was requested for holding the DAC meeting, however neither DAC meeting was held nor any action initiated against the person(s) at fault. Receipt was also not deposited in government treasury.

Audit recommends inquiry, fixing of responsibility against the person(s) at fault, besides deposit of receipts in the treasury.

AP 36 (2015-16)

2.4.25 Excess payment on account of loading and unloading charges - Rs.2.994 million

According to Para 10 of GFR Vol-1, every public officer is expected to exercise the same vigilance in respect of expenditure from the public funds as a

person of ordinary prudence would exercise in respect of expenditure of his own money, read with the work order issued to M/S Shuaib Shah Carriage Contractor vide No. 19516/DGA/E dated 12/10/2015, wherein, the contractor was directed to start supply/lifting of Seed from Punjab Seed Corporation store Khaniwal and Sahiwal.

During the financial year 2015-16, in the office of Director General Agriculture (Extension) Peshawar, it was noticed that work orders were issued for the transportation of wheat seed bags, 50 Kg each, which were to be supplied at the specified distribution points, identified in each district of the province. The contractor supplied 374330 bags for which the contractor was paid Rs.48 per bag, from Punjab Seed Corporation to distribution points, for two times loading and unloading, which is Rs.24 for loading and unloading each. These charges are too exorbitant as compared to the prevailing market rate.

The actual charges paid for loading and unloading were in the range of Rs. 4 to 7, as evident from the convey notes, from Takht Bhai main store to Mardan, Buner, Malakand Swat, Shangla and Chitral. Even if a maximum of Rs.10 is considered as loading and unloading charges, then Rs.40 should have been paid for two times loading and unloading. but, the contractor was paid per bag Rs.8 (Rs.48 – Rs.40) in excess of the maximum average, resulting into excess payment of Rs.2,994,640 (374,330 × 8).

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

When pointed out in December 2016, the management stated that reply would be furnished after consulting the record.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends recovery of the amount paid in excess.

AP 277 (2015-16)

2.4.26 Excess payment due to purchase on higher rates-Rs.1.980 million and non-deduction of income tax- Rs.0.476 million

According to S.No.3(b)(iv) of chapter-2 of the procurement of good and services rules 2014, the procuring entity shall use open competitive bidding as a principal method of procurement for the procurement of goods over the value Rs.100,000 and the lowest offer from bidder shall be accepted for award of contract.

During the financial year 2014-15, in the office of DG (Ext) Livestock & Dairy Development Department, Khyber Pakhtunkhwa, it was noticed that the Project Director Meat & Dairy Production Development invited quotations for the purchase of different items through daily Dawn on 06.03.2015. The lowest bid was rejected on the plea that the supplier was not in position to supply the items before 30.06.2015. The lowest bidder requested for extension of deadline to August 2015, but extension was not granted, and purchases were made on higher rates, even though, the items were supplied in August, 2015, by the highest bidder, which was previously refused to the lowest bidder. Further, income tax was not deducted.

The public exchequer was put to loss for Rs.1,980,000 due to purchase on higher rate, and for Rs.476,000 due to non deduction of income tax. No penalty was imposed on the supplier for late supply.

In the DAC meeting held in December 2016, the department replied that the lowest bidder requested for extension of deadline to August, 2015, and that they will get 100% payment against CDR of 5% of the total value within June, 2015. The bid security of lowest bidder was forfeited on KPPRS's advice, and the contract was awarded to 2nd lowest bidder. The firm was unable to supply the items in June 2015, so were supplied in August 2015. Income tax @ 7% was not required as per section (5)(a) of section 153 of income tax ordinance 2001. The DAC directed for inquiry, but no inquiry was conducted till finalization of this report.

Audit recommends that fact finding inquiry be conducted, the loss sustained by the Government, due to higher rates, be made good, and responsibility be fixed against the person(s) at fault.

AP 47(2014-15)

2.4.27 Outstanding dues against various sister offices/store keeper - Rs.13.910 million

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

During the financial year 2015-16, in the office of Director General Agriculture (Extension) Peshawar, it was noticed that, a sum of Rs.6,055,000 was outstanding to be recovered as detailed below:

S. No	Out-standing against	Amount (In Rs)
1	DD (Agriculture) Extension DIK	3,589,450
2	A.R.I DIK	30,000
3	Outstanding on account Machinery	260,550
4	Outstanding against farmers	1,000,000
5	Misc: Store	1,042,843
6	O/Standing against Ex-Store Keeper	132,000
	TOTAL	6,055,000

Similarly, an amount of Rs.7,661,475 was also outstanding against different sister offices since long. Sufficient funds were provided to the office every year, but no one cleared the out-standing dues of Model Farm Services Centre (MFSC) D.I.Khan.

The Government sustained loss due to weak internal controls and financial indiscipline.

When pointed out in December 2016, the department stated that detailed reply would be furnished after consulting the record.

Audit requested the department, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that the outstanding amount be recovered.

APs 166 & 208 (2015-16)

Chapter – 3

Administration Department

3.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of :

- ❖ It shall be the responsibility of the Chief Secretary to coordinate the work of all Departments of Government.
- ❖ The Chief Secretary may call for any case or information from any Department or Attached Department.
- ❖ The Establishment and Administration Department shall be responsible for:
 - the determination of the principles of control of Government servants, including recruitment, conditions of service and discipline;
 - the coordination of the policy of all Departments with respect to services under their control so as to secure consistency of treatment;
 - securing to all Government servants the rights and privileges conferred on them by or under any law for the time being in force; and
 - determining the strength and the terms and conditions of services of the personal staff of Ministers.
- ❖ No Department shall without the concurrence of the Establishment and Administration Department authorize any orders, other than orders in pursuance of any general or special delegation made by the Establishment and Administration Department, which involve:
 - reduction or extension in the scope of functions of a Department as given in Schedule-II or the transfer of such functions from one Department to another;
 - re-organization or change in the status of offices in the Secretariat or Attached Departments;
 - interpretation of rules and orders relating to service matters other than rules and orders issued by the Finance Department; and
 - any change in the terms and conditions of service or the statutory rights and privileges of Government servants.
- ❖ No order in respect of the emoluments, promotion or conditions of service of any officer employed in the Finance Department shall be passed and no expenditure proposal relating to that Department sanctioned without prior concurrence of the Establishment and Administration Department. The Chief Secretary shall exercise, in

respect of such matters, the functions of the Secretary, Finance Department.

3.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2015-16 against the total of grants/appropriation was as follows:

Non Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual expenditure	Excess / (Savings)
2-General Administration	NC21	2,313,796,000	125,173,000	2,438,969,000	1,784,296,961	-654,672,039
2-General Administration	NC24	521,411,000	31,761,000	553,172,000	403,248,305	-149,923,695
Total		2,835,207,000	156,934,000	2,992,141,000	2,187,545,266	-804,595,734

Development

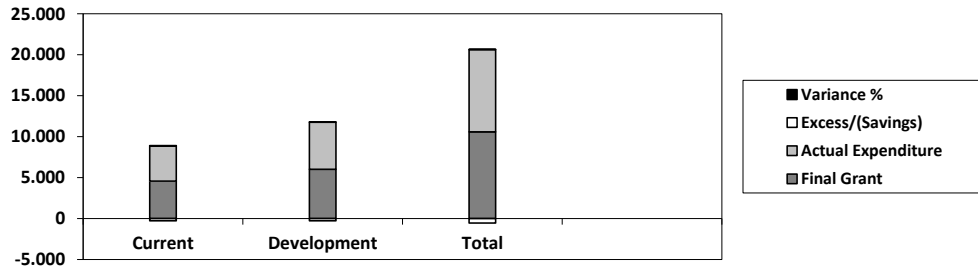
(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant/Re-appropriation	Final Grant	Total Actual Expenditure	Excess / (Savings)
015101-Establishment, Services, General Administration	NC22	0	0	0	70,380	70,380
Total		0	0	0	70,380	70,380

Overview of expenditure against the final grant

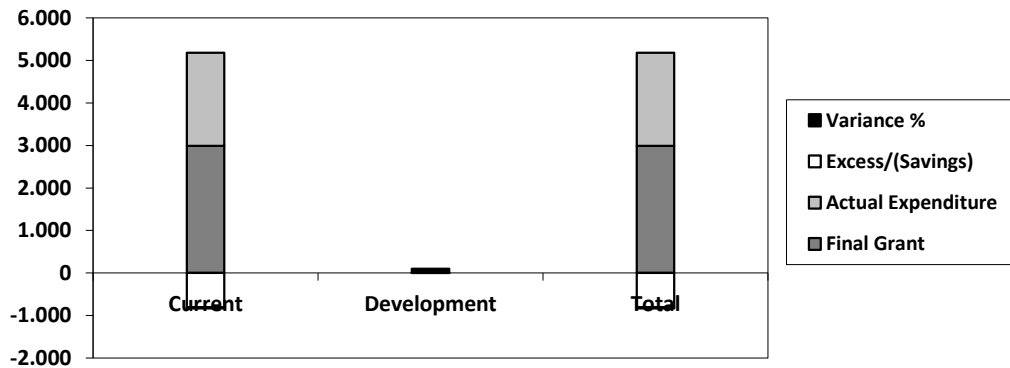
(Rs. In million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	2,992.141	2,187.545	-804.596	-26.89
Development	0	0.070	0.070	100
Total	2,992.141	2,187.615	-804.526	-26.89



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Environment Department administering the above grant did not surrender anticipated savings of Rs.804.526 million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



3.3 Brief comments on the status of compliance with PAC directives:-

SNo.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1	2001-02	Establishment	14	14	-	-
2	2002-03	-do-	12	-	11	01
3	2003-04	-do-	06	06	-	-
4	2004-05	-do-	03	-	01	02
5	2005-06	-do-	04	-	03	01
6	2007-08	-do-	03	-	01	02
7	2008-09	-do-	14	-	05	09
8	2009-10	-do-	32	-	09	23
9	2010-11	-do-	25	-	08	17
10	2011-12	-do-	20	-	08	12
11	2012-13	-do-	08	-	06	02

3.4 Audit Paras

3.4.1 Non-production of record for expenditure - Rs.203.200 million

According to Section 14 of the Auditor General's Ordinance 2001, no information nor any book or other documents, to which the Auditor General has a statutory right of access, may be withheld from the Audit. Any person or authority hindering the auditorial functions shall be subject to disciplinary action under relevant Efficiency and Discipline Rules applicable to such person.

During the financial year 2014-15, in the office of Secretary Administration Department, an expenditure of Rs.188.80 million was incurred on various activities during the year. Despite repeated requests, detailed record in support of the payments was not produced to audit for the scrutiny. Therefore, the record in support of expenditure of Rs.188,800,000 remained unverified and unaudited.

It was further noticed that an amount of Rs.14,400,000 was drawn on different occasions on account of discretionary grant of Ministers, Advisors to CM, Grant-in-Aid for Civil officer Mess, but auditable record was not produced despite repeated requests. Only drawl of the amount on the basis of simple receipts were produced and no detail account/ record was produced for scrutiny of Audit.

Audit holds that the record in support of expenditure was required to have been provided for verification, which was not produced.

Non-production of record occurred due to violation of rules and weak internal controls.

When pointed out in January 2016, the management replied that some of the record was taken by Anti-corruption Establishment, KP Peshawar and findings/progress will be communicated to Audit. While in some cases reply was not furnished. However, record was not produced despite Secretary Administration clear directions for obtaining record from Anti-corruption Authorities.

The irregularity was reported to the Department in February 2016 followed by reminders and D.O. letter dated 06.01.2017 for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter and fix responsibility for non-production of record.

APs 93,94 (2014-15) and 21,22,23&44(20131-4)

3.4.2 Loss due to non-recovery of taxes – Rs.9.980 million

According to Sales Tax Act and Finance Act of Government of KP, sale tax @16% and professional tax at prescribed rate is recoverable.

During the financial year 2014-15, in the office of Secretary Administration Department, an aggregate payment of Rs.214,370,000 was made on accounts of services rendered by the contractors, payment of honorarium to staff and other payments but neither sales tax nor income tax of Rs.9,980,000 was deducted from the recipients. Non-deduction of taxes resulted into loss of Rs.9,980,000 to the public exchequer.

Audit holds that due to non-deduction of taxes the Government was put a loss to that extent.

The lapse occurred due to violation of rules, which resulted into loss of Rs.9,980,000 to government.

When pointed out in January 2016, the management replied that Askari Aviation Pvt. Ltd. is an online Tax registered company and regular tax payer. However, the matter will be taken up with the authorities.

Reply is not tenable. Recovery should be made.

The irregularity was reported to the Department in February 2016 followed by reminders and D.O. letter dated 06-01-2017 for holding of the DAC meeting, however neither DAC meeting was convened nor any progress till finalization of this report.

Audit recommends to recover the taxes.

AP 118 (2014-15)

3.4.3 Non-recovery of room rent and 5% charges - Rs.9.200 million

According to para 26 of GFR Vol-I, 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.

During the financial year 2014-15, in the office of Secretary Administration Department, various officials have occupied rooms in the guest houses and other residential accommodations but room rent and 5% maintenance charges amounting to Rs.9,200,000 was not recovered from the occupants.

Audit holds that recovery of room rent and 5% charges were required to be made from the occupants but not done.

The irregularity occurred due to extending favour to the employees and weak internal controls, which resulted into non-recovery of Rs.9,200,000.

When pointed out in January 2016, the management replied that the building of Shahi Mehman Khana is very old, bathrooms of some rooms are not functional, therefore defective rooms were not allotted to any one, and other rooms are allotted to the official guests, properly entered in record and all such payments are paid into the Government Treasury. However pending payments will be deposited shortly.

Reply of the department is not tenable. The department had not mentioned amount of the pending payments and also did not reply in other cases.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility and making complete recovery.

AP 98 (2014-15)

3.4.4 Non-recovery of government share from operator of Aircraft - Rs.7.270 million

According to S.No.1.2 of the Agreement executed with Askari Aviation (Pvt) Ltd dated 11.05.2012, the earning on account of commercial operation will be distributed as under:

- 1.2.1 Hire/charter/lease charges payable to the Owner for each hour flown by the Aircraft: 50%

- 1.2.2 Variable charges payable to the Operator to cover fuel, oil and lubricants etc. per each hour flown by the Aircraft: 25%
- 1.2.3 Service charges payable to the Operator to meet expenses such as marketing, agent commission, additional staff, etc:25%

During the financial year 2014-15, in the office of Secretary Administration Department, government helicopter No. MI-171 was used for commercial purpose in June-2015 and a sum of Rs.8,170,000 was received as income from the operation. The earning was required to have been distributed according to provision of agreement and Rs.7,280,000 deposited into treasury as government share, however, no payment to Government till December, 2015 was made. Therefore, the government share remained unrecovered.

Audit holds that government share was required to have been recovered in time, which was not done.

Non-recovery of government share occurred due to non-adherence to the clauses of the agreement and weak internal controls, which resulted into non-recovery of Rs.7,280,000.

When pointed out in January 2016, the management did not furnish any reply.

The irregularity was reported to the Department in February 2016 followed by reminders and D.O. letter dated 06-01-2017 for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility and recovery of amount.

AP 87 (2014-15)

3.4.5 Non-recovery of house rent at market rate and utility charges - Rs.2.097 million

According to para 28 of GFR Vol-I, no amount due to government should be left outstanding without sufficient reasons and order for irrecoverable sum must be sought from competent authority.

During the financial year 2014-15, in the office of Secretary Administration Department, three officials of E&A Department were dismissed from service in October 2011 and September 2012. They have still

occupied Government residential accommodation, despite the fact that they are no more Government Servants. Neither these houses were vacated nor recovery of house rent at market rate and utility charges amounting to Rs.2,097,000 were recovered from these illegal occupants. Therefore, the amount remained unrecovered.

The irregularity occurred due to extending undue favour to illegal occupants and weak internal controls, which resulted into non-recovery of government dues of Rs.2,097,000.

Audit holds that the accommodation was required to be vacated and outstanding amount recovered from illegal occupants, which was not done.

When pointed out in January 2016, the management did not furnish any reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, neither however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fixing responsibility for the lapse besides making complete recovery.

AP 104 (2014-15)

3.4.6 Irregular investment of Government revenue/funds in treasury bills/fixed deposit - Rs.16.110 million

According to S&GAD letter No. COM(S&GAD)/99 dated 22.05.1999 regarding minutes of the Management Committee held on 13.11.1999, the funds generated by the Civil Officers Mess be retained for expenditure on routine maintenance, provision of items like linen, crockery, cutlery and toiletries.

During the financial year 2014-15, in the office of Secretary Administration Department, the Manager Civil Officer Mess had realized Rs.1,240,000 on account of room rent from the occupants of Civil Officers Mess. Out of which Rs.917,778 was invested in the Treasury Bills @7.76% per annum and Rs.323,000 deposited in the current account No. 000943-2 at National Bank of Pakistan Civil Secretariat Peshawar. Further record showed that so far Rs.9,480,000 have been invested in the Treasury Bills from the room rent of the Civil Officers Mess. Similarly Rs.6,620,000 drawn from BOK and invested in fixed deposit in violation of clear instruction of the S&GA

Department which provides that the retention of funds generated by Civil Officers Mess as a very special case for expenditure on routine maintenance. However, origin/base of this fund was not shown to Audit.

When pointed out in January 2016, the management replied that the funds generated by Civil Officers Mess were invested in fixed deposit by the competent authority. However, detailed reply will be submitted after consulting of record of Civil Officers Mess. The action of the Manager Civil Officers Mess was not covered under the rules.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility.

AP 88 (2014-15)

3.4.7 Irregular expenditure and non-accountal of store- Rs.13.340 million
Non-production of record Rs.6.410 million

According to Clause 6 (1) of KPPRA 2014, the procuring entity shall use open competitive bidding as the principal method of procurement of goods over the value of Rs. 100,000 read with Para-148 of GFR vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

During the financial year 2014-15, in the office of Secretary Administration Department, an expenditure of Rs.13,340,000 was incurred on the purchase of stationery, Furniture & Fixture and Plant & Machinery without observing codal requirements. The following shortcomings were noticed:

- All purchases were made in piecemeal and were split up to avoid open tender system and sanctioning of next higher authority.
- Requirement of three quotations for purchase of below Rs.100,000 was not fulfilled.

- Machinery & Equipments and Furniture & Fixtures were neither taken on stock register nor subsequently issued.
- Most of the stationery items were not taken on stock register.
- Stationery register was not properly maintained.
- Demand, issue of stationery and acknowledgement of stationery was not available on record
- Most of the payments were made through DDO.
- Record of stationery for Rs.6,410,000 purchased in July 2014 was not produced to audit.

The above shortcomings held the process of incurrence of expenditure as irregular.

Audit holds that all codal requirements required to have been completed before the incurrence of expenditure and that complete record after payment maintained which was not done.

The irregular expenditure was incurred due to non-adherence to rules and weak internal controls.

When pointed out in January 2016, the management replied that stationery was purchased through Purchase Committee after floating tender in leading Newspapers. Due to shortage of budget, some bills were not cleared due to insufficient budget, which were cleared in the next financial year. As far as bills/record of July and August 2014 are concerned the same were taken by Anti-corruption Establishment.

Reply of the department is not tenable, parawise reply should be given to ascertain the factual position.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility against the person(s) responsible.

AP 121 (2014-15)

3.4.8 Irregular allotment of residential accommodation to un-entitled officers/officials

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

During the financial year 2014-15, in the office of Secretary Administration Department, 73 residential accommodations were allotted to un-entitled employees who are working in autonomous bodies and are not legitimate responsibility of the Administration Department. They are drawing salaries from their respective departments therefore, recovery of House Rent alongwith 5% recovery of pay could not be confirmed. It was further noticed that some of the officers are posted outside District Peshawar but have occupied Government residence at Peshawar in violation of standing instructions of the government.

Audit holds that illegal occupants should have been ejected and accommodation vacated for legal use.

The irregularity occurred due to extending favour to illegal occupants and weak internal controls.

When pointed out in January 2016, the management did not furnish reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility, besides recovery of house rent allowance and 5% charges.

AP 102(2014-15)

3.4.9 Non-rendering account in support of payments - Rs. 7.630 million

According to paragraph No.13 of S&GAD order No. E&A (S&GAD)5(1)/81 dated 03.09.1988, the private secretary to a minister shall be responsible for completion, maintenance of accounts and record of the Discretionary Grant and rendering it to the S&GAD.

During the financial year 2014-15, in the office of Secretary Administration Department, a sum of Rs.7,630,000 was paid on account of Discretionary Grant to Advisors/Special Assistant to Chief Minister in four quarterly installments. Detail account in support of payment so made was required to have been properly maintained and rendered to the Secretary Administration, which was not submitted till date of audit. Therefore, the authenticity of expenditure of Rs.7,630,000 could not be confirmed.

Audit holds that complete record of expenditure was required to have been provided to audit which was not available.

The irregularity occurred due to non-adherence of rules and weak internal controls.

When pointed out in January, 2016, the management replied that all record would shortly be provided to the audit party.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility for non-production of record for audit verification.

AP 97(2014-15)

Chapter – 4

Communication & Works Department

4.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of :

- ❖ Acquisition and development of sites for construction of government buildings
- ❖ Registration of contractors
- ❖ Implementation of various schemes of the provincial departments
- ❖ Construction of government owned buildings
- ❖ Maintenance and repair of government owned buildings
- ❖ Construction of provincial highways and roads
- ❖ Maintenance and repair of provincial highways and roads

4.2 Comments on budget & accounts (variance analysis)

Summary of the Appropriation Accounts:

A summary of grants allocated to Communication and Works Department and expenditure by the department in financial year 2015-16 is given below:

Non Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
14-Works & Services Department	NC21	1,252,053,000	20	1,252,053,020	865,966,668	-386,086,382
15-Roads, Highways, Bridges, Buildings and Structure (Repair)	NC21	3,298,720,000	0	3,298,720,000	2,082,541,464	-1,216,178,536
	NC24	4,015,000	15,000,000	19,015,000	15,764,295	-3,250,705
	Total	4,554,788,000	15,000,020	4,569,788,020	2,964,272,427	-1,605,515,623

Development

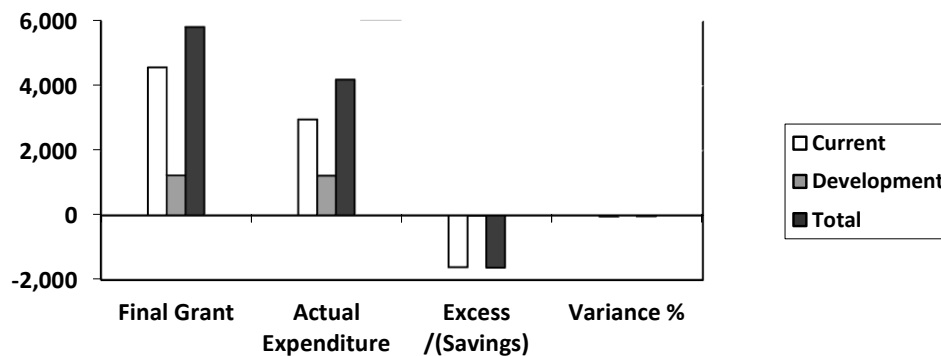
(Rs.)

Grant # 50 (Prov) NC12 and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
Building	NC12	1,275,000,000	0	1,238,266,000	1,227,212,655	-11,053,345
Total		1,275,000,000	0	1,238,266,000	1,227,212,655	-11,053,345

Overview of expenditure against the final grant

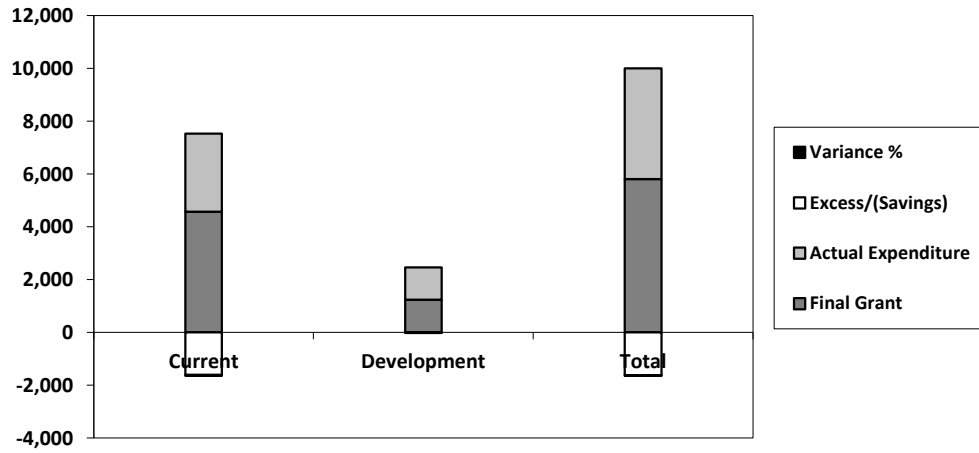
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Savings)	Variance %
Non Development	4,569.788	2,964.272	-1,605.516	-35.133
Development	1,238.266	1,227.213	-11.053	-0.892
Total	5,808.054	4,191.485	-1,616.569	-27.833



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Communication & Works Department administering the above grant did not surrender anticipated savings of Rs.1,616.569 million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



4.3 Brief comments on the status of compliance with PAC directives

SNo	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2001-02	C&W	40	-	28	12
2.	2002-03	-do-	20	-	09	11
3.	2003-04	-do-	20	-	09	11
4.	2004-05	-do-	28	-	13	15
5.	2005-06	-do-	15	-	10	05
6.	2007-08	-do-	03	-	02	01
7.	2008-09	-do-	06	-	04	02
8.	2009-10	-do-	14	-	11	03
9.	2010-11	-do-	38	-	23	12
10.	2011-12	-do-	07	-	06	01
11.	2012-13	-do-	10	-	04	06

4.4 Audit Paras

4.4.1 Loss to the public exchequer due to allowing enhanced rates to the contractor in violation of the contract agreement and decision of competent forum - Rs.8.981 million

According to clause-52 of the contract agreement and minutes of the meetings with the contractor under the chairmanship of the Director construction circulated vide letter No.10546/22-constn/PKHA dated 30-06-2015, the excavated material should be used for backfilling of trench & for filling inside the retaining walls and the top one meter should be filled from mixing of structural excavated material or road way excavation with filter material at the ratio of 50:50 and the charge rate be worked out from the average of both the material rates under structural back fill (Granular back fill) along the retaining wall on both sides.

During the financial year 2014-15, in the Pakhtunkhwa Highways Authority, in the work “Construction of Bacha Khan Flyover” 10,259.470 M³ materials were available from the item of work “structural excavation in common material” which were required to be used in the filling accordingly. The available materials were not used in filling and the contractor was paid for 1,159.050 M³ Granular back fill at full rate of Rs.1,080.94 per M³ instead of Rs.34.88 per M³ which caused loss of Rs.1,570,581 ($1,080.94 - 34.88 = 1,046.06 \times 1080.94 \times 20\% \times 15.75\%$) to the public exchequer. Moreover, in violation of the agreement and decision of the meeting, another item i.e. sand filling of 5,963.200 M³ @ Rs.1,277.58 instead of Rs.34.88 per M³ as available in CSR costing Rs.7,410,468 ($1,277.58 - 34.88 = 1,242.70 \times 5963.200$) was also executed under structure (bill No. 4-A) as Non Schedule item and paid for which also occurred loss to public exchequer. Due to non-utilization of available material, the Government was put to a loss of Rs.8,981,049.

Loss occurred due to extending favor to contractor and violation of the contract agreement.

The matter was reported to the management in October, 2014. The management stated that the items of work were executed for the stability and sustainability of the flyover structure and a facility to the general public.

In the DAC meeting held in November, 2016, it was directed to produce Technical Sanction and other relevant record for verification. No progress was intimated till finalization of this report.

Audit recommends to investigate the matter and recover the loss from contractor or person(s) responsible.

AP 104 (2014-15)

4.4.2 Loss to public exchequer due to allowing abnormal enhanced rates to contractor - Rs.11.710 million

The rates approved in the PC-I and MRS-2013 should have been followed. Para 11 of GFR Vol-I provides that each head of a department is responsible for enforcing financial order and strict economy at every step.

During the financial year 2015-16, in the office of the Executive Engineer, C&W Highway Division Swat, it was noticed that abnormal enhanced rates as compared to MRS 2013 and PC-I in respect of M/s AM & Co. for the various items of work (Annex-B) under scheme, "Construction & Black Topping of Manglawar to Malam Jabba Road Road Package-I, II, III" were accepted. The tender documents and agreement of these roads were not provided on the plea that the documents have been sent to the Chief Engineer. Loss of Rs.11,710,000 was sustained by the public exchequer as result of acceptance of these abnormal enhanced rates in deviation of PC-1, MRS 2013.

Audit holds that loss occurred due to allowing rates higher than MRS and weak internal controls.

The matter was reported to management in September, 2016. The management stated that the accepted bid was lower than the estimated cost.

The reply of the department is not tenable. Higher rates than PC-I and MRS-2013 had been accepted which caused loss to the public exchequer.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated against the person(s) at fault.

Audit recommends that the matter may be investigated and the amount recovered from the contractor and deposited into the Government Treasury.

AP 05 (2015-16)

4.4.3 Loss due to transportation of earth in violation of contract agreement - Rs.5.870 million

According to contract agreement/BOQ item No 2 and clause-1 of the work order No 02/T-1 dated 16.08.2010 issued to the contractor, all the work should be carried out according to the standards specifications as per approved PC-1 and in accordance with contract agreement provision.

During the financial year 2014-15, in the office of Executive Engineer, Provincial Building Construction Division No.1 Peshawar, provision for an item of work, "Transportation /disposal of 83,772.17 m³ earth @ Rs.276 per m³ for 5 Km load" was provided in the BOQ/agreement for the work, "Construction of Additional Wards at LRH Peshawar". However, 42nd Running Bill of the contractor M/S Rehman Construction Co. revealed that 108,581.63 m³ earth was transported at the rate of Rs.330/08 per m³ beyond 5 KM lead which was invalid because disposal of earth upto 5KM was based on actual survey and distance outside the city and site. Therefore, loss of Rs.5,872,094 (108,581.63 × (330/08(-)276) sustained by the public exchequer due to violation of contract agreement which may be recovered.

When pointed out in October, 2015, the management stated that no space was available within five kilometers from LRH.

The reply of the department is not tenable. Space was available within five kilometers as per survey. Loss was sustained by the public exchequer due to deviation from agreement.

In the DAC meeting held in August, 2016 the department stated that the lead for transportation of excavated material was included in PC-I on tentative base. The DAC decided that the relevant record. i.e. M.B, design, agreement, TS & PC-I may be provided for verification. However verification of the relevant record revealed that the payment was not within the provision of contract agreement.

Audit recommends that recovery may be made and deposited into Government Treasury.

AP 26 (2014-15)

4.4.4 Loss due to non realization of tender form fee – Rs.3.374 million

According to the terms and conditions of the Notice Inviting Tender, cost of tender documents @ Rs.241,000 shall be recovered from the contractor. Para 26 of the GFR provides that all sums due to government shall promptly be assessed, realized and deposited into the government treasury.

During the financial year 2014-15, in the office of the Executive Engineer Highway Division Peshawar, construction of 16 KM road from Jamil chowk to Urmar Payan was divided in to 2 packages and put to tender amongst the prequalified contractors and the names of 18 prequalified bidders were published in the NIT. The bidders downloaded 18 Tender Forms but only 4 Tender Forms were received in the competition and deposited the Tender Form cost @ Rs.241,000 per Form while the remaining has neither deposited the Tender Form cost nor their Tender Forms were available on record. This resulted in loss of Rs.3,374,000 ($241,000 \times 14$) to the public exchequer due to less realization of Tender Form cost.

Audit holds that recovery of cost of tender form was required to be made from all the prequalified bidders which were not done.

The lapse occurred due to non adherence to rules and undue favour to contractor.

When pointed out in October, 2015, it was stated that detail reply would be furnished after verification of record.

In the DAC meeting held on 25.08.2016 the department replied that only four firms have attended the tendering/participated from whom the requisite cost of the tender form has been obtained and deposited. The DAC did not agree and directed to conduct inquiry in the matter within a month. No progress was intimated till finalization of the report.

Audit recommends to investigate the matter and recover the cost of tender forms from the firms or person(s) at fault.

AP 57 (2014-15)

4.4.5 Overpayment to consultant - Rs.5.845 million

According to the consultancy agreement, the consultants shall be paid remuneration for 36 months.

During the financial year 2014-15, in the office of the Managing Director, Pakhtunkhwa Highways Authority, construction supervision of work, “Northern Bypass Road Mardan” was awarded to Development Management Consultant at cost of Rs.30,058,744. The completion period of work awarded to contractor and consultants were 36 months whereas the consultants were paid remuneration for 43 months i.e. 7 months more than the contract period causing overpayment of Rs.5,844,756 which need recovery.

S.No	Vr No & dt	Total months claimed	Total months required	Excess Months claimed
1	774 dt 22-06-2015 (Payment request No. 39 May 2015)	43 Man months cost Rs. 35,903,500	36 Man months cost Rs.30,058,744	07 Man months cost Rs.5,844,756

When pointed out in October 2015. The management replied that formal time extension has been granted to the consultants M/S DMC for seven months and the payment relates to the extended period whereas extension to the contractor was in process.

The reply of the department is not tenable. Payment to the consultants should be made as per services rendered and not for idle period.

In the DAC meeting held in November, 2016, the department replied that extension has been granted by the competent authority for a period of seven months. DAC did not agree and directed to provide extension in time limit of the contractor which was in process and consultants and approval of charging of expenditure to PC-I provision instead of PC-II for verification. No progress was intimated till finalization of this report.

Audit recommends that the recovery may be made.

AP 115 (2014-15)

4.4.6 Overpayment to contractor due to allowing higher rate – Rs.1.200 million

According to the contract agreement/BOQ, the contractor shall be paid as per the approved rates. According to Para 221 of CPWA code, before signing the bill, the Sub-divisional Officer should compare the quantities in the bill with those recorded in the measurement book and see that all the rates are correctly entered and that all calculations have been checked arithmetically.

During the financial year 2013-14, in the office of Project Director Emergency Rural Roads Rehabilitation Project (JICA Assisted), it was noticed

that the work, “Random Rubble Masonry in Foundation and Plinth in Cement” was paid to the contractor M/S Badiuz Zaman & Co against LCB NO.24(4) IPC No.5 @ Rs.4,000 PM³ for a quantity of 319 M³ upto 4th running bill on the basis of measurement recorded in the measurement sheets. But in the 5th running bill, the rate of the item was changed to Rs.5,636 PM³ for a quantity of 419 M³. Thus the change of rate caused an overpayment of Rs.685,484 (5,636 – 4,000 = 1,636 × 419).

Similarly a quantity of 319 M³ of an item of work, Random Rubble Masonry was paid at rate of Rs.4,000 PM³ upto 4th running bill but in the 5th the rate was changed to Rs.5,636.43 PM³. Thus due to change of rate, the public exchequer sustained a loss of Rs.522,021 (5,636.43 – 4,000 = 1,636.43 × 319) which needs recovery.

The irregularity occurred due to weak internal controls.

When pointed out in October 2014, the department replied that quantity of item of work Random Rubble Masonry in foundation and plinth in cement, sand mortar 1:6 measuring to 319 M³ was erroneously made to contractor in RRM, which was later on corrected and paid for an item of work coarse rubble masonry in foundation and plinth in cement, sand mortar ratio 1:4.

In the DAC meeting held in October 2015, the department repeated the same reply. DAC did not agree and directed to produce all IPCs/running bills and MB for verification.

The verification of the record revealed that payment has been made to the contractor at higher rates which needs recovery. No progress was intimated till finalization of this report.

Audit recommends to recover the overpayment.

AP 120 (2013-14)

4.4.7 Non-recovery of long outstanding revenue - Rs.7.964 million

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

During the financial year 2013-14, in the office of the Managing Director PKHA Peshawar, it is noticed that Government dues amounting to Rs.9,889,000 were outstanding against petrol pumps, CNG stations and

contractors since long. Out of which a sum of Rs.1,925,000 was recovered however Rs.7,964,000 was yet to be recovered.

Audit holds that non-recovery of outstanding receipt from different sources was due to weak internal controls.

When pointed out in December 2014, it was replied that the outstanding amount would be recovered and factual position would be intimated to audit.

In the DAC meeting held in May 2013, the department replied that the balance amount would be recovered. The DAC directed that outstanding Government revenue may be recovered immediately. No further progress was intimated till finalization of this report.

Audit recommends immediate recovery of Government dues.

AP 599 & 604 (2013-14)

4.4.8 Un-authorized expenditure – Rs.212.903 million

According to clause-3(iii) of the work order No.FHA/C.C/No.104/2009 dated 28.05.2009 and bidding documents vol-III, work shall be executed strictly in accordance with specifications and standard construction practices.

During the financial year 2014-15, in the office of the Managing Director, Pakhtunkhwa Highways Authority, a work, “Improvement & Widening of Batkhela-Totakan-Qulangi Road Malakand Package-II” was awarded to contractor Ghulam Mohammad Khan & Co. at total cost of Rs.211,530,000. The completion period was 36 months commencing from 30.06.2009. The work was completed on 24.06.2012. However, payment for Rs.7,414,000 in the final bill (26th & F/B) was made on 25.09.2014 after lapse of two years & three months for execution of Formation of embankment from Roadway Excavation in common material including compaction by Power Roller of 11,176.06 M³ @ Rs. 222/42 per M³ and embankment from Borrow Pit excavation 1,166.08 M³ @ 404/16 per M³ valuing Rs.1,608,000 when sub Base, Base Course, cut back Bitumen Prime Coat and Asphalt Wearing Course were already completed, had no validity & is against the engineering principles and skills. Moreover, execution of granular back fill, RR Masonry in 1:6, PCC etc costing Rs.5,809,000 have no justification. The expenditure of Rs.291,274,000 was incurred on the work against the estimated cost of Rs.112,530,000 which is 37.69% above the contract cost. Technical Sanction

was also not accorded. The excess expenditure of Rs.178,744,000 million was unauthorized.

Similarly, expenditure of Rs.105,417,060 was incurred on the work, “improvement & widening of Batkhela, Totakan Qulangi Road Package-III (Bridges)” through contractor M/S New Khan Builders against contract cost of Rs.71,258,477 causing excess expenditure of Rs.34,159,000 due to deviation of PC-I, designs & BOQ. The work was completed on 26.06.2012 whereas payment was made on 22.12.2014 after 2.5 years which was unauthorized.

Unauthorized expenditure was incurred due to violation of rules and weak internal controls.

The matter was reported to the management in October 2015. The management stated that payment was the contractor’s liabilities due to non availability of fund.

In the DAC meeting held in November, 2016, the department repeated the previous reply. The DAC directed that MB/dates of measurement and variation orders may be provided to audit for verification. However no record was produced till finalization of this report.

Audit recommends that the matter may be investigated and responsibility fixed.

AP 123 (2014-15)

4.4.9 Unauthorized expenditure in excess of the contract cost – Rs.390.070 million

According to clause-11 of the contract agreement, work shall be executed strictly in accordance with specifications, designs, drawings and within the approved tendered cost.

According to Para 19(IV) of GFR states that no payments to contractors by way of compensation, or otherwise, outside the strict terms of the contract or in excess of the contract rates may be authorized without the previous approval of the Finance Department.

During the financial years 2013-14 and 2014-15, in the office of the Executive Engineer Highway Divisions D.I.Khan & Peshawar, it was noticed that excess expenditure of Rs.390,070,000 were incurred over & above the

contract cost and thus competition was not arranged over the real cost of the work which was unauthorized. (Annex-C).

Audit holds that expenditure was required to be restricted to the approved tender cost or get regularized from Finance Department which was not done.

Unauthorized expenditure occurred due to violation of rules and weak internal controls.

When pointed out in November 2014, it was stated that reply would be furnished after consulting the record.

In the DAC meeting held in August 2016, the department replied that enhancement to the contract cost was approved by the Chief Engineer. DAC did not agree and directed that the enhancement may be regularized from Finance Department. No progress intimated till finalization of this report.

Audit recommends that the matter may be investigated and unauthorized expenditure may be regularized from the competent forum.

AP 368, 369, 370, 371 & 372 (2013-14) AP 50&53 (2014-15)

4.4.10 Un-authorized expenditure - Rs.84.087 million

According to Paras-11 & 12 of GFR Vol-I, each head of a department is responsible for enforcing financial order, strict economy at every step and observing all relevant financial rules and regulations by his own office and by subordinate disbursing officers. He must see not only that the expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended upon the object for which the money was provided.

During the financial year 2014-15, in office of the Managing Director, Pakhtunkhwa Highways Authority, Rs.24,030,000 as detailed below were released by the Finance Department. However, against this provision, the management incurred expenditure of Rs.40,690,000 resulting in excess expenditure of Rs.16,660,000 without legal authority.

S.No.	Financial Year	Funds Released	Expenditure Incurred	Excess/Un-authorized Expenditure
1	2012-13	8,010,000	12,851,262	4,841,262
2	2013-14	8,010,000	14,736,572	6,726,572
3	2014-15	8,010,000	13,102,270	5,092,270
	Total	24,030,000	40,690,104	16,660,104

Out of total expenditure of Rs.40,690,000, a sum of Rs.25,209,000 was spent on POL and repair of vehicles by misusing the financial powers as exhibited in the statement given below:

S.No.	Financial Year	POL	Repair of vehicles	Total
1	2012-13	6,828,815	1,457,282	8,286,097
2	2013-14	7,425,590	1,748,843	9,174,433
3	2014-15	6,501,723	1,246,729	774,8452
	Total	20,756,128	4,452,854	25,208,982

Moreover, pay and allowances of Rs.67,427,387 were claimed from Development Fund which was also unauthorized.

Unauthorized expenditure was incurred due to violation of rules and weak internal controls.

When pointed out in October 2015. The management stated that the PKHA Council has principally approved Rs.15,000,000 provision but less releases were made. Hence, the gap was covered with expenditure from Reserve Funds.

The reply of the department is not tenable. PKHA reserve fund was not meant for such expenditure. The council was principally agreed with the increase conditionally and Finance Department has not responded so far.

In the DAC meeting held in November 2016, the department repeated the previous reply. DAC did not agree and directed to provide approval of the council, Finance Department and other relevant record for verification but no progress intimated till the finalization of this report.

Audit recommends that the unauthorized expenditure may be regularized from the competent forum.

AP 99 (2014-15)

4.4.11 Non-deduction of income tax from the payment allowed on market rates system 2015 - Rs.18.628 million

According to Government of Khyber Pakhtunkhwa, Finance Department Notification No SO(Dev-II)/FD/12-6/2014-15 dated 21-04-2015, cost estimates of development projects in PATA shall be framed on Market Rates System 2015 deducting 7% income tax from the rates of each item.

During the financial year 2015-16, in the office of the Executive Engineer, C&W Highway Division, Swat, it was noticed that tenders were invited from the contractors for execution of various works on the basis of BOQ's based on Market Rates System 2015 without deduction of 7% income tax of Rs.18,628,000 from the rates of each item.

Lapse occurred due to violation of the instructions of the Finance Department.

The matter was reported to the management in September 2016. The management stated that estimates have been prepared by deducting 7% from the total cost.

The reply of the department is not tenable. Deductions should have been made from the individual rates and not from the whole cost. The matter is, therefore, brought to the notice of competent forum for remedial action.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated against the person(s) at fault.

Audit recommends that the matter may be investigated and the amount may be recovered from the contractor concerned and deposited into the Government Treasury.

AP 09 (2015-16)

4.4.12 Unauthorized expenditure on execution of emergency & special repair without observing codal formalities - Rs.10.111 million

According to Para-146 of GFR Vol-1, expenditure should not be split up in order to avoid sanction of the competent higher authority. According to S.No.15.1 (i) (ii) of Delegation of Financial Powers, Executive Engineer is empowered to accord sanction up to Rs.200,000 for repair of non residential buildings & up to Rs.10,000 for residential building.

During the financial year 2015-16, in the office of the Executive Engineer, C&W Highway Division, Swat, it was noticed that expenditure to the extent of Rs.10,111,000 was incurred on various AOM&R works through contractors without advertisement and sanction of the competent authority. As such, execution of works under AOM&R which fall under Special Repair without completing the codal formalities was unauthorized. (Annex-D)

Unauthorized expenditure was incurred due to weak internal controls.

The matter was reported to the management in September, 2016. The management replied that the said works were included in PC-1. Audit disagreed as another tenders were floated in the Newspapers nor Technical Saction of the competent authority were obtained.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated against the person(s) at fault.

Audit recommends that the matter may be investigated and the unauthorized expenditure regularized from the competent authority.

AP 12 (2015-16)

4.4.13 Unauthorized retention of public money in 5th deposit - Rs.4.089 million

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

During the financial year 2015-16, in the office of the Executive Engineer, C&W Highway Division Swat, it was noticed from the review of CPWA-79 for June, 2016 that Rs.4,088,831 were realized (as detailed below) from the contractors and kept under 5th Deposit. However, the same were not deposited into the Government Treasury.

S.No	Particulars of items	Amount
1	Receipt of road cut charges	2,484,731
2	Receipt of machinery charges	119,400
3	Receipt from consultants	613,700
4	Receipt of Asphalt plant hire charges	871,000
	Total	4,088,831

Unauthorized retention of public money occurred due to violation of rules and weak internal controls.

The matter was reported to the management in September, 2016. The management stated that proper action would be taken.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated against the person(s) at fault.

Audit recommends that the amount may be credited to the Government Revenue under intimation to audit.

AP 16 (2015-16)

4.4.14 Non-recovery due to defective work – Rs.17.390 million

According to clause-11 of the contract agreement, work shall be executed strictly in accordance with specifications, designs and drawings within the approved tendered cost and rates.

During the financial year 2014-15, in the office of Executive Engineer, Provincial Building Construction Division No. 1 Peshawar, it was noticed that contract for the construction of Mosque and conversion of basement of S-1 & S-2 block of KP House Islamabad was awarded to M/s Parcon Associates and was allowed payment of Rs.57,722,000 upto 30.03.2015. The instant case was later on inquired by Anticorruption Department and pointed out recovery of Rs.14,993,000 due to deficiencies in the work. Similarly, an amount of Rs.5,397,000 was also recoverable by the local office on account of deficiencies pointed out by Anti-Corruption Department in a work at District Mansehra.

When pointed out in October 2015, the management replied that the case is subjudice.

In the DAC meeting held in September, 2016 the department replied that Rs.3,000,000 out of Rs.14,993,000 have been recovered from the security of the contractor. Moreover the Scheme is still ongoing and the security deposit will be retained till satisfactory removal of defects. DAC did not agree and directed to provide detailed record for verification. No progress was intimated till finalization of this Report.

Audit recommends that action may be taken against the concerned and recover the loss from the person(s) at fault.

AP 33 (2014-15)

4.4.15 Unauthentic expenditure due to non production of auditable record - Rs.16.374 million

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

During the financial year 2014-15, in the office of Executive Engineer, Provincial Building Construction Division No.1 Peshawar, expenditure to the extent of Rs.16,374,000 was incurred on various schemes. However, auditable record i.e. tender documents, contract agreement, PCs-1, Technical Sanctions and MBs etc were not furnished to authenticate the expenditure.

The lapse occurred due to violation of rules.

When pointed out it was replied that the relevant record would be produced to Audit.

In the DAC meeting held in August, 2016, the department repeated the previous reply. DAC directed that relevant record may be provided to Audit. No record was produced till finalization of this report.

Audit recommends to fix responsibility for non-production of record.

AP 46 (2014-15)

4.4.16 Excess on account of incorrect application of premium – Rs.4.190 million

According to Finance Department No.BOI/FD/1-7/2010-11/CSP dated 29.03.2011, only 20% premium is admissible on the CSR rate of 2009.

During the financial year 2013-14, in the office of Project Director C&W Department Swat, PaRRSA/USAID Unit, it was noticed that 28% premium was paid over CSR 2009 instead of 20% which resulted into overpayment of Rs.4,190,000. (Annex-E)

The excess payment was made due to weak internal controls.

When pointed out in February, 2015, the department replied that excess rate was allowed because all the schemes were located in far flung areas involving double/triple carriage.

In the DAC meeting held in January, 2016, the case was referred to Finance Department for opinion. Finance Department further referred the matter to KP Public Procurement Regulatory Authority (KPPRA). The KPPRA authorities opined that the schemes were executed before promulgation of KPPRA Act 2012 and the procuring entity should examine the audit para in light of applicable relevant rules of funding agency and prevailing instructions of Provincial Government.

Audit recommends that the department had made the payment without rate analysis and approval of Government of Khyber Pakhtunkhwa as the Project Director had no authority to change the rate of premium. Therefore, recovery should be effected.

AP 176 (2013-14)

4.4.17 Wasteful expenditure due to defective designs/feasibility study and construction supervision – Rs.24.965 million and Overpayment of Rs.15.845 million

According to the Administrative Approval accorded vide Secretary Health No.1/SPO-I/P&D/Health/2015-16. dated: 25.04.2016, the PDWP directed that the C&W Department may initiate action against consultants and contractor as recommended by Directorate General M&E, P&D Department.

During the financial year 2014-15, in the office of Executive Engineer, Provincial Building Construction Division No.1 Peshawar, payment of Rs.24,965,000 was made to M/S Allied Engineer Consultants on account of consultancy for design & construction supervision of work, “Construction of Additional Wards at LRH Medical & Allied wards” vide 24th Running Bill. The payment was unauthorized & wasteful due to defective designs. The original PC-1 cost of Rs.829,133,000 was enhanced upto Rs.2,410,239,000 and further to Rs.3,166,953,000. Moreover, the consultants were paid Rs.24,965,000 whereas PC-1 cost was Rs.829,133,000 and the payable amount comes to Rs.9,120,000. Thus, Rs.15,845,000 were overpaid. Moreover, due to inability of consultants, escalation of Rs.132,953,000 was also paid to the contractor M/S Rehman Construction Co. for execution of civil work vide 42nd Running Bill.

When pointed out in October 2015, the management furnished no reply.

In the DAC meeting held in September, 2016, the department replied that the scheme was revised due to enhancement in the scope of work. The DAC did not agree and directed that the C&W Department may initiate action against the consultant and contractor and the consultancy charges be restricted to original approved cost in the light of PDWP Instructions. No progress was intimated till finalization of this Report.

Audit recommends that the matter may be investigated, responsibility fixed and recovery effected from the person(s) at fault.

AP 28 (2014-15)

Chapter – 5

Education Department

5.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of :

- ❖ University Education.
- ❖ College Education.
- ❖ Secondary Education.
- ❖ Primary Education.
- ❖ Coordination of schemes for higher studies abroad.
- ❖ Grants of scholarship.
- ❖ Promotion of Scientific Research.
- ❖ Promotion of art and literature.
- ❖ Production and distribution of educational and scientific material.

Comments on budget and accounts (variance analysis)

5.2 Summary of the Appropriation Accounts:

A summary of grants/appropriation of Education Department and expenditure by the department in financial year 2015-16 is given below:

Non-Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
12-Higher Education Archives and Libraries	NC21	9,268,213,000	170	9,268,213,170	6,825,613,112	-2,442,600,058
46-Elementary & Secondary Education	NC21	12,535,827,000	120	12,535,827,120	1,111,101,139	-11,424,725,981
	Total	21,804,040,000	290	21,804,040,290	7,936,714,251	-13,867,326,039

Development

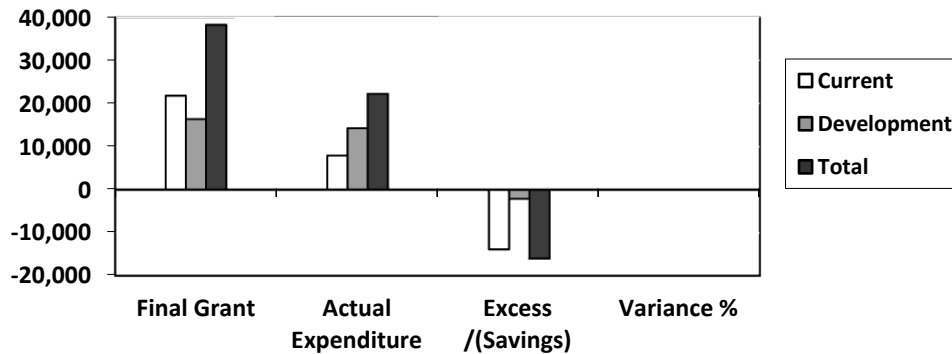
(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
53-Education & Training	NC21	16,400,000,000	40	16,400,000,040	14,275,430,141	-2,124,569,899
	Total	16,400,000,000	40	16,400,000,040	14,275,430,141	-2,124,569,899

Overview of expenditure against the final grant

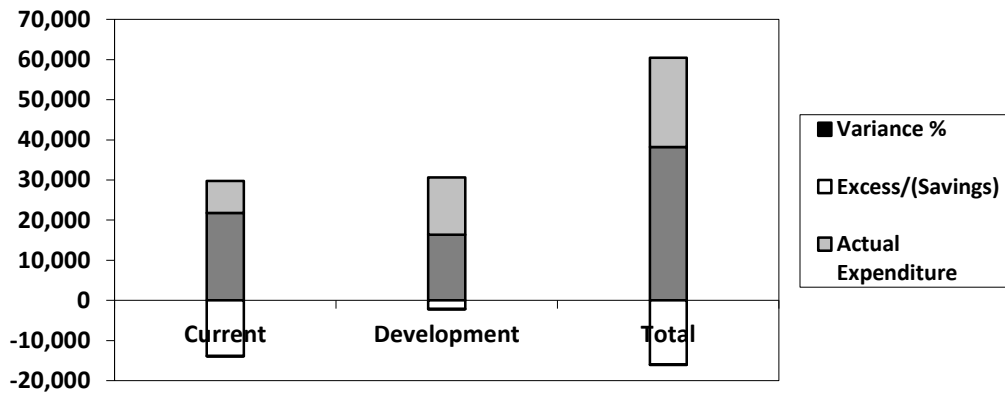
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	21,804.040	7,936.714	-13,867.326	-63.599
Development	16,400.000	14,275.430	-2,124.569	-12.954
Total	38,204.040	22,212.144	-15,991.895	-41.859



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Education Department administering the above grant did not surrender anticipated savings of Rs.15,991.895 million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



5.3 Brief comments on the status of compliance with PAC directives:-

SNo.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2001-02	Education	49	-	42	07
2.	2002-03	-do-	16	-	09	07
3.	2003-04	-do-	06	-	03	03
4.	2004-05	-do-	22	-	09	13
5.	2005-06	-do-	13	-	07	06
6.	2007-08	-do-	10	-	06	04
7.	2008-09	-do-	06	-	-	06
8.	2009-10	-do-	11	-	02	09
9.	2010-11	-do-	33	-	15	18
10.	2011-12	-do-	13	-	09	04
11.	2012-13	-do-	10	-	04	06

5.4 Audit Paras

5.4.1 Non-production of record of appointments & non-recovery of penalty – Rs.229.204 million

According to Section 14 of the Auditor General's Ordinance 2001, no information nor any book or other documents, to which the Auditor General has a statutory right of access, may be withheld from the Audit. Any person or authority hindering the auditorial functions shall be subject to disciplinary action under relevant Efficiency and Discipline Rules applicable to such person.

During the financial years 2014-16, in Abdul Wali Khan University Mardan it was noticed that against the sanctioned strength of 1,119 employees the university has shown 1,026 employees on strength. Out of it 641 employees were appointed during the period from May 2015 to June 2016. The category of the appointment was different like, Professors, Lecturers, demonstrators and administrative staff on regular, contract, fixed pay etc basis.

The relevant record of the appointments was demanded from the concerned staff time and again but was not provided for audit. Further an aggregate monthly payment of Rs.150,578,000 was allowed to them as salary which also could not be authenticated. (Annex-F)

It was further noticed that in the office of Director Elementary and Secondary Education Khyber Pakhtunkhwa, Peshawar, a District-wise statement showed recovery of penalty amounting to Rs.78,626,000 from the persons responsible. However, the department failed to produce challans showing deposit of the said amount into Government Treasury. Due to non-production of deposit challans the recovery of Rs.78,626,000 could not be verified.

Non-production of record occurred due to non-adherence to rules, financial indiscipline and weak internal controls.

When pointed out in November & June 2016, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and take appropriate action against the person(s) at fault.

APs 202&476(2014-16)

5.4.2 Non-production of auditable record

According to Section 14 of the Auditor General's Ordinance 2001, no information nor any book or other documents, to which the Auditor General has a statutory right of access, may be withheld from the Audit. Any person or authority hindering the auditorial functions shall be subject to disciplinary action under relevant Efficiency and Discipline Rules applicable to such person.

During the financial year 2013-14, in the University of Peshawar, record pertaining to Guest House, PUTA (Peshawar University Teachers Association), Principal University Model School and Botany Department was demanded through Treasurer of the University vide letter No.59-112/IAC dated 03.03.215, however no record was produced to Audit despite repeated telephonic and written requests.

The lapse occurred due to non-adherence to rules, and weak internal controls.

The matter was reported to the management in May 2015, but no reply was given by the management.

In the DAC meeting held in January 2016, the DAC decided that record be verified.

On the basis of verification carried out on 02.06.2016, verification committee submitted the following recommendations.

- i. The Guest House remaining income of Rs.547,000 is to be deposited by the incharge in University Account.
- ii. Recovery of Guest House Room rent of Rs.206,590 be effected from Malik Muhammad Ashraf contractor and to be deposited in University Accounts.
- iii. Relevant record of Grant-in-Aid of Rs.9,984,000 released to PUTA during 2012-13 for auditorial check and previous period record as well be produced.
- iv. PUTA Hall income & expenses record for audit scrutiny be produced.

- v. Relevant record of developmental expenditure incurred amounting to Rs. 15,986,000 by the Principal University Model School be produced.
- vi. Recovery of outstanding dues against UMS students amounting to Rs. 231,000 be effected.

Audit recommends that stern action may be taken against the responsible(s) who did not produced the relevant record for scrutiny besides recovery of the amount pointed out by verification committee.

AP 354 (2013-14)

5.4.3 Misappropriation due to delay in deposit of funds and profit on investment - Rs.491.081 million

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

During the financial years 2014-16, in the Abdul Wali Khan University Mardan, it was noticed that local administration had received Cheque No 0864425 dated 03.06.2014 for Rs.468,589,000 from the District Controller of Accounts Mardan under ADP scheme. It was noticed that credit of the said amount appeared in the statement of the Bank Account on 15.06.2015 i.e. after a lapse of complete financial year and that too through transfer. The record showed that profit of Rs.44,047,366 was earned out of which Rs.21,555,094 was accounted for, the whereabouts of the balance profit of Rs.22,492,272 is not known. Detail is as under:

(Rs)					
S#	Period of investment	Amount invested	Rate of profit	Amount of profit	Status
1	11.06.2014 to 10.12,2014	468,589,000	9.60% p.a	22,492,272	Not accounted for
2	11.12.2014 to 10.06.2015	468,589,000	9.20% p.a	21,555,094	Accounted for

The entire released amount of Rs. 468,589,000 was invested in the TDRs for earning profit for two terms of six months each. The funds released by the government were meant for the expenses on the developmental activities and its investment in TDRs was the violation of above rules. This

action of the local administration was not covered under the financial rules and termed as misappropriation of the public funds.

The lapse occurred due to non adherence to rules, financial indiscipline and weak internal controls. This resulted into misappropriation of Rs.491,081,272.

When pointed out in November 2016, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting; however, DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and take appropriate action against the person(s) at fault.

AP 192(2014-16)

5.4.4 Misappropriation by head cashier of Islamia College University – Rs.13.350 million

According to para 26 of GFR Vol-I, 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.

During the financial year 2013-14, in the Islamia College University Peshawar, it was reported by the Superintendent Account Section of the University vide No. Nil/Tr/ICP dated 06.08.2013 that Rs.13,350,000 was received in cash by Head Cashier as dues from students but not deposited in the relevant account opened for Islamia College University receipt funds in the Bank. The amount of Rs.13,350,000 was misappropriated and still not recovered for which VC constituted committee to probe into the matter.

The lapse occurred due to financial indiscipline and weak internal controls. This resulted into misappropriation of Rs.13,350,000.

When pointed out in August 2013, the management stated that a committee has already been constituted and the recommendations will be shared with audit.

In the DAC meeting held in December 2016, the department stated that an inquiry is under process and results will be intimated to audit accordingly.

DAC decided that results of the inquiry be intimated to audit. However, till finalization of this report no progress is intimated.

Audit recommends that inquiry report be submitted to audit at the earliest, besides recovery from the concerned.

AP 477(2013-14)

5.4.5 Misappropriation of PC tablets - Rs. 13.140 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2014-15, in the office of Secretary, Elementary and Secondary Education Khyber Pakhtunkhwa, Peshawar, it was observed that 2,527 PC tablets were purchased from M/s Rockville for onward distribution amongst 100 selected schools of Male & Female in 25 Districts of Khyber Pakhtunkhwa. On scrutiny of stock register, the PC tablets were less issued to the DEO Male/Female as shown in Annex-G.

Signatures for all receipts of PC tablets have been taken in the blank spaces of stock register.

The lapse occurred due to weak internal controls. This resulted into misappropriation of Rs.13,140,000.

When pointed out in June 2016, it was stated that detailed reply would be submitted after consulting the record.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault, besides recovery of tablets from the concerned.

AP 484(2014-15)

5.4.6 Misappropriation in the purchase of generator for students hostel – Rs.2.840 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2013-14, in Islamia College University Peshawar Rs.2,840,000, collected as private hostel charges from female students of the University's 2nd shift, were paid to M/S Imperial Electric Co Peshawar for the purchase of generator.

It was observed that the purchased generator was neither taken on stock nor issued to the private hostel acquired for female students. Thus, Rs.2,840,000 collected as private hostel charges were misappropriated.

The lapse occurred due to weak internal controls and financial indiscipline. This resulted into misappropriation of Rs.2,840,000.

When pointed out in August 2015, the management replied that a committee shall be constituted to probe in the matter.

In the DAC meeting held in December 2016, the department stated that inquiry will be conducted and result will be intimated to audit accordingly. DAC decided to conduct inquiry and fix responsibility against the person(s) at fault. However, no progress was intimated till finalization of this report.

Audit recommends to implement DAC decision.

AP 499(2013-14)

5.4.7 Misappropriation due to less-deposit of milk receipt - Rs.2.206 million

According to clause 6.1.1 of the Agriculture University Peshawar financial rules all moneys received will be deposited in a prescribed bank and recorded in the cash book daily.

During the financial years 2013-16, in the Agriculture University Peshawar, it was noticed that a sum of Rs.5,307,340 was deposited by the Manager Dairy Farm in the university account No. 7450-7 HBL as income

from the dairy farm during the year 2013-14. However, verification of the record of Dairy Farm revealed that during 2013-14 a sum of Rs.7,514,910 was realized as income. Thus Rs.2,206,570 (Rs.7,514,910 – Rs.5,307,340) was less deposited by the concerned.

The lapse occurred due to lack of internal controls and non-observance of rules. This resulted into misappropriation of Rs.2,206,570.

The matter was reported to the management in December 2016. The management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault, besides recovery of Rs.2,206,570 from the concerned.

AP 240(2013-16)

5.4.8 Misappropriation in expenditure on roads restoration & repair - Rs.2.080 million

According to para 612.a of Highway Engineering Book, take coat is done on the already Black Topped Road or over existing Cement concrete pavement.

During the financial year 2013-14, in the Islamia College University Peshawar, it was noticed that tender was floated on 24.06.2013 for the repair and restoration of internal roads in the premises of University and was awarded to the contractor at an estimated cost of Rs.1,443,000. However, fresh estimates of Rs.3,498,000 prepared and work was awarded to the same contractor without floating fresh tender. The record further showed that payment of Rs.2,080,000 was allowed vide cheque No.5484893 dated 11.10.2013 to the contractor but it was found that only bituminous Tack coat was carried out on Islamia College School road instead of premix carpeting as was required. This clearly indicates that the amount of Rs.2,080,000 was drawn and misappropriated by the dealing hands.

The lapse occurred due to violation of rules and weak internal controls. This resulted in misappropriation of Rs.2,080,000.

When pointed out in August 2015, it was stated that the matter would be investigated by a committee for corrective action.

In the DAC meeting held in December 2016, it was replied that the work was awarded to the contractor after fulfillment of all codal formalities and it was discussed with the Technical Expert and it was decided that resurfacing of road proposed for Collegiate School site should be replaced by resurfacing of road by dense grade hot bitumen. The BOQ was revised accordingly. The DAC did not agree and directed to refer the case to the Public Accounts Committee for amicable decision.

Audit recommends to investigate the matter for fixing responsibility against the person(s) responsible and position may be intimated to audit.

AP 501 (2013-14)

5.4.9 Misappropriation due to non submission of details of advance – Rs.1.410 million

According to the Financial Rule 12.2.9 of the Islamia College University, after completing the process of stock taking the Convener Purchase Committee shall render proper accounts of expenditure showing the details of items purchased, their rates, total cost, the unspent balance and the stock entries. The unspent amount shall immediately be refunded.

During the financial year 2013-14, in the Islamia College University Peshawar, it was noticed that Rs.1,410,000 was paid to Provost of University, and Dean, Faculty of Religious and Legal Studies, Islamia College Peshawar, to meet out various contingences. However, after the lapse of 2 years neither its expense accounts was submitted nor the amount was returned which shows that Rs.1,410,000 misappropriated.

Lapse occurred due to non-observance of rules and financial indiscipline. This resulted into misappropriation of Rs.1,410,000.

When pointed out in August 2013, the management stated that detailed reply would be furnished later on.

In the DAC meeting held in December 2016, the department stated that inquiry will be conducted and results will be intimated to audit accordingly. DAC decided to conduct inquiry and place it before PAC for appropriate action. No progress regarding inquiry intimated till finalization of this report.

Audit recommends to implement DAC decision.

AP 504(2013-14)

5.4.10 Loss due to unauthorized appointment of faculty - Rs.99.815 million

The Chancellor declared the recruitments made during the tenure of Professor Dr. Inayatullah Babar Ex-Acting Vice Chancellor as Null & Void communicated to V.C vide Secretary Higher Education Department letter No.SO(U-1)/HE/3-23/2014 dated 11.03.2015. Chancellor's directions were to abolish all vacant posts in BPS-1 to BPS-21 through its bodies. Complete ban may be imposed on all kinds of recruitments for five years. The Selection Board conducted by Mr. Inayat Ullah Babar approved the appointment of faculty subject to approval by the Syndicate of the University. The Syndicate of Gomal University in its meeting held on 24th & 25th August 2015 did not approve the appointments of faculty.

During the financial year 2014-15, in the Gomal University D.I.Khan, it was noticed that the university management appointed the following 62 faculty members in April 2014 in violation of the chancellor's directions. They were paid Rs.99,815,000 from April 2014 to June 2015. Despite the directions of competent authority the faculty was appointed and is drawing their salaries.

S. No	Details	BPS	No of faculty appointed.
1	Professors	21	14
2	Associate Professors	20	5
3	Assistant Professors	19	43
	Total		62

In the light of above exposition, the expenditure of Rs.99,815,000 so incurred on the salaries of these 62 faculty members was unauthorized.

The irregularity occurred due to non-observance of chancellor's directions and weak internal controls. This resulted into unauthorized expenditure of Rs.99,815,000.

When pointed out in February 2016, the University management furnished no reply.

In the DAC meeting held in December 2016, the department replied that the Gomal University Syndicate in its 90th meeting held on 07.04.2014 unanimously approved the recommendations of the selection board conducted by Prof. Dr Muhammad Inayat Ullah Babar, Acting Vice Chancellor. The directives of Chancellor have been implemented by this University, however in some cases were not implemented where judgments of High Court were involved. DAC did not agree and directed that violation of honorable chancellor directives need fixing responsibility and recovery.

Audit recommends that detailed inquiry may be conducted and responsibility fixed for the lapse besides recovery from the Officers responsible.

APs 379 & 380 (2014-15)

5.4.11 Loss due to irregular purchase of pirated and substandard books - Rs. 93.306 million

Para 148 of GFR Vol-I, requires that all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register. Further according to standard instructions of the Government of Pakistan Capital Administration and Development Division, Department of Library, Library Rate Committee circulated vide Notification No F.5-3/2014-P&R, the books/library material can be purchased according to standard schedule rate from any book seller in the country, tender needs not to be called.

During the financial years 2014-16, in Abdul Wali Khan University Mardan, it was noticed that an expenditure of Rs.93,306,330 was incurred on the procurement of various kinds of books for the HODs and Library of the University but the instructions issued by the Government of Pakistan Capital Administration and Development Division, Department of Library, Library Rate Committee as referred to above were not followed. Therefore, the expenditure of Rs.93,306,330 incurred was irregular. Out of the above payment of Rs.60,495,171 was paid to different book sellers for the pirated and substandard books because the librarian while issuing supply order has mentioned that preference be given to reprint Indian and low cost books for supply. This indicates that the original books were not purchased. Supply order was placed on 22.10.2014 while approved for the purchase was accorded on 30.10.2014.

The lapse occurred due to non-adherence to rules and weak internal controls. This resulted into loss of Rs.93,306,330.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility and appropriate action against the person(s) at fault.

APs 174, 175 & 176 (2014-16)

5.4.12 Loss to Government due to non-recovery of fee paid to the absconder scholars - Rs. 61.296 million

According to clause 4 of the agreement deed signed with scholar, upon completion of the term of his award, he shall serve the Institute of Management Sciences, Peshawar for a period of not less than five years. As per clause 8, the 'Scholar' has produced two sureties. The sureties shall be jointly responsible and stand bound by this agreement and guarantee the 'Scholar performs his promises/undertaking in letter and spirit. In the event of default of the 'Scholar', the sureties shall indemnify and pay to Institute of Management Sciences, the said amount in full.

As per clause-6 of the agreement deeds signed with scholars, in the event of any breach of the terms the scholars will be liable to pay on demand 5 million as liquidated damages to I.M. Sciences Peshawar.

During the financial years 2013-15, in the Institute of Management Sciences Peshawar, it was observed that scholarships were awarded to scholars in various Field of Studies under HEC funded Project "Development Institute of Management Sciences, Peshawar" during 2008-09. These 7 faculty members did not return to the institute after completion of their studies in violation of agreement. Thus the institute sustained a loss of Rs.61,296,000. Detail as under:-

S.No	Name of Scholar	Starting Date	Completion Date	University	Amount (Rs.)
1	Syed Shabi ul Hassan	Oct 2008	September-12	University of Southampton UK	13,446,000
2	Mr. Sarosh Aziz	-do-	-do-	-do-	13,572,000
3	Mr. Adnan Yousaf	March 2009	February-13	University Freiberg, Germany	9,682,000
4	Mr. Nafees ur Rehman	June 2009	May-13	-do-	9,602,000
5	Shakirullah	Oct 2008	September-12	-	11,543,000
6	Mr.Javed Iqbal	2013-14	Prg. Code 3625	University of Southampton UK	1,554,000
7	Mr. Adnan Javed	-do-	-do-	-do-	1,897,000
Total					61,296,000

Lapse occurred due to violation of rules and weak internal controls. This resulted into loss of Rs.61,296.000.

When pointed out in April 2016, it was stated that detailed reply would be furnished after consultation of record.

In the DAC meeting held in January 2017, the department replied that Mr. Adnan Yousaf, Mr. Shabihul Hassan & Miss Sarosh Aziz have agreed for a settlement and are not coming back. Recovery of Rs.33,004,000 from these scholars have already been initiated and reported to Higher Education Commission. Efforts are underway for recovery of the remaining amount from other scholars. DAC did not agree and directed that full recovery along with liquidated damages amounting to Rs.5,000,000 from each scholar be recovered under intimation to audit. However, no progress intimated till finalization of this report.

Audit recommends that DAC decision be implemented.

APs 225 & 536 (2013-14 & 2014-15)

5.4.13 Loss to the University Exchequer due to leasing of University property on lesser rates - Rs. 48.670 million

As per Para 2 (f) of Chairman Board of Trustees for Islamia College University Peshawar's decision in their meeting dated 23.11.1993, that after every three years agreement deeds may be renewed and rent/lease to be increased @ 25% according to the Government Rules.

During the financial year 2013-14, in the Islamia College University Peshawar, it was noticed that according to the Board of Trustees, University has 1089 Jarib (4356 Kanals) cultivable land in Harichand, Raikilli and Tarnab (District Charsadda), 433 shops and flats in the Khyber Bazar Peshawar and main Bazaar Charsadda. All these properties have been given on lease on very low rates years ago.

The rental/lease rates of the property were required to be increased @ 25% after every three years, which was not done. If we take Rs.1.418 million per month as base price then the loss during 9 years would be Rs.48,670,000.

(Rs 1.418 million+ $1.418 \times 25\% = 1.772 \times 25\% + 1.772 = 2.216 \times 25\% + 2.216 =$ Rs.2.77- Rs 1.418 + Rs 1.352×3 times = Rs 48.67 million).

Non-leasing or non increasing rates @ 25% after every three years is a serious lapse on the part of University management which resulted into loss of Rs. 48,670,000.

Lapse occurred due to financial indiscipline and weak internal controls. This resulted into loss of Rs.48,670,000.

When pointed out in August 2015, the management replied that in the recent meeting of the Board all old agreements have been revised to bring them at par with Government rent rates. This will bring down the deficit and increase the income of the Board of Trustees.

In the DAC meeting held in May 2016, University management repeated the previous reply. However, DAC disagreed and decided that University should explain its position before PAC.

Audit recommends that being a very serious matter, the University should take appropriate action to safe guard the interest of University.

AP 469 (2013-14)

5.4.14 Loss due to acceptance of higher bid for civil work - Rs.38.067 million

According to Chapter II-6(1)(3)iv, of the Procurement Rules 2014, the procuring entity shall use open competitive bidding for the procurement of goods over the value of Rs. 100,000, the lowest offer from the qualified bidder shall be accepted for award of contract.

During the financial year 2014-15, the accounts record of the Project, “Establishment/Construction of Institute of Peace & Conflict Studies at University of Peshawar”, revealed that tenders for the above civil work was invited and five contractors were short-listed. According to the comparative statement, the bid of Rs.71,770,850 offered by M/s Sirajul Haq & Sons Peshawar was the lowest, which was not accepted by the committee without any reason and the higher bid of Rs.109,837,934 of the 2nd lowest contractor M/s Muhammad Ishaq & Co. Peshawar was accepted. Thus, the university exchequer sustained a loss of Rs.38,067,084 (109,837,934-71,770,850).

The loss occurred due to weak internal controls and non-observance of rules. This resulted into loss of Rs.38,067,084 to university.

When pointed out in May 2016, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that recovery of loss may be effected from the concerned.

AP 492(2014-15)

5.4.15 Loss due to non-recovery of rent of shops and agriculture produce- Rs.28.954 million

According to para 26 of GFR Vol-I, 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.

During the financial year 2013-14, in Islamia College University Peshawar, it was noticed that an amount of Rs.28,954,260 was outstanding/recoverable on account of rent of shops and produce from the agriculture land. However, for recovery of outstanding amount no serious

efforts have been made. This resulted into loss to the Institution. Detail as Annex-H

Lapse occurred due to financial indiscipline and weak internal controls. This resulted into loss of Rs.28,954,260.

The loss was reported to the management in August 2015. However, no reply was given.

In the DAC meeting held in May 2016, the management replied that the Board of Management has constituted a committee to expedite recovery of arrears. The list of defaulters has been sent to Director General NAB KP as well as DC Charsadda for recovery under Land Revenue Act. DAC decided that full recovery be made. However, no progress regarding recovery has been reported to audit till finalization of this report.

Audit recommends to expedite the recovery.

AP 470 (2013-14)

5.4.16 Loss due to non recovery of dues from defaulter PhD Scholar- Rs.26.702 million

According to clause V of the Deed of Agreement and surety bond with the university “in case the scholar fails to maintain the required standard or quality the course/degree for which he/she was awarded scholarship, the university reserves the right to recover the entire expenditure from scholar/quarter while clause-XVI of the agreement states “the scholar shall be bound to pay the university a penalty as prescribed by the university”.

During the financial years 2014-16, in Abdul Wali Khan University Mardan, it was noticed that Director HRD issued different award letters to the overseas PhD scholars for holding admissions. Payments were released but the under mentioned five scholars neither reported progress nor finalized their PhD and became defaulters. They were directed to deposit the paid amount along with 25% fine, however, neither the outstanding amount of Rs.26,701,947 recovered nor any progress reported. Non-recovery put the public exchequer into loss of Rs.26,701,947. Detail as under.

S No	Name	Financed through	Amount of default (Rs)
1	Raheel Anjum	Mega PC-1	913,728
2	Azmat ali Shah	Mega PC-1	4,792,870
3	Adnan Ibrar	Mega PC-1	6,612,762
4	Muhammad Pervez	HED fund	9,861,476
5	Nasir Ali	Bacha khan HED fund	4,521,111
Total			26,701,947

Lapse occurred due to violation of rules and financial indiscipline. This resulted into loss of Rs.26,701,947 to the University.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter and fix responsibility, besides recovery of loss from the person(s) responsible.

AP 150 (2014-16)

5.4.17 Loss due to non deduction of income tax from the contractor/supplier-Rs.31.277 million

According to section 153 of the Income Tax Ordinance 2001, 7.5 % income tax is recoverable from the filer of return while 10 % from non filer contractors.

During the financial years 2014-16, in Abdul Wali Khan University Mardan, it was noticed that tender for the supply, installation and commissioning of 2.5 MW Power House at the Garden Campus was awarded to M/s The Industrial Enterprises (TIE) with the tender cost of Rs.326,500,000. Work order was issued and the contractor started the work and got payment of Rs. 305,604,000. However, income tax at the rate of 7.5% amounting to Rs.18,682,000 was not deducted from the claims of the contractor, which resulted into loss to the public exchequer. Detail as under:

S #	Cheque #	Date	Payment allowed	Income tax deducted	Income tax required	Loss (Rs)
1			20 % 65,300,000	0	4,897,500	4,897,500
2	19683263	02.07.2015	20 % 11,101,000	0	832,575	832,575
3	504276	14.09.2015	20 % 76,401,000	0	5,330,075	5,330,075
4	504615	06.01.2016	20 % 76,401,000	0	5,330,075	5,330,075
5	504895	20.06.2016	20 % 76,401,000	3,438,045	5,330,075	2,292,030
Total				3,438,045	21,720,300	18,682,255

It was further noticed that tender for the supply and installation of IT equipments in the Garden Campus was floated and awarded to M/s Sahil Builders with the tender cost of Rs.338,270,000. The record showed that payment of Rs.167,937,540 was allowed to the contractor. However, in the following cases income tax was not deducted from the contractor which resulted into loss of Rs.12,595,314 to the public exchequer.

(Rs.)

Cheque #	Date	IPC No	Gross amount	I/Tax required	I/Tax deducted	Difference
05631302	08.06.16	IPC No-2	64,340,585	4,825,543	0	4,825,543
0504897	29.06.16	IPC No-3	103,596,955	7,769,771	0	7,769,771
Total			167,937,540	12,595,314	0	12,595,314

The loss of RS.31,277,569 occurred due to non-adherence to rules, financial indiscipline and weak internal controls.

When pointed out in November 2016, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly through DO letters, for holding of the DAC meeting, however neither DAC meeting convened nor loss recovered till finalization of this report.

Audit recommends to investigate the matter, fix responsibility against the person(s) at fault besides recovery of tax from the concerned.

APs 183 (2015-16) &126 (2014-15)

5.4.18 Loss due to unauthorized payment of income tax from university account – Rs.12.690 million

According to Finance Act 2013, tax rebate is not allowed to the individuals working on administrative posts in the Public Sector Universities.

During the financial years 2013-16, in the Agriculture University Peshawar, it was noticed that income tax worth Rs.12,690,000 was not deducted from the teaching staff working on administrative posts and undue rebate was given to certain staff (i.e. staff working on administrative posts) who were not entitled for the rebate in tax. University administration has not recovered it from the concerned staff. The said income tax of Rs.12,690,000 was deducted directly from the university account by the Federal Board of Revenue. Thus university sustained a loss of Rs.12,690,000.

The lapse occurred due to weak internal controls and non-observance to rules. This resulted into loss of Rs,12,690,000.

The matter was reported to the management in December 2016. The management stated that detailed reply would be furnished later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting convened nor loss recovered till finalization of this report.

Audit recommends recovery from the individuals or from the person(s) responsible.

AP 254 (2013-2016)

5.4.19 Loss due to purchase of substandard generators – Rs.12.230 million

According to Chapter-II Methods of Procurement of Goods S.No.6(1) and S.No.3(b)(iv), the procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods over the value of Rs.100,000. The lowest offer from the qualified bidder shall be accepted for award of the contract and will be the best evaluated bid. Further, para 148 of GFR Vol-I, requires that all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2013-14, in Islamia College University Peshawar, it was noticed that Rs.12,230,000 was paid to M/s Imperial Electric Co Peshawar for the purchase of four generators viz one 250KVA for Khyber Union Hall, one 100 KVA for Islamia Collegate School, one 100 KVA for Islamic Girls College & psychology department and one generator of 150 KVA as extra reserve.

Audit has the following observations:

1. All generators purchased against Rs.12,200,000 were defective and not working hence not installed since purchase in September 2013 till the date of audit i.e. July 2015.
2. Original invoice and other papers were stated to have been missing and not produced to audit.
3. 150 KVA generator worth Rs.3,020,000 was not advertised in the newspapers but it was directly purchased from M/s Imperial Electric Co. who did not offer bid.
4. When the yellow color iron sheet cover was removed by a professional engineer of the Engineering University Peshawar it was disclosed that these generators were locally made in Karachi from the obsolete model engines of the “rocket trucks”.
5. 50% advance payment was made on one hand and on the other no call deposit and no performance bank guarantee was secured from the supplier as required for the purchase.

Thus due to substandard purchase university sustained a loss of Rs.12,230,000.

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

When pointed out in August 2013, the management replied that the matter is under investigation and the progress would be intimated to audit.

In the DAC meeting held in December 2016, the management stated that inquiry is under process and result would be intimated to audit accordingly. DAC decided to complete inquiry and fix responsibility. However, no progress was intimated till finalization of this report.

Audit recommends the implementation of DAC decision, besides recovery from the concerned.

AP 478(2013-14)

5.4.20 Loss due to allowing higher rates - Rs.4.736 million

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

During the financial year 2013-14, in Abdul Wali Khan University Mardan, a contract was awarded to M/s Zahir Shah and Brothers for construction of external development works package-V. The contractor completed earth work i.e. formation of embankment/borrow material from any land lift, carriage royalty, taxes etc. In 2nd bill (IPC) the contractor was paid for non-scheduled item in different rates for the same item. On the 1st occasion the rate was applied @ Rs.30 per cft and on the 2nd time Rs.27 per cft. Thus a sum of Rs.4,736,704 ($30-27=3 \times 1578899\text{cft}$) was paid in excess.

Lapse occurred due to non-observance of rules. This resulted into loss of Rs.4,730,000.

When pointed out in December 2014, it was stated that reply would be given later on.

In the DAC meeting held in November 2015, the department replied that soil strata in the entire area is mostly water logged, the road structure if so constructed on the previous design would have sunk and settled badly if instructions of the experts i.e. Geotechnical Engineer MC Risaplur were not followed. According to the advice we had to use rich soil i.e. almost hard rock in the bed cut 1.67ft below the NSL. Being a non-schedule item the analyzed/approved rate is Rs.32.88 per cft & as such, the payment made is in order. DAC did not agree and decided to recover the amount. However, no recovery affected till finalization of this report.

Audit recommends that recovery may be made from the person(s) responsible.

AP 105 (2013-14)

5.4.21 Loss due to missing newly purchased generator-Rs.2.680 million and unauthorized provision of newly procured generator to contractor-Rs.1.520 million

According to para 23 of GFR Vol-I, every government officer should realize fully and clearly that he will be held personally responsible for any loss

sustained by government through fraud or negligence on his part or on the part of his subordinates. Para 148 of GFR Vol-I, says all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2014-16, in Abdul Wali Khan University Mardan, it was noticed from the record of developmental expenditure that tender for the procurement of Diesel Generators was floated in the newspaper and contract was awarded to M/s Jaffer & Co with the tender cost of Rs.40,881,000.

The contractor supplied eight generators which were shown installed, however it was found that one 100 KVA Generator costing Rs.2,680,000 was not available in the Garden Campus. Similarly, one 30 KVA generator valuing Rs.1,520,000 was provided on contract basis to the private contractor who is running the petrol pump. Thus university sustained a loss of Rs.2,680,000 and unauthorized provision of generator amounting to Rs.1,520,000.

Lapse occurred due to financial indiscipline and weak internal controls. This resulted into loss of Rs.2,680,000.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter and responsibility fixed against the person(s) responsible, besides recovery of generator.

AP 118(2014-16)

5.4.22 Loss due to extending undue benefit to the contractor - Rs.2.240 million

According to negotiation meeting held on 03.01.2012 and work order issued vide No. 932/Works dated 16.01.2012 Topographic survey & Geo-tech investigation will be carried out free of cost. According to Para-23 of GFR

Vol-I, every Government Officer will personally be held responsible for any loss sustained by Government through negligence or fraud on his part.

During the financial years 2013-16, in the Agriculture University Peshawar, a sum of Rs.2,240,000 was shown paid to M/S Associated Consulting Engineers, for the following items of work, in the Project namely Khyber Pakhtunkhwa Agriculture University Amir Muhammad Campus Mardan:-

1. Topographic Survey	Rs.840,000
2. Geo technical investigation	Rs.1,400,000
Total	<u>Rs.2,240,000</u>

Audit observed that the payment was made to extend undue benefit to the contractor because the said items of work were required to be carried out free of cost as agreed by the Consultant.

The lapse occurred due to non-observance of commitment and weak internal controls. This resulted into loss of Rs.2,240,000 to the university.

The matter was reported to the management in December 2016. The management stated that detailed reply would be forwarded to Audit.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting convened nor loss recovered till finalization of this report.

Audit recommends to hold inquiry and recover the loss.

AP 239(2013-16)

5.4.23 Loss due to non recovery of Stamp Duty - Rs.1.680 million

According to Finance Department letter No.15796-89 stamps-240 dated 29.06.2002, stamp duty @ 1% should be recovered on procurement of materials and stores.

During the financial year 2012-13, in the office of Director Institute of Management Sciences Peshawar, it was noticed that expenditure to the tune of Rs.167,780,000 was incurred on the purchase of various fixed assets during the year. Payments were made to various suppliers however, 1% stamp duty amounting to Rs.1,680,000 was not recovered.

Loss occurred due to non-observance of rules and weak internal controls.

When pointed out in May 2014, the management stated that detailed reply would be given after consulting the record.

In the DAC meeting held in January 2017, the department replied that the opinion of law department on the issue states under section 29 clause (f) of the Stamp Act 1899, that in the absence of any agreement the expense of stamp duty shall be borne by the purchaser of the property. But as the government is already exempted from the levy of stamp duty under section 3 of the Stamp Act 1899, therefore the institute in its capacity as a purchaser is exempted from the said duty. DAC did not agree and directed that stamp duty amounting to Rs.1,677,000 should be recovered from all suppliers and verify it from audit. However, no progress was intimated till finalization of this report.

Audit recommends that amount be recovered.

AP 477 (2012-13)

5.4.24 Loss on account of execution of sand filling instead of earth filling - Rs.1.056 million

According to Para-95 of CPWD Code, engineer is strictly prohibited to deviate from sanctioned design in the course of execution of work. According to Para-23 of GFR Vol-I, every government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by the government through fraud or negligence on his part or on the part of his subordinate.

During the financial year 2014-15, in the Project, “Establishment of Institute of Peace & Conflict Studies University of Peshawar”, it was noticed that as per drawing & designs and BOQ, the available earth was to be utilized in filling under floor. However, the contractor M/s Muhammad Ishaq & Co. had executed 36900 Cft supply and filling of Sand under floor @ Rs.2861.79 per 100 Cft vide 6th Running Bill despite the fact that quantity of 163590 Cft earth was available from excavation and was required to be re-used. Non-utilization of available material resulted into loss of Rs.1,056,000.

Lapse occurred due to weak internal controls. This resulted into loss of Rs.1,056,000.

When pointed out in May 2016, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that extra cost of Rs.1,050,000 may be recovered.

AP 496(2014-15)

5.4.25 Overpayment on appointment as meritorious professors- Rs.21.050 million

According to item # 3 of 2nd Minutes of the Senate and University Office order No.202/R/UAP dated 21.09.2016, 05 TTS Professors were allowed the position of Meritorious Professor (BS-22) with the direction that financial package as admissible to the faculty under TTS shall stand withdrawn from the date of their appointment as Meritorious Professors and recovery to be worked out on the basis of total salaries drawn by them on TTS during the period and that payable to them in BPS-22 shall be adjusted accordingly.

During the financial years 2013-16, the Agriculture University Peshawar overpaid a sum of Rs.21,050,092 to the TTS Professors who were appointed as Meritorious Professors w.e.f 13.05.2014 to 01.09.2016.

(Rs)

S#	Name of professor	Period	Pay due in BPS	Pay drawn in TTS	Difference
1	Dr.Hidayatur Rehman, Department of PBG, UAP	13.05.2014 to 01.09.2016	7,031,714	9,952,540	2,920,827
2	Dr.Hamidullah Shah, Department of Agri: Chemistry, UAP	13.05.2014 to 01.09.2016	5,893,596	10,079,277	4,185,682
3	Dr.Shad Khan, Department of Agronomy UAP	13.05.2014 to 01.09.2016	5,675,851	10,208,618	4,532,767
4	Dr.Muhammad Tariq Jan, Department of Agronomy, UAP	13.05.2014 to 01.09.2016	5,130,582	10,388,157	5,257,575
5	Dr Fahatullah, Department of PBG, UAP	13.05.2014 to 01.09.2016	5,921,036	10,079,277	4,158,241
Total			29,652,779	50,707,869	21,055,092

The lapse occurred due to weak internal controls. This resulted into overpayment of Rs.21,050,000

The matter was reported to the management in December 2016. The management stated that detailed reply would be forwarded to Audit later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting convened nor overpayment recovered till finalization of this report.

Audit recommends recovery of Rs.21,050,000 wrongly paid to the concerned Professors.

AP 241 (2013-16)

5.4.26 Overpayment on account of house rent paid @ 45% instead of 30% - Rs.16.030 million

Finance Department Government of Khyber Pakhtunkhwa vide letter No.SOSR-III/FD/1-27/2003 dated 23.04.2003 has clarified that all Universities in Khyber Pakhtunkhwa must follow the Provincial Govt. pay and package and other financial policies and must not adopt independently. Higher Education Commission Islamabad in their letter bearing No.F-P-2.157/HEC/2009/580 dated 04.08.2009 addressed to Governor/Chancellor Universities of Khyber Pakhtunkhwa has requested that the Vice Chancellors may be directed that the payment of admissible allowances/facilities in excess of prescribed rates or extending additional allowances/incentives to faculty/staff other than admissible under the BPS may not be allowed. Further in accordance with Sr. No.5(ii) of Finance Division Regulation Wing O.M.No.F-1(2)LMP/94(i) dated 15.06.1994 (BPS 1-22) read with minutes of 63rd meeting of Syndicate, 45% house rent allowance is admissible to employees working in Peshawar City, whereas in all other Districts, employees are entitled to 30% of the minimum of pay scale. Similarly, in the syndicate meeting of the Gomal University the member representing Higher Education Commission in the Finance and Planning Committee clarified that the financial directives of the Federal Government are to be followed in all matters where funds are provided by the Federal government through the Higher Education Commission.

During the financial year 2013-14, in the Gomal University D.I.Khan, the employees of the University were paid House Rent Allowance @ 45% instead of 30%. An amount of Rs. 53,142,000 was paid on account of HRA @ Rs. 45% and thus Rs.16,036,000 was overpaid to them. Detail is as under:-

		(Rs.)
Total amount of HRA drawn	@ 45%	53,140,000
Total amount of HRA required	@ 30%	37,100,000
Overpaid amount		16,030,000

Lapse occurred due to non-observance of rules, financial indiscipline and weak internal controls. This resulted into an overpayment of Rs.16,030,000.

When pointed out in December 2014, the management stated that detailed reply would be furnished later on.

In the DAC meeting held in Jan 2016, the university replied that similar nature case was discussed in the Public Accounts Committee meeting held on 21st August 2015 and Public Accounts Committee recommended that special meeting of the PAC will be convened shortly to resolve the issue of House Rent Allowances once for all. However, DAC decided that as the case has not yet been decided by the PAC therefore, the para is placed before PAC for decision.

Audit recommends that amount be recovered and position be explained before the PAC.

AP 195 (2013-14)

5.4.27 Overpayment on account of price escalation to contractor - Rs.14.850 million

According to Clause-59 of the General Conditions of Contract, all prices shall be frozen at the rate at which adjustment was allowed in the last monthly interim payment statement relating to the said period even if any extension of time is allowed except where the extension was due to the fault of the contractor. Appendix-J to Tender Document (Schedule of Basic Prices of Specified Materials), adjustment of increase/decrease in prices shall only be admissible for Ordinary Portland Cement and Steel Reinforcement. The basis of the rate for Steel Reinforcement will be Monthly Statistical Bulletin issued by Federal Bureau of Statistics Islamabad for the Abbotabad Area, and for Ordinary Portland Cement will be Askari Cement and Facto Cement which ever is lowest.

During the financial year 2013-14, in the office of Project Director, "Captain Karnel Sher Khan Shaheed (NH)" Cadet College Swabi, it was

noticed that payment of Rs.12,025,829 was made to contractor of NLC on account of escalation bill in the extended period. The contract was awarded to NLC on 95% above premium on CSR 1999 with completion time of 18 months w.e.f. 01.07.2006 to 31.12.2007. The work was not completed within stipulated time period. On the request of contractor 1st extension was granted upto 30.04.2012 and 2nd extension upto 30.06.2012 by the Board of Governors. Audit is of the opinion that payment of escalation was unauthorized because the extension was due to contractor's fault.

Lapse occurred due to weak internal controls. This resulted into overpayment of Rs.14,085,000.

When pointed out in December 2014, the management furnished no reply.

In the DAC meeting held in May 2015, the department stated that the work was not delayed by NLC, but got delayed due to slow/non release of funds by the Government, escalation was provided to NLC only on those items for which provision was in the contract. DAC did not agree and directed to provide relevant record for verification within 15 days.

The department produced relevant record for verification, which revealed that during the original period of contract the rate of steel was escalated/increased and the rate of cement was de-escalated/decreased. Escalation of Rs.12.026 million on steel reinforcement was paid to the contractor without freezing the rates, and the de-escalation in cement was not applied. Only escalation/increase was applied leaving de-escalation/decrease, thus violating the agreement conditions.

The escalation and de-escalation was calculated by audit on the basis of available evidences and freezing the prices. The amount of escalation in the steel prices comes to Rs.5,619,432 and de-escalation in cement prices comes to Rs.8,450,823. A sum of Rs.2,831,391 (-Rs.8450823 + Rs.5619432) was required to be recovered from the contractor but instead payment of Rs.12,025,829 was made to the contractor causing overpayment of Rs.14,857,220 to the contractor. As per audit the overpayment on account of escalation may be recovered from the contractor.

The overpayment was not recovered from the contractor till finalization of this report.

Audit recommends to recover the overpayment from the contractor.

AP 145 (2013-14)

5.4.28 Overpayment on account of purchase of land for Amir Muhammad Khan Campus Mardan-Rs.7.996 million

According to award under section 11 of the land acquisition act 1894 had taken place for 2000 kanal vide Land acquisition collector/District Collector Mardan No. 501-505/LA dated 28.9.2010.

During the financial years 2013-16, in the Agriculture University Peshawar, it was noticed that a land of 2000 kanal was purchased for Amir Muhammad Khan Campus Mardan @ Rs.66,640 per kanal for Rs.133,280,000 including all taxes for which payment was made to the District Officer Revenue and Estate Mardan vide Cheque No. 5433301 dated 30.06.2009 for further distribution among the land owners. After 05 years the Commissioner Mardan issued a corrigendum under section-6 of the Land Acquisition Act 1894 for 1880 Kanal vide No. 373/LA dated 19.02.2015. Thus on the one hand a land of 120 kanal decreased and on the other hand an overpayment of Rs.7,996,800 (120 kanal × Rs.66,640) was made to the land owners.

The lapse occurred due to mismanagement and lack of planning and weak administrative controls. This resulted into an overpayment of Rs.7,996,800.

The matter was reported to the management in December 2016. The management stated that detailed reply would be forwarded to Audit.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened till nor overpayment recovered finalization of this report.

Audit recommends to take action against the person(s) concerned besides recovery of Rs.7,990,000.

AP 235 (2013-2016)

5.4.29 Overpayment on account of three advance increments - Rs.6.197 million

HEC Model Tenure Track Process Statutes page 18 subsection 2.10.1 states that initial pay of faculty member appointed to a post shall be determined as a sum of the salary + upto a maximum of 4 advance increments. Moreover, general introduction at page-2 of these statutes discloses that in consultation with HEC each institute shall modify these Model Tenure Track Statutes in light of their particular nature and circumstance, this modification however are

to be minor in nature and may not alter the fundamental spirit of the tenure track process.

During the financial year 2012-13, in the office of Director Institute of Management Sciences Peshawar, it was noticed that 22 faculty members were hired on Tenure Track System (TTS) and were paid seven (07) advance increments amounting to Rs.6,196,750 in violation of the HEC TTS statutes, which allows maximum of 4 advance increments. The amount of Rs.6,196,750 was arranged as honoraria to the tenure track staff from the institute's own resources.

Lapse occurred due to non-observance of rules and weak internal controls. This resulted into an overpayment of Rs.6,196,750.

When reported to the management in May 2014, it was replied that approval for 3 advance increments beyond the HEC TTS was obtained from the Board of Governors.

Reply of the local office is not justified because the HEC Model TTS was approved in January 2008, however, the Board of Governors and Executive Committee approved the 7 advance increments prior to the HEC Model TTS. Moreover, such amendments in the fundamental spirit of TTS process were not reported to the HEC for approval.

In the DAC meeting held in January 2017, the department replied that Institute of Management Sciences is competing with other reputable business institutions of the country therefore, the institute requires faculty members who have the ability to impart quality education to the students, therefore, the Institute offered additional honorarium to the faculty members on TTS in order to recruit and retain them. DAC did not agree and directed that overpayment on account of three advance increments be recovered from all concerned and got it verified from audit, and further payments on this account be stopped immediately. However, no progress was intimated till finalization of this report.

Audit recommends that DAC decision be implemented.

AP 472 (2012-13)

5.4.30 Overpayment on account of Conveyance Allowance - Rs.3.804 million

The Finance & Planning Committee of the Agriculture University in its 66th meeting held on 24.06.2014 duly approved by Syndicate in its 90th meeting held on 27.11.2014 has recommended recovery of overpayment on account of Conveyance Allowance.

During the financial years 2013-16, in the Agriculture University Peshawar, it was noticed that recovery of overpayment of Rs.3,804,093 on account of conveyance allowance was recommended by F&PC. However, the overpayment has not been recovered till the date of audit i.e. December 2016.

The lapse occurred due to weak internal controls. This resulted into an overpayment of Rs.3,804,093.

The matter was reported to the management in December 2016. The management stated that detailed reply would be forwarded to Audit.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor overpayment recovered till finalization of this report.

Audit recommends the department to hold inquiry, fix responsibility and recover the outstanding amount.

AP 243(2013-2016)

5.4.31 Overpayment due to allowing incorrect claim of Sales Tax - Rs.1.025 million

According to letter No.WHU-II/RTO-PR/2015-16/75 dated 07.10.2015 issued from the office of the Deputy Commissioner (IR) Regional Tax Office, Peshawar, sales tax from registered person @ 17% 1/5th of the prevailing rate and 100% of the GST @ 17% shall be deducted from un-registered person.

During the financial years 2014-16, in Abdul Wali Khan University Mardan, it was noticed that an amount of Rs.12,508,000 was paid to M/s Fakhr-e-Alam & Brother on account of supply of arms, ammunitions and rounds for security purpose. In the bills the supplier claimed higher rate of Sales Tax, which were paid by local office despite the fact that the supplier

was not registered with Sales Tax Department. This resulted into an overpayment of Rs.1,214,959 to supplier as per following details.

(Rs)

S. #	Cheque No	Date	Amount	ST charged	ST required	Difference
1	0504296	11.11.2015	1,547,910	273,910	216,580	57,330
2	0495201	20.11.2015	3,307,500	783,500	425,080	354,420
3	0504624	26.01.2016	2,685,945	631,197	349,308	281,889
4	0504625	27.06.2016	4,967,320	1,167,320	646,000	521,320
Total						1,214,959

When asked it was clarified by the concerned staff that the supplier has refunded an amount of Rs.189,041 vide Cheque dated 29.01.2016 while the balance amount of Rs.1,025,918 was neither refunded nor efforts for recovery was made.

The lapse occurred due to violation of rules, financial indiscipline and weak internal controls. This resulted into an overpayment of Rs.1,025,918.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor overpayment recovered till finalization of this report.

Audit recommends the department to hold inquiry, fix responsibility and recover the amount from the concerned.

AP 103 (2014-16)

5.4.32 Non-recovery of Tuition Fee and hostel charges from students - Rs.121.760 million

According to para 2.2.1 of the financial statutes of Abdul Wali Khan University, the university shall have a fund to which shall be credited its income fees, profit and also sources of income and according to Para-28 of GFR Vol-I, no amount due to government should be left outstanding without sufficient reasons, and orders for irrecoverable amount must be sought from the competent authority.

During the financial years 2014-16, in Abdul Wali Khan University Mardan, it was noticed from the record of the students tuition realization that a

sum of Rs.119,290,690 was not realized from the students and left outstanding against the students in various departments. It was further noticed from the record of the students hostel fee realization that a sum of Rs.2,472,190 as hostel charges were not realized from them and left outstanding against them in various departments.

The lapse occurred due to weak internal controls and violation of rules. This resulted into non-recovery of Rs.121,760,000 as tuition fee and hostel charges.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor amount recovered till finalization of this report.

Audit recommends to expedite efforts for early recovery.

APs 121&122(2014-16)

5.4.33 Non-recovery from absconder PhD Scholars - Rs.26.825 million

According to clause 5,6 and 8 of the Surety Bond between the scholar and university, the scholar is bound to return to Pakistan and serve university for 5 years after completion of PhD. In case of breach of any term of the bond scholar will return all money, expended on him/her. The surety shall abide by the agreement and in case of failure of the scholar the surety shall pay to the University.

During the financial years 2013-16, in the Agriculture University Peshawar, a sum of Rs. 26,824,924 was paid to various Foreign Universities as tuition fee and stipend to the PhD scholars. All scholars did not returned to the university after completion of their PhD. Thus as per above rules all moneys expended on them was to be recovered, which was not done.

Moreover, the Syndicate in its 89th meeting also ordered for the recovery from the following absconder PhD Scholars but the university authorities failed to recover the said amount till date of audit.

S.No.	Name	Amount (Rs)
01	Mr. Naeem Shah	2,198,354
02	Mr. Wajahat Nazif	10,709,900
03	Mr. Zeeshan Durrani	10,204,237
04	Mrs. Anila Mushtaq	208,366
05	Mr. Ghulam Hasnain	3,504,067
	Total	26,824,924

The lapse occurred due to weak internal controls. This resulted into non-recovery of Rs.26,824,924.

The matter was reported to the management in December 2016. The management stated that detailed reply would be forwarded to Audit.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor amount recovered till finalization of this report.

Audit recommends recovery from the individuals or from the guarantors concerned.

AP 253 (2013-2016)

5.4.34 Non-recovery of Mobilization Advance - Rs. 2.490 million

According to Finance Department notification No.SO (Dev-II) 2-15/2003-04/FD dated 28.6.2004 mark up at the rate of 8% per annum will be charged on the mobilization and the amount of advance inclusive of markup on reducing balances shall be recovered in five equal installments from the first five running bills of the contractor and if the number of running bills is less than five, then the balance shall be recovered from the final bill of the contractor.

During the financial year 2013-16, in the Agriculture University Peshawar, a sum of Rs. 2,800,000 was paid to M/S Associated Consulting Engineers for the consultancy services of AMK sub campus Mardan as 10% Mobilization Advance. However, neither full advance was recovered in 5 equal installment nor 8% compound interest was recovered from the firm as required under Finance notification. Therefore, Rs.2,489,531 is still outstanding against the contractor. (outstanding advance Rs.1,770,000 + interest Rs.719,531)

The lapse occurred due to weak internal controls. This resulted into non-recovery of advance.

The matter was reported to the management in December 2016. The management stated that detailed reply would be forwarded to Audit.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor advance recovered till finalization of this report.

Audit recommends that efforts be expedited to recover the balance amount from the contractor.

AP 236 (2013-2016)

5.4.35 Non-recovery of outstanding receipts -Rs.1.470 million

According to clause 6.1.1 of Agriculture University Peshawar financial rules all moneys received will be deposited in a prescribed bank and recorded in the cash book daily.

During the financial years 2013-16, in the Agriculture University Peshawar, it was noticed that different shops were given on lease to the shopkeepers, but during verification of receipt it was noticed that the rent, electricity and sui gas bills of the shops were not deposited in the relevant bank account, thus Rs.1,470,000 remained outstanding against the shopkeepers.

The lapse occurred due to weak internal controls. This resulted into non-recovery of receipts.

The matter was reported to the management in December 2016. The management stated that detailed reply would be forwarded to Audit.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor recovery affected till finalization of this report.

Audit recommends to recover the outstanding amount from the shop keepers.

AP 242 (2013-2016)

5.4.36 Less recovery of stamp duty/income tax on the purchase of PC tablets - Rs.4.589 million

According to section-50 of Income Tax Ordinance, 4.5% income tax is recoverable from all suppliers. Sales Tax act 1990 provide that 1/5th of the 17% sales tax is to be deducted for the payment to supplier. Govt of KP vide Finance Act 2003 has imposed 1% stamp duty to be recovered from the contractors/suppliers.

During the financial year 2014-15, in the office of Secretary, Elementary and Secondary Education Khyber Pakhtunkhwa, Peshawar, it was observed that 2527 PC tablets were purchased from M/s Rockville and payment of Rs.89,500,000 was made vide cheque No.1219520 dated 25.06.2015.

On scrutiny it was observed that stamp duty, sales tax and income tax were less deducted. Thus government sustained a loss of Rs.4,589,005. Detail given below:-

(Rs)

	Amount due	Amount deducted	Difference
1% stamp duty	895,063	776,011	119,052
1/5 th sales tax	3,043,216	2,601,048	442,168
Income tax	4,027,785	Nil	4,027,785
		Total	4,589,005

The irregularity occurred due to weak of internal controls. This resulted into less recovery of Rs.4,589,005.

When pointed out in June 2016, it was replied that recovery would be made after scrutiny of record.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor recovery affected till finalization of this report.

Audit recommends that recovery be made.

AP 483 (2014-15)

5.4.37 Less deduction of income tax from the salary of VC-Rs. 1.460 million

According to Government of Pakistan Finance Act for the financial year 2014-15 and 2015-16, Income Tax of Rs.600,000 for 2014-15 & Rs.597,000 for 2015-16 plus 27.50 % of the amount exceeding Rs.4,000,000 but not exceeding Rs.7,000,000 in a financial year shall be deducted from the salaried persons.

During the financial year 2015-16, in the Abdul Wali Khan University Mardan, it was noticed that Vice Chancellor of the University was allowed payment of salary worth Rs.11,350,000 (Rs.5,758,272 during 2014-15 and Rs.6,570,720 during 2015-16) on the TTS basis. However, Income Tax of Rs.2,387,000 was required to be deducted while the record showed that Rs.923,000 was deducted, thus Rs.1,460,175 was less deducted which resulted into loss to the public exchequer. Detail is as under:-

(Rs)				
Year	Salary received	Income tax deducted	Income tax required	Difference
2014-15	5,758,272	421,026	600,000	662,499
			$175,8272 \times 27.50 \% = 483,525$	
			Total 1,083,525	
2015-16	6,570,720	502,272	597,000	801,676
			$257,0720 \times 27.50 \% = 706,948$	
			Total 1,303,948	
			Total	1,464,175

The lapse occurred due to violation of rules and financial indiscipline. This resulted into less deduction of income tax.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however nor DAC meeting was convened nor tax recovered till finalization of this report.

Audit recommends recovery from the concerned.

AP 132 (2014-16)

5.4.38 Unauthorized and wasteful expenditure on construction of Power House-Rs 305.604 million

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

During the financial year 2014-16, in Abdul Wali Khan University Mardan, it was noticed that tender for the supply, installation and commissioning of 2.5 MW Power House at the Garden Campus was awarded to M/s The Industrial Enterprises (TIE) with the tender cost of Rs.326,500,000 being the lowest. The record showed that upto the end of June 2016, Rs.305,604,000 has been paid to the contractor for the work done. The expenditure of Rs.305,604,000 was unauthorized due to the following shortcomings.

1. Approval and license from National Electric Power Regulatory Authority (NEPRA) for the Establishment of Power House, Generation and distribution of electricity within the premises of university or outside sale and distribution to others like WAPDA etc was not obtained.
2. Neither PC-1 nor Estimates of the Project was prepared.
3. Approval of the competent forum as an agenda item not exists on record.
4. Feasibility report showing the total electricity requirement of the university along with annual expenditure on electricity charges, future saving from own generation/distribution was not available.
5. Prequalification of the contractors/ firms were not done as required under the rules.
6. There exists no transmission line of the Sui Gas for the operation of the powerhouse.
7. Proposed design and generation distribution and redundancy plans also not available.

From the above shortcomings it would revealed that the expenditure so incurred was unauthorized.

Lapse occurred due to non-adherence to rules, financial indiscipline and weak internal controls. This resulted into unauthorized and wasteful expenditure of Rs.305,604,000.

When pointed out in November 2016, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter at an appropriate level and fix responsibility.

APs 179 & 180 (2014-16)

5.4.39 Unauthorized expenditure from the University Trust Fund - Rs.199.810 million

As per Board of Trustees letter No.1533/BOM dated 17.02.12014, profit earned from investment of Trust Fund is to be deposited in the University Trust Fund Account.

During the financial year 2013-14, in the Islamia College University Peshawar, it was noticed that an amount of Rs.65,569,400, was earned through investment of the capital of Islamia College Trust Fund however, it was not deposited in the University Trust Fund. This profit was kept in the main University account for expenditure without the approval of the competent authority. Detail is as under:

Date	Particulars	Amount (Rs)
20.12.2013	Profit earned on fixed deposit	2,957,203
15.03.2013	Profit earned on fixed deposit	14,249,000
20.12.2012	Profit earned on fixed deposit	3,729,280
05.03.2012	Profit earned on fixed deposit	15,393,573
11.04.2011	Profit earned on fixed deposit	2,625,534
	Total	65,569,400

Similarly Rs.134,249,000 were drawn from the University Trustee Fund vide approved minutes of the investment committee meeting dated 22,23 &24.03.2013. The whole expenditure was unauthorized and loss to Trust Fund. Detail is as under:-

Date	Purpose of expenditure	Amount (Rs)
19.03 to 07.2013	For repayment of loan from Pension Fund	20,574,000
19.03 to 07.2013	For clearance of HBL over draft	30,488,000
19.03 to 07.2013	For payment of contractor bill of Academic Block	40,000,000
19.03 to 7.2013	Investment at low profit rate of 9.42 %	43,187,000
Total		134,249,000

Lapse occurred due to violation of rules, financial indiscipline and weak internal controls. This resulted into loss of Rs.199,818,400.

When pointed in August 2015, it was replied that the matter will be thrashed out in detail and proper response / reply would be given later on.

In the DAC meeting held in May 2016, the University management replied that treasurer is the chief financial officer of the university and has the powers to manage the assets, liabilities, expenditure, fund investment etc. However, DAC disagreed and decided to place the Para before PAC.

Audit recommends that university should explain its position before the PAC.

AP 463 (2013-14)

5.4.40 Unauthorized drawl for investment from Islamia College Trust Account - Rs. 91.042 million

According to Notification No.894-904-A registration of even number dated 28.08.2012, the Senate Islamia College Peshawar approved the board of Management for the Trust's Property, Islamia College Peshawar having nine members of the trust giving the authority to hold and administer the trust properties and funds.

During the financial year 2013-14, in Islamia College University Peshawar, it was noticed that an amount of Rs.91,042,000 out of the total University fund of Rs.134,249,000 (Seed money Rs.120,000,000 + Rs.14,249,000 profit earned) was drawn and deposited in another account with

title of "University Reserve Fund" which was against the above order of Board of Trustees.

The seed money was Rs.64,910,000 in 2001 which was increased to Rs.76,748,000 in 2002 and with this ratio it would have been increased upto Rs.218,780,000 (Rs 76,748,000 Rs.64,912,000= Rs.11,836,000 × 13 years w.e.f. 2002 to 2015) had the principal amount remained invested @ high competitive rates and not drawn for the PSDP Projects and pay & allowances.

Apart from the above, from the verification of Development cash book at page-18, it was evident that an amount of Rs.14,000,000 was drawn vide cheque No.3490842 dated 16.01.2010 from the PSDP funds not for expenditure on development works but to deplete the seed money account of Islamia College. Thus trust fund sustained loss of Rs.91,040,000.

Lapse occurred due to financial indiscipline. This resulted into loss of Rs.91,040,000.

When pointed out in August 2015, it was replied that the matter will be looked into and the funds in the reserved account of the University will be revisited and the amount taken from BOM will be re-deposited and intimated to audit for verification/perusal.

In the DAC meeting held in May 2016, the University management replied that as per section 3 of University Act 2009, the treasurer of the university has the powers to manage the assets, liabilities, receipts, expenditure and fund investment of the university. Islamia College was upgraded in 2008 and there was lack of funds for recurring and developmental expenditure, therefore the competent authority has taken the amount from the trust funds for smooth running of the university affairs. DAC disagreed and decided that para be placed before PAC.

Audit recommends that university should explain its position before the PAC.

AP 467 (2013-14)

5.4.41 Unauthorized transfer of fund and incurrence of expenditure on campuses-Rs. 27.303 million

According to HEC letter No.4-49/HEC/DG-QAA/PMR/2016/1043 dated 09.05.2016 issued from DG Quantity Assurance Agency, statutory body and NOC from HEC is required to open sub campuses.

During the financial years 2014-16, in the Abdul Wali Khan University Mardan, it was noticed that an aggregate amount of Rs.27,303,000 was transferred to four University Campuses. These campuses were created by the local administration themselves without the approval of HEC/ competent forum. The review panel of HEC visited the university on the directives of Prime Minister on 19.02.2016 in order to review the overall governance implementation status of quality assurance criteria, as per HEC guidelines. The panel after review of the documents observed that the sub campuses were not approved by the statutory body and NOC from HEC was also not obtained. This along with other issues and shortcomings in the university were agitated by the HEC vide their letter dated 09.05.2016 followed by reminders but final approval and clearance of the observation not yet ensured. Therefore audit is of the view that the expenditure of Rs.27,303,000 so incurred in absence of approval of competent forum is unauthorized.

The lapse occurred due to non-observance of rules and financial indiscipline. This resulted into incurrence of unauthorized expenditure of Rs.27,303,000.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter, fix responsibility, besides regularization of unauthorized expenditure with the approval of competent forum.

AP 137 (2014-16)

5.4.42 Unauthorized and irregular purchase of weapons - Rs.12.508 million

According to Chapter II, of the Procurement Rules 2014, the procuring entity shall use open competitive bidding for the procurement of goods over the value of Rs. 100,000. Para 148 of GFR Vol-I read with Para 13.1.1 of the AWKUM financial rules, says on receipt of store, the purchase committee shall examine, count, measure or weight as the case may be, when the delivery is taken. The committee shall record a certificate. The store officer shall fill a Material Receiving Report about the receipt and entry in stock.

During the financial year 2014-16, in the Abdul Wali Khan University Mardan, it was noticed that an amount of Rs. 12,508,000 was paid to M/s Fakhr-e-Alam & Brother on account of supply of arms and ammunition for security purpose. However open tender system was not adopted therefore expenditure on the procurement of weapons was irregular. Furthermore, no entry was made in the stock register.

Lapse occurred due to violation of rules. This resulted into irregular expenditure of Rs.12,508,000.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter and fix responsibility against the person(s) responsible.

APs 101 & 102 (2014-16)

5.4.43 Unauthorized and unnecessary transfer of funds-Rs.100.000 million

Loss due to transfer of fund from PLS to current account-Rs 3.846 million

According to articles 20 (2) (a) and 23 (2) (e) of the Khyber Pakhtunkhwa University Act, the Senate has the powers to hold control according to the laid down policy for administration of the property, funds and investments of the University, including the approval to invest any money belonging to the University in any of the securities described in section 20 of the Trusts Act, 1882 (Act II of 1882).

During the financial years 2014-16, in Abdul Wali Khan University Mardan, it was noticed that an amount of Rs.100,000,000 was transferred vide Cheque No 8577994 dated 29.12.2015 to UBL on the eve of inauguration of bank branch on 29.12.2015 in the Garden Campus by the VC. Approval for investment was granted by the VC instead of Senate and Syndicate of the University.

Further, Instead of investment in a profitable business, the bank authorities placed the fund of Rs.100,000,000 in a non-profit bearing Current Account due to the reason that the university management has not mentioned anything to bank about the placement of fund. During the period from 09.03.2016 to 30.06.2016 an amount of Rs.42,153,000 was further transferred to the above-mentioned Current Account but the purpose of transfer could not be known to audit. It may be added that the amount was transferred from the funds of Bacha Khan Chair PhD Scholarship Program and others placed in a PLS account and profit bearing account, therefore transfer of funds to non-profit bearing current account resulted into loss of Rs.3.84 million. Detail as under:

(Rs)	
Total amount	100,000,000
Period remained outside the account	07.01.2016 to 14.06.2016
Amount of profit not earned @ Rs.9%	3,846,5757

The lapse occurred due to financial indiscipline and weak internal controls. This resulted into loss of Rs.3,846,575.

When pointed out in November 2016, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and initiate appropriate action against the person at fault.

AP 194 (2014-16)

5.4.44 Unauthorized deduction by the bank on account of withholding tax - Rs.2.860 million and unauthorized debit to the university account of withholding tax on profit - Rs.1.174 million

According to Para 126 of the Second Schedule (Part-1) of Income Tax Ordinance, 2001, any income of public sector university established solely for educational purpose and not for the purpose of profit w.e.f first day of July, 2013 is exempted from tax.

During the financial year 2014-15, while checking Bank Statement of Saving Account No.0250145000000110 Faysal Bank relating to the Project,

“Establishment of Institute of Peace & Conflict Studies University of Peshawar”, it was noticed that Rs.2,860,000 were debited to the above account during the period 31.08.2013 to 31.03.2016 on account of withholding tax on profit which was unauthorized/unjustified on the ground that charity & educational Institutes do not fall under withholding tax.

Furthermore, Accounts record of Treasurer, University of Peshawar for 2014-15 revealed that Rs.1,174,808 were claimed/debited as withholding tax on profit of Rs.11,511,907 by the banks.

Lapse occurred due to financial indiscipline and weak internal controls. This resulted into unauthorized deduction of withholding tax amounting to R.4,030,000.

When pointed out in May 2016, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that recovery may be effected and the amount be deposited in the university account immediately.

APs 497 & 500 (2014-15)

5.4.45 Unauthorized payment of additional charge allowance-Rs.2.050 million

According to Para No 2.4.2 of the TTS rules regarding benefits of existing Faculty member on Tenure Track System, the salary scales are all inclusive and no other allowance (PhD. allowance, medical allowance, orderly allowance etc.), or benefit will be admissible to the concerned faculty members.

During the financial years 2014-16, in the Abdul Wali Khan University Mardan it was noticed that VC of the university was allowed payment of salary worth Rs.11,350,000 on the TTS basis including Rs.2,050,000 as additional charge allowance. The TTS employees are not entitled for the other allowance therefore the payment of Rs.2,050,000 was unauthorized.

The lapse occurred due to violation of rules and financial indiscipline. This resulted into unauthorized payment of Rs.2,050,000.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to recover the amount from concerned.

AP 135(2014-16)

5.4.46 Irregular and non transparent award of contracts - Rs.3,610.000 million

According to Para 2 (b) (vii & viii) of chapter III of KPPRA the procuring entity shall evaluate the technical proposal on the basis of criteria specified in the tender documents and reject any proposal which does not conform to the specified requirements. A list of technically qualified bidders shall be finalized and after the evaluation and approval of the technical proposals the procuring entity shall publicly open the financial proposals of the technically accepted bids only.

During the financial years 2014-16, in Abdul Wali Khan University Mardan, it was noticed that contracts for the construction of different buildings were awarded to contractors during 2012 onward under developmental scheme. Tenders were floated, works valuing Rs.3,610,000,000 were awarded on the basis of evaluation carried out by the committees constituted for the purposes. It was however observed that in most of the cases the committee did not fulfill the requirements like signing the relevant documents of the technical evaluation as well as of financial bid summary after the technical bid evaluation etc. In some cases the comparative statements of the financial bid evaluation were even not signed by the members as well as by the chairman. Therefore in light of these shortcomings/observations the contracts were awarded in non-transparent manner without completing the requirements of the rules. Thus the award of contract valuing Rs.3,610,000,000 was irregular and non-transparent. (Annex-I)

The irregular and non-transparent award of contracts occurred due to non-adherence to rules, financial indiscipline and weak internal controls.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and take appropriate action against the person(s) at fault.

AP 94 (2014-16)

5.4.47 Irregular placement of order for supply of furniture-Rs.538.172 million and non-imposition of penalty for delay in supply - Rs.26.900 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register. According to tender documents for the procurement of the furniture the supplier should have completed the supply within 10 days of the supply order while in the supply order No AWKUM/ proc/2014/1967 dated 25.09.2014, no period for supply was mentioned. In case of delay penalty would be imposed and recovered.

During the financial years 2014-16, in Abdul Wali Khan University Mardan, it was noticed from the record that supply order for the procurement of furniture valuing Rs.538,172,000 was placed to M/s Wood Land Furniture Mardan vide order No. AWKUM/proc/2014/1967 dated 25.09.2014. In the supply order, no specific period of supply was mentioned. During the period from July 2014 to June 2016 the supplier made supply of furniture valuing Rs.166,383,000 while the rest is yet to be supplied.

Unnecessary supply order valuing Rs.538,172,000 was placed on the supplier without any urgent demand of the university. Similarly, supplier failed to complete the supply even in two financial years as such liable for imposition of penalty for delay in supply but the same was also not imposed and recovered. The furniture supplied also could not be checked because the stock register has no sign of recipient that to whom the said items were issued. In the respective columns of the stock register, details of the indent were not mentioned.

The lapse occurred due to non-adherence to rules, undue favor to suppliers, financial indiscipline and weak internal controls. This resulted into

irregular placement of order for supply of furniture amounting to Rs.538,172,000 and non-imposition of penalty of Rs.26,900,000.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and take appropriate action against the person(s) at fault.

AP 97(2014-16)

5.4.48 Irregular and unauthorized award of contract after rejection- Rs.338.150 million

According to letter No.F.16-7(1)/P&D/AWKUM/1116 dated 24.02.2015 issued by Director (P&D) to the M/S Sohail Builder, the bidding process was annulated in pursuance to clause IB-32.1 of the bidding documents on the ground that bid price is exorbitantly high, when composed with engineers estimate.

During the financial years 2014-16, in Abdul Wali Khan University Mardan, it was noticed that tender for the supply and installation of IT equipment was floated with the engineers estimated cost of Rs.202,124,000. In response to the NIT, three bidders participated in the process out of which only one prequalified and finally only one financial bid was opened after obtaining views of the KPPRA. The contract was awarded to M/s Sahil Builders and DWP as JV with the bid quotation and final tender cost of Rs. 338,276,000. This indicates that 68 % excessive bid of the supplier for Rs. 136,152,000 (Rs.338,276,000 – Rs. 202,124,000) over the engineers estimate was awarded. After getting views of the Finance and KPPRA, the process was annulated vide letter dated 24.02.2015. However, it was noted that later on work order was also issued vide letter dated 26.08.2015 to the same firm whose bid was earlier rejected. Therefore, the award was irregular and unauthorized.

The record revealed that an upto date payment of Rs.187,711,000 was allowed to the contractors from own sources despite the fact that it was a developmental project for which neither budget was available in the scheme nor approval of the competent forum. Therefore the expenditure of

Rs.187,711,000 so incurred upto June 2016 was unauthorized. The details of payment were as under:

Cheque No	Date	IPC No	Gross amount (Rs)
12765785	30.03.2016	IPC No-1	19,773,703
05631302	08.06.2016	IPC No-2	64,340,585
0504897	29.06.2016	IPC No-3	103,596,955
Total			187,711,243

The lapse occurred due to financial indiscipline and weak internal controls. This resulted into irregular award of contract.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter and fix responsibility against the person(s) at fault.

AP 123 (2014-16)

5.4.49 Irregular expenditure due to purchase of tractors with machinery without tender-Rs. 7.650 million

According to Chapter-II Methods of Procurement of Goods S.No.6(1) and S.No.3(b)(iv), the procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods over the value of Rs.100,000. The lowest offer from the qualified bidder shall be accepted for award of the contract and will be the best evaluated bid. The procurement officer visited the market and collected prices of Rs.5,500,000 of the items and reported to VC vide note dated 07.04.2015, who approved it.

During the financial year 2015-16, in Abdul Wali Khan University Mardan, it was observed that an amount of Rs. 7,650,000 was spent on the procurement of four tractors with allied machinery purchased from M/s Zahoor Tractor House Mardan. However, the procurement was made without adopting open tender system as required under the rules. Therefore, the expenditure of Rs.7,650,000 so incurred was irregular.

The record further showed that the procurement officer visited the market and collected prices of the items in question and reported to the Vice Chancellor vide note dated 07.04.2015 that according to his survey the price is Rs.5,500,000. Accordingly, approval obtained and payment issued in advance. It was noted that thereafter quotations were obtained on 08.05.2015 wherein higher rates of Rs.7,650,520 of the same dealer for the said machinery were collected and further payment was allowed.

Audit holds that once rates had been collected, approved from Vice Chancellor and payment also made then the supplier was supposed to supply the tractors and machinery. The enhancement of rate was irregular and payment thereof resulted in an overpayment of Rs.2,150,520 to the supplier.

The lapse occurred due to violation of the and financial indiscipline. This resulted into irregular expenditure and overpayments of Rs.2,150,000.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter, fix responsibility besides recovery of overpayment from the person(s) at fault.

AP 113(2014-16)

5.4.50 Wasteful expenditure on the uneconomical and defective execution of civil work – Rs.14.930 million

According to paras 14.1.12 & 13.1.13 of the Act of the University of Islamia College Peshawar, the Director of works shall work out and prepare a detailed estimate of quantities of items under all classified heads of expenditure except minor works. When the Vice Chancellor accords approval, the Treasurer shall issue proper administrative approval, which will be communicated to the Director of Works. Tenders must be invited in the most open and public manner possible or by advertisement in the press after the estimate has been approved and the amount has been sanctioned by the VC. The VC may appoint a “works committee” to scrutinize and check the tenders received for works and make necessary recommendation thereon.

During the financial year 2013-14, in Islamia College University Peshawar, it was noticed that Rs.14,930,000 was spent on various civil works in the University without fulfilling codal formalities and were awarded directly to the contractors.

Apart from the above the Works Directorate not maintained year wise tender register, contractor ledger, work register, material register, material at site register, material issued to work register, advances to contractor and its recovery register, defect liabilities in executed work register, MBs purchased, taken on stock and issued to work register. So the audit have not analyzed and evaluated the works.

When pointed out in August 2013, the management replied that issue will be circulated for proper response with justification. University development committee has to be constituted and notified to bring transparency and control in expenditure incurred through works department. Progress will be intimated to audit in due course.

In the DAC meeting held in December 2016, the department stated that works were executed as per rules and can be verified by audit. DAC however, did not agree with the department, as no record was available for verification. Thus DAC decided to refer para to PAC for appropriate action.

Audit recommends to investigate the matter and fix responsibility against the person(s) at fault.

AP 476 (2013-14)

5.4.51 Doubtful payment to contractor for electric works - Rs.76.135 million

Provision of HT line alongwith installation of HT/LT supply line is the responsibility of WAPDA/PESCO. An amount of Rs. 11,245,000 has already been paid by the Project authority vide Cheque No 903854 dated 30.06.2014 & Cheque No 47307051 dated 20.08.2015 to the PESCO for the said purpose and it is the responsibility of PESCO. According to paras 11 and 12 of GFR Vol-I, each head of a department is responsible for enforcing financial order, strict economy at every step and observing all relevant financial rules and regulations by his own office and by subordinate disbursing officers.

During the financial years 2014-16, in the Abdul Wali Khan University Mardan, it was noticed that contract for the construction of external development works Package-V was awarded to M/s Zahir Shah contractor and

was allowed an upto date payment of Rs.483,128,000 upto 15th IPC paid vide Cheque No.06445371 dated 29.06.2016. This includes an amount of Rs.76,135,520 allowed to the contractor in the current as well as in previous IPCs on account of HT Transformers and Electrical works carried out by the contractor. The detail of payment was as under:

S. No	Particular	Payment (Rs)
1	Electrical works including	49,801,960
2	HT transformers	26,332,560
Total		76,134,520

The provision of HT line along with installation of HT/LT supply line is the responsibility of WAPDA/PESCO for which payment was made to the Authority.

Furthermore the contractor has not been enlisted for the HT electrification work and was authorized only for civil work therefore audit is of the view that unauthorized and doubtful payment of Rs.76,134,520 was allowed to an unauthorized contractor.

Doubtful payments to contractor occurred due to non-adherence to rules, financial indiscipline and weak internal controls.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter and fix responsibility against the person(s) at fault.

AP 65 (2014-16)

5.4.52 Doubtful payment on the purchase of books-Rs. 29.990 million

According to Paras 11 of GFR Vol-I, each head of a department is responsible for enforcing financial order, strict economy at every step and observing all relevant financial rules and regulations by his own office and by subordinate disbursing officers.

During the financial year 2014-16, in Abdul Wali Khan University Mardan it was noticed that an expenditure of Rs. 29,990,000 was incurred on the purchase of books and payment after approval of Vice Chancellor made to M/s Comprehensive Book vide Cheque No. 05793498 dated 11.03.2015 but it could not be ascertained that from which bank account the payment was made. The cashbook maintained for the purpose was examined but no proof of payment to the supplier was found therefore the authenticity of the payment could not be ascertained, thus, the payment was held as doubtful. Furthermore, these books were purchased for the Pakhtunkhwa College of Arts but the accession register of the library of the said college was not produced for verification. therefore the supply and accountal of books could not be verified.

Further shortcomings are as under:-

1. Demand list of books from the quarter concerned.
2. Approval of VC of the listed books before placing order for supply.
3. Supply order, list of books and term & condition.
4. Delivery Challans along with list of books supplied.
5. Detailed inspection report of books in accordance with demand, supply order and delivery of books before payment.
6. Agreement executed with the supplier.

The above shortcoming and non-availability of the documents with the claimed bill create doubt about the authenticity of the payment.

Doubtful payment on the purchase of books occurred due to non-adherence to rules, financial indiscipline and weak internal controls. This resulted in a doubtful payment of Rs.29,990,000.

When pointed out November 2016, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and take appropriate action against the person(s) at fault.

AP 177 (2014-16)

5.4.53 Wasteful expenditure on the construction of petrol pump-Rs.18.100 million

According to minutes of the meeting dated 02.03.2015 and 05.03.2015, the management of the university has uplifted HSD, PG. The local administration entered into an agreement with the PSO signed on 14.09.2012 for a period of 20 year commencing from 01.10.2012 to 30.09.2032 wherein it was agreed that the seller will sell and buyer will procure a quantity of 120,000 liters of PMG, 1,800,000 liters of HSD and 2520 liters of lubricants per annum on rates of PSO.

During the financial years 2014-16, in the Abdul Wali Khan University Mardan, it was noticed that an expenditure of Rs.18,100,000 incurred on the construction of petrol and agreed to buy petrol from the PSO in the light of above agreement. The record showed that the Petrol Pump after construction was given to a contractor on monthly rent basis from 15.08.2014 without determining the difference of the rates of the PSO with rates charged. The contractor provided POL to the University on the higher Prices as compared to the PSO prices and the local office made purchases on higher rates. However, the benefit of the discounted price of the PSO was not achieved by the University and resulted into loss worth million of rupees. Detail as under:-

Period	Particular	Rate as per PSO	Rate charged	Difference (Rs)
October 2014	HSD (diesel)	107.39	110	2.61
	PMG (petrol)	103.62	106.20	2.58

Furthermore, the petrol pump was constructed and an expenditure of Rs.18,100,000 has already been incurred on account of work done by contractor.

Loss occurred due to non-adherence to the clauses of the agreement with PSO, financial indiscipline and weak internal controls.

When pointed out in November 2016, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and take appropriate action against the person at fault.

AP 186(2014-16)

5.4.54 Wasteful expenditure due to non-achievement of PC-I objectives – Rs.11.084 million

According to PC-I of the project “Strengthening of Planning Cell in Elementary & Secondary Education Department KP” the following objectives/targets were fixed provided.

- (i) To assist planner in preparation of plans for the improvement, expansion & qualification uplift of education in KP.
- (ii) Assessing the implementation status of project/program/plan during implementation on regular basis.
- (iii) To monitor education plans & activities.
- (iv) To conduct meetings, workshops and seminars and provide mentor support to attached provincial and district governments in implementation of approved plans.

The comparison of the financial statements of the project “strengthening of Planning cell in Education Department” for the financial year 20013-14 with the objectives provided in the PC-I revealed that a provision of Rs.59,027,000 was provided in PC-I with the following break up for the achievement of above objectives.

(Rs)

S#	Financial year	Nature of expdr	Provision	Expenditure incurred	Percentage utilization
1	2011-12	Salaries	3,753,000	993,000	24.458%
		Operational	18,920,000	775,000	4.096%
2	2011-13	Salaries	15,012,000	1,109,000	7.387%
		Operational	2,380,000	5,858,000	246.134
3	2013-14	Salaries	15,012,000	1,160,000	7.727%
		Operational	3,950,000	1,189,000	30.101
Total			59,027,000	11,084,000	18.778%

The salary component of the project revealed that against the provision of 42 human resources in PC-I, the local office has appointed only 01 Assistant, 04 Naib Qasid & 01 Driver (total 06). This shows that in the absence of professional staff, the project objectives were not achieved and the funds were utilized without prudence. Thus the cumulative expenditure of Rs.11,084,000 incurred on salary & operational was wasteful.

The lapse occurred due to weak internal controls. This resulted into wasteful expenditure of Rs.11,084,000.

When pointed out in November 2014, the management furnished no reply.

In the DAC meeting held in October 2016, it was decided that fact-finding inquiry may be conducted within 30 days to fix responsibility. No progress was intimated till finalization of this report.

Audit recommends that DAC decision be implemented.

AP 1(2013-14) FAP

5.4.55 Wasteful expenditure due to leaving the work incomplete - Rs.8.156 million

According to para 10 of GFR Vol-I, each officer is expected to incur expenditure from public money in a manner as a person of ordinary prudence would spend from his own pocket. Public money should be spent more carefully and economically in the public interest.

During the financial years 2013-16, in the Agriculture University Peshawar, it was noticed that the Consultancy work of Khyber Pakhtunkhwa Agriculture University Amir Muhammad Campus Mardan was awarded to M/S Associated Consulting Engineers vide No. 932/Works dated 16.01.2012 with contract cost of Rs. 28,000,000 out of which a sum of Rs. 8,156,400 was paid as under:-

Cheque No. 7496573 dated 22.4.14 up to date payment	Rs.6,384,000
Mobilization advance (outstanding)	Rs.1,772,400
Total	Rs.8,156,400

The consultant carry out the following work;

Items of work	Time schedule
Draft PCI	6 weeks
Conceptual master plan for design phase	8 weeks
Detail master plan	6 weeks
Topographic survey	6 weeks
Submission of conceptual Arch Desig /drawing of building	12 weeks
Geo technical investigation	10 weeks

Firm had left the work incomplete after receiving a payment of Rs.8,156,400 for the above item of work, while the following items of work were left incomplete;

Items of work	Time schedule
Submission of tender documents of building	14 weeks
Submission of tender documents of Infrastructure works	13 weeks
Submission of Detail structural Design of Buildings	16 weeks
Submission of Detail electrical Design of Buildings	16 weeks
Submission of Detail Water supply and sewerage of Buildings	16 weeks
Submission of Detail Engineering Design and documents of HVAC etc	16 weeks
Submission of Detail Engineering Design and drawing of infrastructure work	16 weeks

The lapse occurred due to weak internal controls. This resulted into incurrence of wasteful expenditure.

The matter was reported to the management in December 2016. The management replied that detailed reply would be forwarded to Audit.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter and take action against the person(s) at fault.

AP 237 (2013-2016)

5.4.56 Wasteful expenditure on installation of Dairy Processing Unit under STRC Project - Rs.7.000 million

There was a provision of Rs.7,500,000 in the PC-I of STRC Project, Rs.7,000,000 for Dairy Processing Unit and Rs.500,000 for milking machine respectively with following facilities:

1. Chilling plant, steam generator, sanitary pump, Homogenizer, Pasteurizer, packing machine and scale milk, reverse osmosis plant, packing machine and scale for cream, cream separator and air compressor.
2. 04 Ducket Milking Machine

During the financial years 2013-16, in the Agriculture University Peshawar, it was noticed that the following Machinery was purchased to achieve the PC-1 objectives under STRC Project of Agricultural University Peshawar

1.	Dairy Processing Unit having capacity of 1000 Liter Milk	Vr No. 1034 dated 30.09.2008 Rs.7,000,000 M/S Technology international Faisal Abad
2.	Milking Machine 04 Ducket Milking System	Vr No. 1085 dated 26.02.2009 Rs.400,000 M/s Tetra Pak. Pakistan Ltd Lahore

However, it was noted that Dairy Processing Unit was not connected with milking machine even after a lapse of 07 years. The Dairy Processing Unit has the capacity of 1000-liters milk and only operate on it. The milk production capacity of the University Dairy Farm is 250 liters milk. Thus on daily production of 250 milk the Dairy Processing Unit could not operate. So the machine is losing its value with the passage of time. The unit needs 15KVA generator on full time basis which is yet to be purchased. The Dairy Processing Unit needs natural Gas which is not available in the area. Thus the whole expenditure of Rs.7,000,000 was wasteful.

The Lapse occurred due to mismanagement, lack of planning, not keeping in view the ground reality and weak internal controls. This resulted into wasteful expenditure of Rs.7,000,000.

The matter was reported to the management in December 2016. The management stated that detailed reply would be forwarded to Audit.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter in detail and take appropriate action against the person(s) at fault.

AP 246(2013-2016)

5.4.57 Wasteful expenditure due to purchase of below specification transformers & electricity poles – Rs.3.640 million

According to advertisement PEL, ELEMETIC and SIEMENS brand transformers were required. NOC from PESCO was required for procurement of HT/LT poles as per their approved specification.

During the financial year 2013-14, in Islamia College University Peshawar, an amount of Rs.3,640,000 was spent on the purchase of 2 below specification electric transformers and 21 LT & 5 HT electricity poles.

It was observed that the brands advertised were set-aside and instead substandard locally rewinded transformers were purchased from M/S Power Tech Industries Kotri (SINDH).

Apart from the above all material purchased were brought to Islamia College University but supply of electricity was not given to the end users till July 2015, whereas the work order was issued on 10.09.2013 and to be completed on 11.11.2013 (2 months time).

NOC from PESCO (WAPDA) was not obtained, thus the entire expenditure incurred wasteful because the purchase of 2 electric transformers as well as 21 LT & 5 HT electricity poles along with other articles do not match with WAPDA specifications for electricity power distribution system, structure, drawing & designs.

Wasteful expenditure was due to weak internal controls.

When pointed out in August 2013, it was replied that reply would be given later on.

In the DAC meeting held in December 2016, the department stated that work could not be completed till date and university administration is in contact with WAPDA authorities for issuance of NOC. DAC decided to place the para before PAC for appropriate action.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault.

AP 497 (2013-14)

5.4.58 Wasteful expenditure on consultancy service for the construction of shopping plaza - Rs.1.613 million

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

During the financial years 2013-16, in the Agriculture University Peshawar, it was noticed that a sum of Rs.1,613,000 was shown paid to M/S Development Management Consultant on 31.07.2013 for A & E Services, Designing, Estimation, Tender documents and soil investigation for the construction of Shopping plaza.

The scheme was approved by the Vice Chancellor on 05.04.2012, and advertized with idea of having shopping centre of the university, to develop assets for future and to have shops as well as two storied flats, which can be allotted to employees as well as can be used for bachelor accommodation of support staff. The consultant was appointed for A & E Services, Designing, Estimation, Tender documents and soil investigation for the construction of Shopping plaza. The consultant had completed the job for which the firm was paid Rs.1,613,000 on 31.07.2013.

Audit observed that when university authority launched the scheme, no one opposed, even at the time of hiring the consultant and then suddenly the construction of shopping plaza was dropped due to unknown reasons, due to which the university sustained a loss of Rs.1,613,000 on one hand and on the other hand, the management failed to get benefits of the schemes

The lapse occurred due to lack of planning and mismanagement. This resulted into wasteful expenditure.

The matter was reported to the management in December 2016. The management stated that detailed reply would be forwarded to Audit.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter and take appropriate action against the person(s) at fault.

AP 238(2013-2016)

5.4.59 Doubtful drawl on account of TA and implementation cost - Rs.30.578 million

As per contract agreement clauses, each PTC consisted of 8 numbers, conducted for four days and every participant was paid @ Rs.400/- per day (8x4x400=12,800).

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

During the financial year 2014-15, in the office of Director Elementary and Secondary Education Khyber Pakhtunkhwa, Peshawar, it was noticed that an amount of Rs.30,578,048 has been drawn from government exchequer by claiming one and the same PTC several times.

Scrutiny of bills on account of reimbursement charges for the PTCs conducted by the SRSP in the 12 Districts of Khyber Pakhtunkhwa. It was observed that one and the same PTC has been repeated several times either in the same bill or in other bills of the same District and thus an excess amount of Rs.30,578,048 has been paid to SRSP (the executing agency of training) by the Directorate of Elementary & Secondary Education Peshawar.

Detail of claim/multiple drawl as Annex-J.

The lapse occurred due to weak internal controls and financial mismanagement. This resulted into doubtful payment of Rs.30,578,048.

When pointed out in June 2016, it was stated that the issue will be resolved as per contract agreement. If the double drawl is verified will be recovered.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault besides recovery from the concerned.

AP 469 (2014-15)

5.4.60 Fraudulent drawl on fake signature of Managing Director and non-recovery of interest @ 15% - Rs.11.250 million

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

During the financial year 2009-10, while auditing the accounts record of PD/MD LFA, it was observed that a sum of Rs.11,250,000 was drawn from the project account fraudulently and transferred to the personal accounts of Ex-AD (Accounts) maintained at Bank of Khyber Secretariat Branch. The amount was further transferred from BOK Secretariat Branch to his account at Mansehra Branch of BOK. In inquiry he confessed that he scanned the PD/MD signature & embossed it on the Bank advice thus transferred the huge amount from project to private account. An FIR was also registered against him and he was arrested.

When pointed out in December 2010, it was replied that S.M.H Bukhari Ex-AD Accounts has illegally withdrawn Rs.11,250,000 from the LFA Project Accounts scanning signatures of the PD/MD thus committing forgery and embezzlement of government funds. An enquiry committee was constituted to find facts, apportion blame and fix responsibility. On the recommendations of the committee the personal bank accounts of S.M.H Bukhari Ex-AD accounts were seized. Confessional statement of the accused was recorded.

Furthermore, Anti Corruption Department was informed regarding the occurrence of forgery/embezzlement of funds. Anti Corruption Department registered an FIR against the individual besides confiscating relevant record from the accounts branch of LFA Project and arrested the accused.

The litigation against the accused is in process. Audit requested for production of record, which was not produced.

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

In the DAC meeting held in December 2016, the department responded that evidence of recovery of Rs.9,050,000 is available, it can be produced to audit while a copy of the letter pertaining to interest of 15% has been sent to Director, Anti Corruption for recovery and that the fraud was made possible

due to negligence of dealing staff of Bank of Khyber. DAC directed that the recovered amount of Rs.9,050,000 be verified and para stands till full recovery. However, neither record produced for verification nor any progress intimated till finalization of this report.

Audit recommends that being a very serious matter the department may further conduct a detailed inquiry and explain its position before PAC.

AP 139 (2009-10)

5.4.61 Fraudulent drawl out of saving account - Rs.2.592 million

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

During the financial year 2014-15, in the office of Director, Centre of Biotechnology & Microbiology University of Peshawar, it was noticed that Rs.2,048,545 was drawn through counterfeited cheques till 20.08.2014 due to negligence, financial indiscipline and non-reconciliation with banks. It was further noticed that Rs.552,038 was fraudulently drawn by the Assistant Treasurer University of Peshawar out of PLS Account No.148610073051 UBL Campus Branch Peshawar. Detail as under: -

S.No	Cheque No & dt	Amount (Rs)
1	5557262 dt 02-07-2014	189,752
2	5557264 dt 04-08-2014	187,900
3	5557263 dt 20-08-2014	174,386
Total		552,038

The lapse occurred due to financial indiscipline and negligence. This resulted into fraudulent drawl of Rs.2,592,038.

The matter was reported to the management in May 2016, but no reply was given.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility and recover the embezzled amount from the person(s) responsible.

AP 494 (2014-15)

5.4.62 Excess expenditure over and above the tender cost - Rs.211.87 million

According to Para 19 (iv) of GFR Vol-1, the terms of a contract once entered into should not be materially varied without the previous consent of the authority competent to enter into the contract as so varied. No payments to contractors by way of compensation or otherwise outside the strict terms of the contract or in excess of the contract rates may be authorized without the previous approval of the Ministry of Finance.

During the financial years 2014-16, in Abdul Wali Khan University Mardan, it was noticed that contract for the construction of different buildings was awarded to contractors during 2012 onward. Tenders were floated and contractors started the work in light of their individual work orders. Similarly, payments were also made to them according to the progress of the work. It was however observed that payment of Rs.993,968,000 was made to the contractors against the approved tender cost of Rs.784,089,000 as such an amount of Rs.211,879,000 was spent in excess of the approved tender cost. The detail of excess expenditure is as under.

(Rs)					
Cheque #	Date	Name of construction building/ work	Contractor	Tender cost	Up to date Payment
0504799	27.05.2016	Main Gate & fenced boundary wall	M/s Liaqat Ali	34,088,000	44,550,000
06445372	29.06.2016	Civic and residential facilities Pack-III	M/s Raje Adalat	451,120,000	468,290,000
06445371	29.06.2016	External development works Package-V	Zahir Shah	298,881,0	483,128,000
Total				784,089,000	995,968,000

Excess expenditure occurred due to non-adherence to rules, financial indiscipline and weak internal controls.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and take appropriate action against the person(s) at fault.

AP 93 (2014-16)

5.4.63 Non-Imposition of Penalty due to delay in completion – Rs.12.733 million

According to clause-16 of the bid documents liquidated damages of 0.1% of the tender total for each day of delay subject to 5% of the tender cost be imposed. It is further added that as per Steering Committee decision held on 30.9.2013 under the Chairmanship of Vice Chancellor while extending the time limit for fifth time upto 15.12.2013 with the condition that no further extension of time will be granted. In case of failure, clause-2 at page-7 of the contract agreement regarding liquidated damages will be applied on the contractor.

During the financial year 2013-14, in the University of Peshawar, it was noticed that work “Construction of two Academic Block No.11” was awarded to M/s Nishan Engineers Pvt Ltd , with time limit of 24 months, vide No. 694/DOW dated 20.3..2006, at a bid cost of Rs.254,659,000. The time was extended eight times as per detail given below:

Commencement	22.02.2007
Completion	21.02.2009
1 st extension	18 months
2 nd extension	08 months
3 rd extension	09 months
4 th extension	95 months
5 th extension	04 months
6 th extension	06 months
7 th extension	06 months
8 th extension	04 months
Total	74 months

But even after the decision that no further extension of time will be granted, three time further extensions were granted to the contractor. Furthermore, an amount of Rs.31,640,000 was also paid as escalation to the contractor. Moreover, the work is still in progress till the date of Audit and liquidated damages upto 5% amounting to Rs.12,733,000 not imposed on the contractor.

The lapse occurred due to extending undue benefit to the contractor.

The matter was reported to the management in April 2015, the management replied that due to financial constraints of Higher Education Commission being the funding Agency of the said project, the funds for fiscal years 2007 to 2010 could not be released in time as per PC-I allocation. In this regard HEC has also granted Time extension twice to this project. Extension in time was granted to the firm M/s Nishan Engineers Pvt. Ltd by the Competent Authority upto June, 2014 with the condition that if work was not completed then liquidated damages as per relevant clauses will be imposed upon the firm. As the firm could not complete the work till June, 2014 hence penalty has been imposed upon the firm vide letter No.1923/PD/MP-1&2 dated 01.09.2014 after the recommendation of the Steering Committee meeting held on 8th, 19th & 25th August, 2014. It is further stated that retention money of the contractor has been forfeited as a recovery of the penalty.

It is further mentioned that as per decision of honorable court, the contractor has been granted 4 months time for completion of remaining balance work till 15th July, 2015 however penalty on the firm is still intact.

In the DAC meeting held in January 2016, the management replied that the security of the contractor amounting to Rs.22,900,000 has been forfeited. The DAC decided to stand the Para till the verification of recovery.

During verification carried out on 26.12.2016 it was observed that Rs.22,930,000 were deducted from M/s Nishan Engineers Pvt. Ltd but lying in the earnest money Account No. 040400000006001 of University. Para stands till forfeiture of penalty.

Audit recommends to recover the penalty from the concerned contractor.

AP 310 (2013-14)

5.4.64 Non-completion of inquiry involving loss - Rs. 72.000 million

According to Government of Khyber Pakhtunkhwa Establishment Department letter No. SOR-IV/E&AD/2-6 dated 17.09.2011, the inquiry officer/committee as the case may be shall hold proceedings on day to day basis and no adjournment shall be given except for reasons to be recorded in writing in which it shall not be more than seven days.

During the financial year 2013-14, in Gomal University, it was noticed that Vice Chancellor Gomal University constituted a committee to probe into

willful absence of Mr. Noor Muhammad Lecturer who was repatriated by D.I.Khan Board to Gomal University, D.I.Khan on 11.01.2013. The Board Management neither properly relieved him nor his last payment certificate was issued. The lecturer actually submitted his arrival report in the University on 28.11.2013 after a gap of 09 months and 17 days and had also committed fraud of Rs.72,000,000 in the purchase of land during his tenure in Board of Intermediate and Secondary Education (BISE) DIkhan. This was notified vide office order No.4525-32/GU/Estt:PF dated 08.10.2013. The committee was asked to submit their report within two weeks. The committee failed to submit their report and another committee was constituted vide endorsement No. 5467-72/GU/Estt/PF dated 02.12.2013 with the same condition to submit their report within two weeks. The Administration had also time and again asked for progress in the matter but without result.

A period of more than two years has since lapsed but no progress was intimated till February, 2016. It is worth mentioning here that the Lecturer is regularly drawing his salary without obtaining LPC from the D.I.Khan Board and committing fraud of Rs.72,000,000.

The irregularity occurred due to weak internal controls.

When pointed out in February 2016, the management furnished no reply.

In the DAC meeting held in December 2016, it was replied that several remainders were sent to chairman inquiry committee, but no inquiry report was finalized. DAC directed that actions be taken against the chairman inquiry committee and the same inquiry be given to other officers.

Audit recommends that university should complete the inquiry besides recovery under intimation to audit.

APs 233 & 382 (2013-14)

5.4.65 Non-encashment of bank guarantee of defaulter contractor- Rs.41.180 million

According to clause 60.12 of the contract agreement, an interest-free Mobilization Advance up to 15 % of the Contract Price stated in the Letter of Acceptance shall be paid by the Employer to the Contractor in two equal parts upon submission by the Contractor of a Mobilization Advance Guarantee/Bond for the full amount of the Advance in the specified form from a Scheduled Bank in Pakistan or an insurance company acceptable to the Employer. As per

clause 43 than of the advance shall be recovered in equal installments; first installment at the expiry of third month after the date of payment of first part of Advance and the last installment two months before the date of completion of the Works. The Branch Manager Askari Bank vide letter dated 05.11.2012 confirmed that the guarantee will be encashed at their counter.

During the financial year 2014-15, in the Abdul Wali Khan University Mardan, it was noticed that contract for the construction of 1 academic block and corridors was awarded to M/s Abdullah contractor and was allowed payment of Rs.30,000,000 as mobilization advance after obtaining bank guarantee of Rs.30,000,000 from Askari Bank. The record showed that an amount of Rs.18,118,000 was recovered from the contractor while Rs.11,882,000 still outstanding unrecovered while the contractor has left the work incomplete.

Later on the Director works vide letter dated 05.02.2016 after delay of almost seven months informed the VC about the defaulter and suggested action toward encashment of the bank guarantee of Rs.30,000,000. Again, notice was delayed and finally issued on 22.02.2016 with the request to the Askari Bank authorities for encashment of guarantee. The guarantor bank however did not pay the amount of guarantee worth Rs. 30 million to the University up till now.

Non-encashment of performance security worth Rs.33,755,000 occurred due to non-adherence to the provisions of rules, financial indiscipline and weak internal controls.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and take appropriate action against the person at fault apart from recovery from the contractor.

AP 54 (2014-15)

5.4.66 Non-encashment of performance bond of defaulter contractor- Rs.33.755 million

According to the contract agreement the contractor would provide a performance guarantee equal to 10 % of the tender cost which will be en-

cashied by the university in case of default and Para 4 of the performance guarantee the guarantor are bound to pay the amount to the employer.

During the financial years 2014-16, in Abdul Wali Khan University Mardan it was noticed that contract for the construction of 1 academic block and corridors was awarded to M/s Abdullah contractor with the tender cost of Rs.337,548,000 and was allowed an upto date payment of Rs.161,694,000 up to 11th IPC paid vide Cheque No 42850971 dated 17.07.2015. Acceptance of bid was issued on 31.03.2012 followed by letter to commence the work on 19.04.2012 and 550 days time for completion up to 18.10.2013. The contractor provided performance security of Rs.33,755,000.

As was evident that the contractor left the work incomplete since July 2015, the Director works vide letter dated 05.02.2016 after delay of almost seven months informed the Vice Chancellor about the defaulter and suggested action toward encashment of the performance security of Rs.33,755,000. Again, notice was delayed and finally issued on 22.02.2016 with the request to Jubilee Insurance Co for encashment of performance security. The insurance company did not pay the amount of performance security worth Rs.33,755,000 to the University and conveyed on 28.03.2016 that the matter is subjudice.

Audit holds that in time action was required to have been taken by the University, which was delayed abnormally resulted in complication in the process of encashment of performance security.

Non-encashment of performance security worth Rs.33,755,000 occurred due to delay in action by the university authorities, non-adherence to the provisions of rules, financial indiscipline and weak internal controls.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility and appropriate action against the person(s) at fault apart from recovery from concerned.

AP 55 (2014-16)

Chapter – 6

Energy & Power

6.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

- ❖ All relevant matters under Articles 154, 157, 158 & 161 of the Constitution and framing policies for the Province in their respect.
- ❖ Grant and revocation of licenses to the private electric undertaking, certificates of competency to electrical supervisors and licenses to electric contractors under the Electricity Act, 1910.
- ❖ Levy and collection of electricity duty under West Pakistan Finance Act, 1964.
- ❖ Monitoring of tariff of PESCO vis-à-vis other DISCOs for regulation of tariff.
- ❖ Administration of Pakhtunkhwa Energy Development Organization Act.
- ❖ All matters pertaining and auxiliary to hydel power stations of WAPDA or any other public/private sector agency located in KPK.
- ❖ Advising the Provincial Government on thermal, solar, wind, coal, nuclear, solar and any other kind of energy and power generation.
- ❖ Close coordination with the Federal Govt. in respect of grant of licenses for oil and gas exploration in KPK and cooperation with such companies and organizations undertaking such ventures in KPK.
- ❖ Matters relating to extension of gas by SNGPL in KPK.
- ❖ Matters relating to tariff on gas/CNG/petroleum products, royalty on gas and oil, gas development surcharge.
- ❖ Planning, designing and erection of Power generation units and supply of electricity load to the province as per its requirement.
- ❖ Representation of the Province on the boards of Directors of PESCO and other DISCOs in view of hydro electricity as major contributor to, and source of, energy.
- ❖ Formulate, regulate and review Provincial Power Policy.
- ❖ Investigation into fatal and non-fatal accidents due to electrocution

6.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

A summary of grants/appropriations and actual expenditure in financial year 2015-16 is given below:

Non-Development

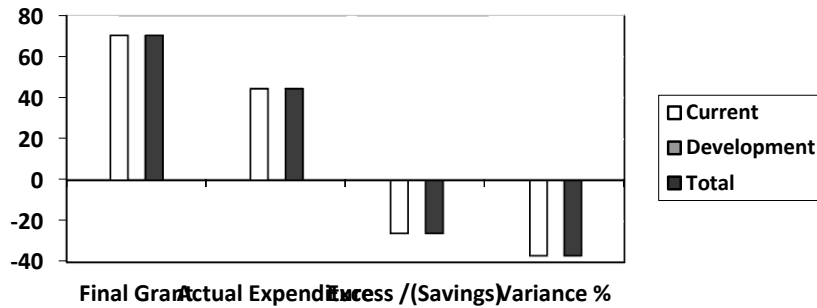
(Rs.)						
Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
44-Energy & Power	NC21	70,364,000	30	70,364,030	44,490,814	-25,873,216
Total		70,364,000	30	70,364,030	44,490,814	-25,873,216

Development

(Rs.)						
Grant # 44 (Prov) NC12 & 22 and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
Energy & Power	NC22	0	0	0	0	0
	NC12	0	0	0	0	0
Total		0	0	0	0	0

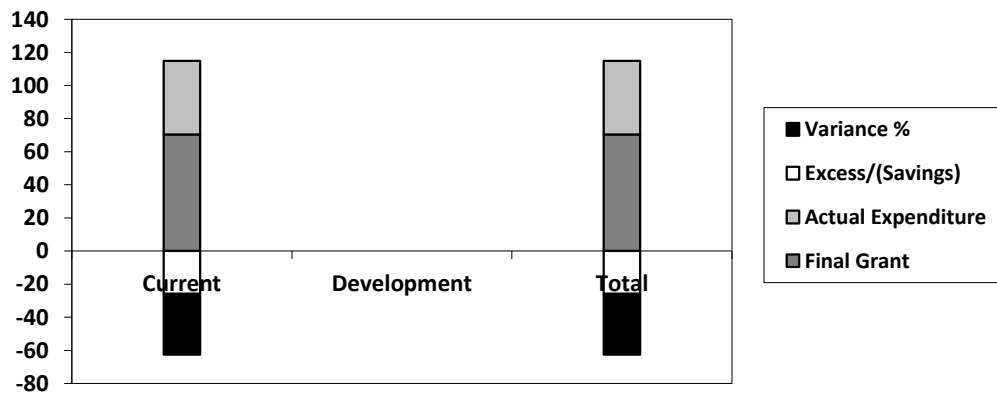
Overview of expenditure against the final grant

(Rs. in million)				
Grant Type	Final Grant	Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	70.364	44.490	-25.873	-36.770
Development	0	0	0	
Total	70.364	44.490	-25.873	-36.770



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol-I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Energy & Power Department administering the above grant did not surrender anticipated savings of Rs.25.873 million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



6.3 Brief comments on the status of compliance with PAC directives:-

S#	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2010-11	Energy & Power	02	-	-	02
2.	2011-12	-do-	09	-	05	04

6.4 Audit Paras

6.4.1 Loss due to non finalization of Power Purchase Agreement- Rs.5,025.000 million

According to Project Description annexed to appendix-A of the O&M contract agreement executed with the contractor for Ranolia HPP, the average energy production of the installed capacity would be equal to 1005,000,000 KWh.

During the financial year 2014-15, in the Pakhtunkhwa Energy Development Organization (PEDO), it was noticed from the record of the Ranolia Hydro Power Complex Kohistan that contract for O&M of the complex was awarded to M/s CEMTECH from 22.12.2014 without finalizing the PPA. The record showed that energy generation was also not started upto last date of audit i.e. June 2016, rather officially COD was even not announced. Thus commercial energy production and export of energy also not started. In the contract agreement duly signed by the parties it was mentioned that a quantity of 100.5 GWh equal to 1,005,000,000 KWh annually would be produced during operation, which will accordingly be sold. Non-finalization of PPA resulted in non-generation of 1,005,000,000 KWh of electricity and finally the estimated generated units could not be sold which resulted in per annum loss of Rs.5,025,000,000 (1,005,000,000 × 5 per unit) to the Organization. WAPDA has not completed the transmission line due to which PEDO not succeeded in selling the units.

Audit is of the view that PPA was required to have been finalized that could have saved PEDO from such loss.

Audit holds that loss occurred due to slackness on the part of local management both during construction phase as well as at the time of process of PPA and COD.

When pointed out in June 2016, the management stated that written reply would be furnished later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter at appropriate level to determine the lapses with fixing responsibility.

AP 640 (2014-15)

6.4.2 Loss due to less recovery - Rs.700.785 million

According to the Commercial Operation Date (COD) on 01.03.2010, rate of sale of electricity of Rs.4.7194 KWh was fixed by National Electronic Power Regularity Authority (NEPRA).

During the financial year 2013-14, in the office of Managing Director PEDO Khyber Pakhtunkhwa, it was noticed that Pehur Hydro Power Project has generated 188,437,666 KWh since March, 2010. Against the COD on 01.03.2010 rate of Rs.4.7195 KWh fixed by National Electronic Power Regularity Authority (NEPRA) while payment @ Re.1 per KWh was made by the WAPDA resulting into loss of Rs.700,785,000.

Audit holds that loss occurred due to non-observance of government rules and procedure.

When pointed out in August 2015, the management stated that detailed reply would be given later on.

In the DAC meeting held in October 2016, the department replied that since PPA has not been signed with PESCO/NTDC, we are receiving payment for energy sold @ Re.1 per KWh. As such, Rs.700,785,000 have been accumulated against PESCO as of today. DAC directed that full recovery should be made. No progress was intimated till finalization of this report.

Audit recommends that DAC decision be implemented and PPA be signed on priority.

AP 65 (2013-14)

6.4.3 Loss due to claim of less than approved tariff from purchaser- Rs.184.503 million and Loss due to non-inclusion of sales tax in the claim of energy – Rs.31.366 million

According to approved tariff inserted in the Power Purchase Agreement duly approved by the competent forum the rate of Rs. 4.8159 per unit should be charged. According to S.No.13.2 of the Power Purchase Agreement all present and future federal, provincial and municipal lawful taxes/duties levied or other impositions applicable to the power purchaser arising from or in

connection with its right and obligations under this agreement shall be paid by the power purchaser in a timely fashion. According to Sales Tax Act, 17 % GST is to be payable by the purchaser and will be charged by the seller on the sale product/goods.

During the financial year 2014-15, in the office of Pakhtunkhwa Energy Development Organization (PEDO), it was noticed from the invoices of energy tariff payments related to Pehur Hydro Power Complex that the Director Operation & Commercial PEDO has claimed tariff rate of Re.1 per unit instead of 4.8159 approved in the tariff table attached with the PPA (Power Purchase Agreement) duly approved by the competent forum, which resulted into loss of Rs. 184,503,000 to the organization as per Annex-K.

It was further noticed from monthly sheet of claims that Sales Tax @ 17% was not included in the claim despite the fact that the other party (PESCO) has claimed the same for supply of electricity to complex. This not only resulted in further loss of Rs. 31,366,000 (Rs.184,503,496 × 17 %) to the provincial exchequer but also is a recurring loss.

Audit holds that loss due to claim of less than approved tariff from purchaser occurred due to non-adherence to the provisions of the approved tariff rate by the NEPRA, financial mismanagement and weak internal controls.

When pointed out in June 2016, the management replied that since PPA has not been signed with PESCO / NTDC we are receiving payment for energy sold @ Re.1 KWh. As such, Rs.998,000,000 have been accumulated against PESCO as of today. The above amount is not loss it is just outstanding payment.

The reply of the department is not tenable. Claims were required to be made on the agreed rate. No strenuous efforts were made to finalize the PPA.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to recover the tariff as per PPA approved Tariff rate alongwith sales tax.

AP 635(2014-15)

6.4.4 Loss due to claim of less tariff than approved - Rs.130.078 million

According to approved tariff inserted in the Power Purchase Agreement by the competent forum the rate of Rs. 4.3915 per unit should be charged.

During the financial year 2014-15, in the Pakhtunkhwa Energy Development Organization (PEDO), it was noticed from the invoices of energy tariff payments related to Malakand-III HPP that the Director Operation & Commercial PEDO has claimed tariff rate of Rs.4.1548 per unit instead of Rs.4.3915 approved in the tariff table attached with the PPA (Power Purchase Agreement), resulted into loss of Rs.130,078,000 to the organization.

Loss occurred due to financial indiscipline and weak internal controls. This resulted into loss of Rs.130,078,000.

When pointed out in June 2016, the management stated that written reply would be furnished later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and recover the loss.

AP 625 (2014-15)

6.4.5 Loss due to non-finalization of Power Purchase Agreement – Rs.70.000 million

According to S.No.1.1.12 of the Article-1 of the Contract Agreement for Operation and Maintenance Service for Machai HPP, regarding definition and interpretation the Complex means approximately 2.6 MW maximum installed capacity hydel power station capable of generating approximately 13.94 GWh per annum of net electric output under maximum water flow condition.

During the financial year 2014-15, in the office of Pakhtunkhwa Energy Development Organization (PEDO), it was noticed from the record of Machai Hydro Power Complex Mardan that contract for the O&M of the complex was awarded to M/s Hydro Tech Peshawar from 01.09.2014 despite the fact that neither commercial nor test run energy generation was started and that the Power Purchase Agreement was also not yet signed. The non-

finalization of PPA resulted in non-generation of 14,000,000 estimated energy units of electricity and finally the non-production of estimated generation units. The outcome of the non-finalization of PPA and non-operationalization of the complex resulted in per annum loss of Rs. 70,000,000 (Rs.14,000,000 × Rs.5 per unit) to the PEDO.

Loss occurred due to slackness on the part of local management, both during construction phase as well as at the time of process of PPA and weak internal controls. This resulted into loss of Rs.70,000,000.

When pointed out in June 2016, the management stated that written reply would be furnished later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter at appropriate level to determine the lapses with fixing responsibility.

AP 645 (2014-15)

6.4.6 Loss due to non-supply of spare parts - Rs.48.210 million

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

During the financial year 2013-14, in the office of Resident Engineer Malakand III, it was noticed that Rs.48,210,000 was paid to O & M Contractor for the purchase of spare parts on 21.05.2014. The payment was made to O&M Contractor in advance.

In the first instance the list of spare parts of O&M Contractor consisted of 96 spare parts with total cost of Rs 40,000,000 however later on enhanced list was provided which consisted of 107 spare parts of Rs.48,000,000.

The contract for the supply of spare parts was awarded to Chinese Company “Shenzheng Leader Energy Tech” in November 2013 with a delivery period of 8 months. However, even after 18 months i.e. till the date of audit 30th June, 2015 spare parts were not delivered/supplied by the firm.

It is further mentioned that the finance wing of SHYDO (Small Hydel Development Organization) paid Rs.48,210,000 to the Resident Engineer Malakand III who further paid to the O & M Contractor for the purchase of spare parts. Detail of its further payment to the Chinese Firm “Shenzheng Leader Energy Tech” was not available to audit. It is added that the Contract of O&M Contractor was expired/terminated in August 2015 and non-supply of costly spare parts was a liability against the O & M Contractor.

The lapse occurred due to financial indiscipline and weak internal controls. This resulted into loss of Rs.48,210,000.

When pointed out in August 2015, the department replied that detailed reply would be given later on.

In the DAC meeting held in October 2016, the department replied that most of items were proprietary items and not available locally. To enable the O & M contractor to proceed with procurement process, Rs.48,210,000 were released on 21.05.2014 as per contract agreement. The delivery period initially was 08 months, but considerable time was spent in making clarifications relating to items need to be fabricated. As requested by the Chinese contractor on justified grounds, extension in delivery period for six months was granted. The spare items have arrived at site on 27.08.2015, duly inspected jointly by O & M contractor and PEDO staff. DAC disagreed and directed to conduct inquiry to ascertain the factual position, however, no inquiry was conducted till finalization of this report.

Audit recommends to implement the DAC decision.

AP 71 (2013-14)

6.4.7 Loss due to less payment of Rs.9.035 million and delay in payment of profit on TDRs. Rs. 3.38 3 million

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

During the financial year 2014-15, in the Pakhtunkhwa Energy Development Organization (PEDO), it was noticed that PEDO management has invested different amounts in various financial institutions on different rates. The record showed that these financial institutions have paid profit on investment worth Rs.89,530,000 but was not paid on due dates as on maturity.

There was a delay for some days for which profit was not paid by the said institutions to the PEDO, which resulted in loss of Rs.3,383,000 to the PEDO on account of delay in payment of profit on TDRs. Similarly, an amount of Rs.9,035,000 was less paid by the financial institutions as compared to actual due amount of the profit on investments.

The record was required to have been checked by the local staff and management for proper payment of profit on TDRs, which was not done.

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

When pointed out in June 2016, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and recover the profit.

APs 621 & 623 (2014-15)

6.4.8 Loss due to non-recovery of outstanding government dues-Rs.2.740 million

According to para 26 of GFR Vol-I, 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.

During the financial year 2014-15, in the office of Pakhtunkhwa Energy Development Organization (PEDO), it was noticed from the expenditure account of the Deputy Director O&M Reshun Chitral that the local office has provided electricity transmission line to the area. It was however observed that upto the close of the financial year 2014-15 an aggregate amount of Rs.2,740,000 was outstanding/recoverable against the consumers.

Audit is of the view that all outstanding dues were required to have been properly assessed and timely recovered from the concerned, which was not done, resulted in loss of Rs.2,740,000 to the organization.

Loss occurred due to weak internal controls and financial indiscipline.

When pointed out in June 2016, the management replied that recovery of dues from the consumers of Reshun Hydel Power Station Chitral is a rolling on process i.e. the dues are charged in the subsequent bills. If a consumer does not pay the bill or request for installment of the bill then the balance amount is included in the next bill. As such, arrears cannot be brought to zero level at any date.

Reply is not tenable. The powerhouse has since been destroyed and the organization took no strenuous steps towards recovery.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to recover the outstanding dues.

AP 659 (2014-15)

6.4.9 Overpayment due to allowing higher dollar conversion rate - Rs.3.08 million

According to conversion/exchange rate of US dollar to Pak rupee as on 04.03.2015 the conversion rate of the US Dollar to Pak rupee was Rs.101.

During the financial year 2014-15, in the Pakhtunkhwa Energy Development Organization (PEDO), it was noticed that contract for the construction of KOTO HPP Dir was advertised and was finalized with the bid cost of Rs.12,599,336,000 in favour of M/s Server and Co, Sichuan Silian and Chong Qing JV. The contractor applied for advance payment of Rs.262,654,040 in light of provisions of the clause 33.1 of the contract agreement and submitted bank guarantee issued by ABL Islamabad dated 04.03.2015 for US Dollar 2,570,000.40. It may be added that on 04.03.2015 the conversion rate of the US Dollar to Pak rupee was Rs.101 therefore the value of the Bank guarantee comes to Rs.259,570,004 as such Rs.3,084,036 (Rs.262,654,040 – Rs.259,570,004) was allowed in excess of the amount of guarantee submitted by the contractor, and resulted in over payment of Rs.3,084,000 to the contractor.

Overpayment to contractor was due to financial indiscipline and weak internal controls.

When pointed out in June 2016, the management replied that written reply would be furnished later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter, fix responsibility against the person at fault and recover the amount.

AP 647 (2014-15)

6.4.10 Non-recovery of outstanding dues of energy from CPPA-Rs.2,386.794 million

According to article 9.6 of the power purchase agreement executed between National Transmission and Dispatch Co. through Central Power Purchase Agency and PEDO, the power purchaser shall pay the amount shown on an invoice in accordance with Section 95 (a) on or before 30th day following the day the invoice is received by the power purchaser.

During the financial year 2014-15, in the office of Pakhtunkhwa Energy Development Organization (PEDO), it was noticed that Director O&C PEDO has claimed energy tariff dues worth Rs. 2,386,794,000 relating to Malakand-III HPP from NTDC through Central Power Purchase Agency (CPPA) on monthly basis. In response, the CPPA did not pay the amount in accordance with the provisions of article 9.6 of the CPPA. It was further found that the payment of dues cleared by CPPA did not match the claims of PEDO rather paid lesser amount in most of the period. (Annex-L)

Furthermore, the CPPA did not pay energy charges according to claim of the PEDO rather from the months of February to June, lesser amounts were paid as compared to actual claim of the PEDO while in the earlier excessive. Moreover, the payment from CPPA did not have any reference to the payment claimed by the PEDO, therefore, it could not be ascertained as to which period the dues were cleared and how much is outstanding. The local office did not carry any reconciliation of dues and also did not have any proof of receipt of payment because all the payments were directly made to the bank account bearing No 8241-9 BOK.

Audit is of the view that all payments made by the CPPA were required to have been properly reconciled on monthly basis and recorded in the ledgers separately with clearly shown amount of outstanding dues, if any, against the

CPPA, but neither record was available nor any action taken towards reconciliation and recovery of outstanding dues by the local administration.

Less realization occurred due to weak financial and internal controls.

When pointed out in June 2016, the management stated that written reply would be furnished later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter and all the claims and payments be properly reconciled with CPPA, besides recovery of outstanding amount.

AP 626 (2014-15)

6.4.11 Non-recovery of outstanding dues from PESCO-Rs.998.00 million

According to section 9.6 of the Power Purchase Agreement the power purchaser shall pay the power seller, the amount shown on an invoice delivered before 30th day following the day the invoice is received by the power purchaser.

During the financial year 2014-15, in the Pakhtunkhwa Energy Development Organization (PEDO), it was noticed from the review of joint verification report of the monthly generation and export of energy to PESCO from the Pehur Power Complex and payment of outstanding dues made by the quarter concerned, that an amount of Rs.2,313,000 was less paid as compared to the claims made during the year. However, the payment so made did not have any reference to which period the payment relates. The details showed that an amount of Rs. 46,037,000 was paid by PESSCO against the demand for payment of Rs. 48,351,000 sent to them during the period under audit while the difference remained unpaid. Furthermore, payment was made directly to bank on on-line basis therefore the local office has no documentary evidence in support of payment. The details as Annex-M

The ratio between the import and export price is not matched as it was about 1 : 10 and the payment was also not made on the basis of agreed PPA.

When pointed out in June 2016, the management replied that it was decided with PESCO that the energy generated would be sold to WAPDA@

Re.1/KWh has an interim arrangement and once the tariff is determined by NEPRA and power purchase agreement (PPA) signed with PESCO the arrears would be claimed. Since PPA has not been signed with PESCO / NTDC we are receiving payment for energy sold @ Re.1 KWh. As such, Rs.998,000,000 have been accumulated against PESCO as of today. The above amount is not loss it is outstanding payment.

Reply of the department is not tenable.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that outstanding amount be recovered.

AP 637 (2014-15)

6.4.12 Unauthorized expenditure from HDF without approval of Board- Rs.270.460 million

According to Para 3 (7) of the Hydel Development Fund Ordinance, no amount from the fund shall be withdrawn and incurred except with the prior approval of the board and every such withdrawal shall be signed by the Minister for Power and the Secretary Energy and Power as member of the board. Further that a copy of these accounts shall be rendered to the Accountant General KP by 31st August each year for incorporation in the civil accounts.

During the financial year 2014-15, in the office of Pakhtunkhwa Energy Development Organization (PEDO), it was noticed that an amount of Rs.270,460,000 was drawn from the HDF and spent on the activities of construction of 356 Mini Micro Hydropower Projects in 12 Districts of Khyber Pakhtunkhwa, however all the drawls were made by the local office without approval of the competent forum (Board). The drawl and incurrence of expenditure in absence of proper approval and authorization of the forum was unauthorized.

Unauthorized expenditure was incurred due to financial indiscipline and weak internal controls.

When pointed out in June 2016, the department replied that Project Manager submit request to the Finance Director PEDO who through Energy

and Power Department requests the HDF and BOD for release of the said funds. The HDF once release the fund, it is further allocated to the concerned project by PEDO after fulfilling audit procedures. The observations of audit that each individual payments/withdrawal to the contractor/consultant shall be made by the Minister for the Power and Secretary Energy and Power does not apply to the instant payment procedures.

However, reply of the department is not tenable, as approval of the competent forum as required was not provided to audit.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing the responsibility and corrective action against the person(s) responsible.

AP 654 (2014-15)

6.4.13 Unauthorized and doubtful expenditure - Rs.233.210 million

According to Contract Agreement clause 3.2, the contractor shall provide suitably qualified, experienced and competent personnel. The contractor shall provide to the client evidence of the competency including details of previous experience and qualification of the key staff.

During the financial years 2013-15, in the office of Pakhtunkhwa Energy Development Organization (PEDO), it was noticed from the record of Malakand III Hydro Power Complex that an amount of Rs.233,210,000 was paid to the technical & supporting staff on the designation bases instead of personal detail and qualification.

Moreover, it is pertinent to mention that contractor are awarded contract on the qualification & experience of his staff, whereas it is found in instant case that non mentioning the names of employees led to doubt that all employees on whose basis contract was won were not found available at the strength of the contractor.

Therefore, the expenditure so incurred on this account was unauthorized and doubtful.

Unauthorized and doubtful expenditure was incurred due to financial indiscipline and weak internal controls.

When pointed out in June 2016, the management replied that written reply would be furnished later on.

In the DAC meeting held in October 2016 on AP 79 (2013-14), the department replied that all necessary information such as names, qualifications, CVs of the key O&M personnel had been provided in the Technical bid. On the basis of same, the O&M contractor was declared qualified and awarded contract. The payment clause 9.3(b) of the contract agreement has no such provision of providing information of their technical staff deployed at site. DAC directed that the approval of the competent authority regarding increase of personals from 90 to 108 be provided to audit alongwith complete record of payments to these personals. No further progress was intimated till finalization of this report.

Audit recommends to investigate the matter for fixing the responsibility, besides providing to audit detail of all staff members.

AP 79 (2013-14) & 627 (2014-15)

6.4.14 Unauthorized and excess payment of salary to the CEO - Rs.11.330 million

The Government of Khyber Pakhtunkhwa, Establishment Department vide letter No. SOR-VI/ E&AD/ 1-25/ 2007 dated 17.10.2008 has circulated the policy for the appointment on contract against the project post and pay package of Rs. 100,000 to Rs. 110,000 approved for BPS 20.

During the financial year 2014-15, in the Pakhtunkhwa Energy Development Organization (PEDO), it was noticed that Chief Executive Officer PEDO was appointed by the Government of Khyber Pakhtunkhwa Energy and Power Department on contract basis for a period of three year vide Notification No.SO (E)/E&P/4-5/SM/PEDO/2014-15Vol-IV/ 845-54 dated 18.02.2015 and was paid salary worth Rs.5,900,000. It was however found that the terms and conditions of service as required under the rules were framed, prepared and communicated to the officer for signature, which were neither signed nor accepted by the officer. The payment of salary worth Rs.5,900,000 was thus unauthorized.

Further the officer was allowed abnormal higher rate of pay of Rs.1,400,000 per month as compared to rate approved in the policy of the Establishment Department despite the fact that in the appointment order nothing specific was mentioned regarding hiring on such a higher rate of salary. This not only resulted in unauthorized payment of salary of Rs.5,900,000 on one hand while excess payment of Rs.5,436,000 (Rs.5,900,000 + Rs.5,436,000 = Rs.11,330,000) on the other, apart from that the terms and conditions of service have not yet been settled.

Unauthorized payment made without settlement of terms and conditions due to non-adherence to the provisions of Government Policy and weak internal controls.

When pointed out in June 2016, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that the department may explain its position before the PAC for payment of such high salary.

AP 614 (2014-15)

6.4.15 Irregular and unauthorized utilization of HDF on other activities- Rs.270.460 million

According to Para 3 (4) & (6) of the Hydel Development Fund Ordinance 2001, the amount contributed to the Fund shall exclusively be utilized for the development of Hydel electricity in province and shall be operated upon in accordance with the provisions of this ordinance and the rule made there under. No project costing less than 500,000,000 rupees shall be financially assisted from the fund. The Board may consider and approve viable projects costing less than 500,000,000 rupees, provided that such a project is a joint venture being executed with the calibration of the private sector. Each project shall be under taken on the basis of equity participation and the extent of equity participation shall be determined by the board on case-to-case basis.

During the financial year 2014-15, in the office of Pakhtunkhwa Energy Development Organization (PEDO), it was noticed that an amount of Rs.270,460,000 was drawn from the HDF and spent on the activities of construction of 356 Mini Micro Hydropower Projects in 12 Districts of Khyber Pakhtunkhwa with overall cost of Rs.5,524,832,000. The cost of individual

mini project is less than Rs.500,000,000 thus as per provisions of the Ordinance it could not be funded from HDF. Neither the said projects cost was more than Rs.500,000,000 nor is a joint venture being executed with the calibration of the private sector. The expenditure was thus irregular and unauthorized.

The record showed that PEDO has launched a project and it was proposed in the PC-1 that the project funded from the HDF and on completion, would be handed over to the community for operation which showed that project is neither viable nor sustainable and also have no future earning because it would be handed over to the community for operation and maintenance without any cost.

Audit holds that irregular and unauthorized/wasteful expenditure was incurred due to financial indiscipline.

When pointed out in June 2016, the management replied that the project "Construction of 356 Mini/Micro Hydro Power Projects in Northern Districts of Khyber Pakhtunkhwa" was approved by the Government (PDWP) as a single project under the approved PC-I for Rs.5,524,832,000. The technical sanction obtained for the project is also based on single approval i.e. there is no individual TS for all the 356 projects. Further funds from the HDF under the project are being released in the name of the approved PC-I project as mentioned above and not on the basis of each individual project. Further as to the observation of audit regarding viability of these projects, it is stated that both the MC and PEDO are fully committed and taking good care of all those factors which can ensure viability and durability such as project site location, quality control through effective monitoring and field visits/ supervision.

The reply of the department is not tenable. Each project has been shown as separate project with separate feasibility and other allied work. Other observations have not been replied.

The irregularity was reported to the Department in August 2016 followed by D.O. letter dated 09.01.2017 for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and position be explained before PAC as the matter is of national importance.

AP 656 (2014-15)

6.4.16 Irregular and unauthorized enhancement of bid prices-Rs. 105.600 million and acceptance of higher rate for four vehicles-Rs.140.800 million

According to paras 11 and 12 of GFR Vol-I, each head of a department is responsible for enforcing financial order, strict economy at every step and observing all relevant financial rules and regulations by his own office and by subordinate disbursing officers.

During the financial year 2014-15, in the Pakhtunkhwa Energy Development Organization (PEDO), it was noticed that the contract for construction of KOTO HPP Dir was advertised and was finalized with the bid cost of Rs.12,599,336,000 in favour of M/s Server and Co, Sichuan Silian and Chong Qing JV. The detailed scrutiny of the bid documents showed that the bidder has quoted bid of Rs. 12,493,736,000 as was evident from the schedule L on page 1 of 10 and schedule 5 of the Grand summary attached on page 10 of 13 of the bid documents as such an amount of Rs. 105,600,000 was accepted in excess of the actual bid price.

Further, it was noticed that four vehicles were purchased at the cost of Rs.35,200,000 each. On inquiry it was informed by the Assistant Director concerned that there was a mistake in the bid price of four vehicles quoted as Rs.35,200,000 instead it was Rs.140,800,000 by the bidder, on page 8 of 13 of the bid documents which was corrected in the evaluation process and accordingly corrected as Rs.140,800,000.

Audit is of the view that the correction was incorrect and unjustified because on page 10 of 10 of the same bid document the cost of complete item regarding cost of four vehicles was mentioned as Rs.35,200,000 which indicates that full price was Rs.35,200,000 and not Rs.140,800,000. On further probe it transpired that Rs.105,600,000 pointed above as the excess paid price in the bid is actually the difference between the actual price of vehicles and the claimed price of vehicles Rs.35,200,000 and Rs.140,800,000 respectively.

Lapse occurred due to weak financial and internal controls.

When pointed out in June 2016, the management submitted the same statement, which was not satisfactory as unreasonable enhancement needs proper authorization.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility against the person(s) at fault and recovery of the amount from person responsible.

AP 648 (2014-15)

6.4.17 Wasteful expenditure on hiring of O&M contractor – Rs.5.340 million

According to para 10 of GFR Vol-I, each officer is expected to incur expenditure from public money in a manner as a person of ordinary prudence would spend from his own pocket. Public money should be spent more carefully and economically in the public interest.

During the financial year 2014-15, in the Pakhtunkhwa Energy Development Organization (PEDO), it was noticed from the review of record of the Machai Hydro Power Complex Mardan that contract for the O & M of the complex was awarded to M/s Hydro Tech Peshawar and payment of Rs.5,340,000 was made on account of salary of staff of the contractor despite the fact that complex has not yet officially operational. Therefore, the hiring of O&M contractor and payment of Rs.5,340,000 without running the complex was just the wastage of public resources.

Furthermore, the above payment consists of salary of the technical/key staff, paid on the basis of the designation of the staff instead of their proper names and status. Not mentioning the names of person in the claim led to the suspicion that all the employees were not and are not available on site.

When pointed out in June 2016, the management stated that written reply would be furnished later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter at appropriate level to determine the lapses with fixing responsibility.

AP 644 (2014-15)

6.4.18 Doubtful & unwarranted expenditure on Rent of vehicles of O&M Contractor Rs.2.750 million

According to Para 2.1 of Chapter 2 of the accounting manual of PEDO every officer incurring or authorizing expenditure from public fund should be guided by high standard of financial propriety and that every officer of the organization is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During the financial year 2014-15, in the Pakhtunkhwa Energy Development Organization (PEDO), it was noticed that the Resident Engineer (RE) Malakand-III HP Dargi allowed payment of Rs 2,750,000 to the O&M contractor on account of rent of one bus and two vehicles hired on monthly rent basis despite the fact that the contractor has purchased vehicles and claimed monthly POL and repair charges each and every month. Therefore, hiring of further vehicles on monthly rent basis was neither required nor justified. Hence, claim of the contractor and payment by the RE was doubtful and unwarranted. The detail as Annex-N

Audit is of the view that before allowing payment to the O&M Contractor, need and assessment of the requirement of vehicles for the station was required.

Doubtful expenditure incurred due to financial indiscipline at the level of approval accorded and weak internal controls.

When pointed out in June 2016, the management replied that written reply would be furnished later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing the responsibility.

AP 628 (2014-15)

6.4.19 Excess payment to Consultant on account of staff remunerations - Rs. 8.927 million

According to the consultants work plan and activity schedule shown in the appendix-C the pre construction period of the consultancy would be only 12 months, effective from the date of signing the contract agreement and price schedule also shown at appendix-e. According to Sr.No 9 of the TORs of the consultancy, services of the contract agreement the consultant will seek prior written approval of the PHYDO to approve any extension of the period for completion of the work.

During the financial year 2013-14, in the office of Chief Executive PHYDO, it was noticed that Project Director Lawi HPP has allowed upto 20th running bill an amount of Rs.74,330,956 to M/s ACE Pvt Ltd vide voucher No. 10 dated 30.06.2014 on account of consultancy services. The scrutiny of the voucher revealed that the firm has claimed salary and remuneration of the staff for the pre construction phase, in excess of the provisions as approved and agreed to in the Appendix-E of the contract agreement. The local administration has allowed the same on the basis of addendum No 1 signed in January 2014 between the parties in light of clause 2.5 of the GCC as referred to above. It was however observed that neither the scope of service changed nor any increase in the prices occurred but it was claimed due to increase in additional man months for which neither any justification was advanced by the consultant nor allowed by the local administration.

Further, the original agreement was signed on the basis of approval accorded by the DCSC under the Chairmanship of Administrative Secretary while the prior approval of the competent forum for the addendum No.1 was not obtained.

Audit therefore, holds that the payment of extra remunerations beyond the provision of the agreement that too without approval resulted in an excess payment of Rs. 8,927,096.

Excess payment made due to financial indiscipline and weak internal controls.

When pointed out in August 2015, the department stated that detailed reply would be given later on.

In the DAC meeting held in October 2016, the department replied that the case was submitted to DCSC for approval of time extension and

consequent cost effect. The committee (DCSC) decided that “concerned authority will approve the increase in time period and cost subject to these being covered in the original or revised approved PC-I of the respective project”. DAC directed to conduct inquiry and audit be informed within 30 days. However neither inquiry conducted nor audit informed till finalization of this report.

Audit recommends to implement DAC decision.

AP 21 (2013-14)

6.4.20 Non-conduct of internal audit of the subordinate DDOs

According to Para 13.2 of the Accounting Manual of the PEDO the internal audit section of the organization shall carry out periodic audit of the Head Office and the projects of the organization and submit their report to the CEO PEDO with a copy to Administrative Department for necessary action in addition if necessary , the CEO/ Administrative secretary may ask the internal audit section to carry out special audit of a particular department/ wing/project of the organization and submit report accordingly.

During the financial year 2014-15, in the office of Khyber Pakhtunkhwa Energy Development Organization (PEDO), it was noticed that there is Internal Audit Section under the supervision of the Director Finance and Assistant Director Audit. However, they neither conducted Internal Audit of the Head Office nor of any project or other subordinate office in violation of provisions of the Accounting Manual. Rules provide that the CEO/ Administrative secretary may ask the internal audit section to carry out special audit of a particular department/ wing/project of the organization and submit report accordingly but no instructions in this regard were available. Non-conduct of the Internal Audit by the internal audit section resulted in not only violation of the rules but the CEO and Administrative Department were also not aware of the financial mismanagement.

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

When pointed out in June 2016, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that internal audit of the PEDO be carried out regularly.

AP 620 (2014-15)

Chapter – 7

Environment Department

7.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of :

❖ **Environment:**

- Environmental protection;
- Energy conservation

❖ **Forests:**

- Forest settlement.
- Afforestations
- Range management.
- Erosion.
- Denudation.
- Cooperatives in Guzara Forests.
- Ecology and Environmental factors.
- Watershed Management.
- Applied Research in forestry.
- Forest Training.

❖ **Wildlife:**

- Protection, preservation, conservation and management of wildlife including all matters falling within the purview of the North-West Frontier Province Wildlife (Protection, Preservation, Conservation and Management) Act, 1954, (NWFP Act V of 1975).
- Habitat improvement.
- Conservation education and training.
- Applied research on wildlife and its habitat

7.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2015-16 against the total of grants/appropriation was as follows:

Non Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual expenditure	Excess / (Savings)
21-Environment and Forestry	NC21	1,837,833,000	90	1,837,833,090	1,554,279,533	-9283553,557
22-Forestry (Wild Life)	NC21	82,443,000	2,035,000	384,478,000	363,442,491	-21,035,509
Total		1,920,276,000	2,035,090	2,222,311,090	1,917,722,024	-9,304,589,066

Development

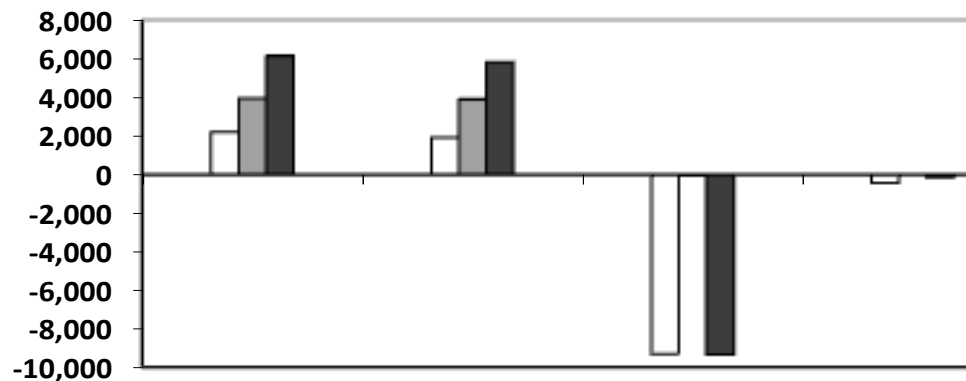
(Rs.)

Grant # 50 (Prov) NC 12 and Name of Department	Grant Type	Original Grant	Supplementary Grant/Re-appropriation	Final Grant	Total Actual Expenditure	Excess / (Savings)
Environment	NC22	57,000,000	0	20,021,000	20,303,459	+282,459
Forestry	NC22	1,033,491,000	10	3,903,536,000	3,862,436,449	-41,099,551
Forestry	NC12	55,509,000	0	32,452,000	34,956,092	+2,504,092
Total		1,146,000,000	10	3,956,009,000	3,917,696,000	-38,313,000

Overview of expenditure against the final grant

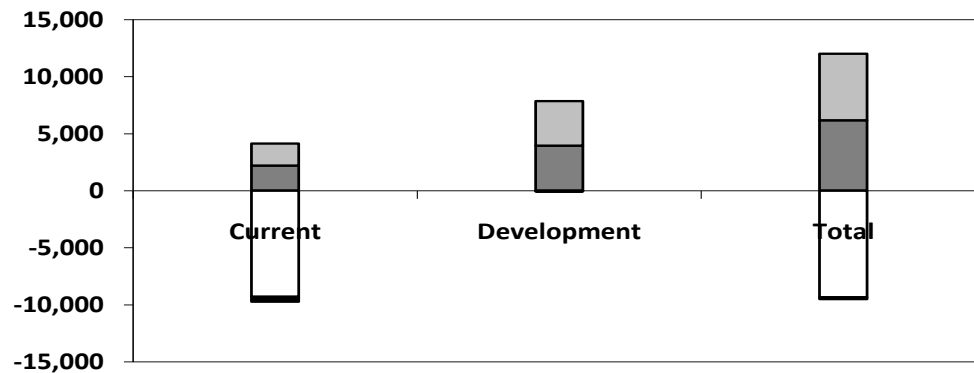
(Rs. In million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	2,222.311	1,917.722	-9,304.589	-418.689
Development	3,956.009	3,917.696	-38.313	-0.9684
Total	6,178.320	5,835.418	-9,342.902	-151.223



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Environment Department administering the above grant did not surrender anticipated savings of Rs.9,342.902 million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



7.3 Brief comments on the status of compliance with PAC directives:-

SNo.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2001-02	Environment	31	-	19	12
2.	2002-03	-do-	10	-	09	01
3.	2003-04	-do-	12	-	07	05
4.	2004-05	-do-	29	-	13	16
5.	2005-06	-do-	18	-	06	12
6.	2007-08	-do-	07	-	03	04
7.	2008-09	-do-	09	-	03	06
8.	2009-10	-do-	10	-	06	04
9.	2010-11	-do-	22	-	13	09
10.	2011-12	-do-	03	-	01	02
11.	2012-13	-do-	05	-	01	04

7.4 Audit Paras

7.4.1 Misappropriation due to not showing 78,084.68 cft timber on stock- Rs.82.390 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2015-16, in Divisional Forest Office Dir Upper, it was noticed that various court cases were decided in favor of department and the honorable court imposed penalties on offenders, ordered confiscation of timber and even granted reward to the concerned staff. However, the case property i.e. timber measuring 78,084.68 cft worth Rs.82,390,000 was not taken in the concerned Timber Form 17 and 07. Thus local office misappropriated the timber worth Rs.82,390,000.

The lapse occurred due to weak internal controls, resulting into misappropriation of Rs.82,390,000.

When pointed out in December 2016, the management stated that detailed reply would be given later on.

In the DAC meeting held in December, 2016 on AP No 410 (2014-15), the department furnished no satisfactory reply. DAC decided to effect recovery and conduct detailed inquiry. However, no progress was intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault and recover value of the misappropriated timbers.

AP 37 (2015-16) & 410 (2014-15)

7.4.2 Misappropriation on account of afforestation - Rs.8.250 million

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

During the financial 2015-16, in the office of Divisional Forest Officer Chitral, it was noticed that under Billion Trees Tsunami Afforestation Project in KP, expenditure of Rs.8,250,000 was incurred on plantation, detail is as under:-

S.No	Particulars	Area	Amount (Rs)
1.	Barnis Afforestation at Booni	35 Hectors	1,734,000
2.	Balpanch Afforestation	35 Hectors	1,078,500
3.	Markazabad Afforestation	08 Hectors	177,200
4.	Gumbas Afforestation	74 Hectors	2,055,500
5.	Kaldam Afforestation	55 Hectors	1,140,400
6.	Kalkatak Afforestation	34 Hectors	940,000
7.	Shadok Afforestation	14 Hectors	711,700
8.	Kaghozi Afforestation	12 Hectors	416,500
	Total		8,253,800

The said plantation was physically checked along with concerned Range Officer and other staff. It was noticed that only few plants were seen. Thus, the said amount was misappropriated.

The lapse occurred due to weak internal controls, resulting into misappropriation of Rs.8,253,800.

When pointed out in December 2016, the management stated that detailed reply would be submitted later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility besides recovery from the concerned.

APs 05, 13, 16, 17, 18, 23, 29 (2015-16)

7.4.3 Misappropriation due to missing timbers – Rs.3.730 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2014-15, in the office of Divisional Forest Officer Dir Upper (SDFO Dir Upper), it was noticed that he had taken various quantities of Timber on Timber form-7 of different kinds, but the same were neither shown disposed off nor handed over to depot incharge. Thus, timber valuing Rs.3,730,000 was misappropriated.

The lapse occurred due to weak internal controls, resulting into loss of Rs.3,730,000.

When pointed out in June 2016, the management stated that detailed reply will be given later on.

In the DAC meeting held in December 2016, the department furnished no satisfactory reply. DAC decided that inquiry be conducted and recovery be effected from the person(s) at fault. However, neither inquiry conducted nor any progress regarding recovery intimated till finalization of this report.

Audit recommends that DAC decision be implemented.

AP 411 (2014-15)

7.4.4 Misappropriation of 200,509 plants - Rs. 3.334 million

According to para 6.3.21 of the PC-1 of Billion Trees Afforestation Project in K.P, the project director will monitor the activities of the project through monitoring and evaluation officers. Monitoring through GIS, fixed point topography (pre, during and post activity) and physical verification will be carried out.

During the financial year 2015-16, in Divisional Forest Office Chitral, under the Billion Trees Afforestation Project the local office showed 658 Hectares of afforestation in different locations of the division. During physical verification by Monitoring Team of the Project along with GIS expert, it was noticed that 186.52 hectares was shown in excess, as compared to the actual afforestation measured through GIS, which were claimed on Muster Rolls. As per approved PC-1, 1075 plants should be planted in one hectare. As per calculation the local office showed 200,509 excess plants utilized (186.52 hectares x 1075 plants) costing in excess Rs.3,334,465 (200,509 plants @ Rs.16.63 per plant = Rs.3,334,465) as compared to actual utilization.

The lapse occurred due to weak internal controls, resulting into misappropriation of Rs.3,334,465. The excess utilization leads to misappropriation.

When pointed out in December 2016, the management stated that detailed reply would be submitted later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault, besides recovery from the concerned.

AP 3 (2015-16)

7.4.5 Misappropriation due to unauthorized payment to the owners of private nurseries - Rs.3.320 million

As per clause 6 of the agreement executed between nursery growers and forest department the payment will be made in three installments as per following conditions;

- a. The first installment of 25% of payment will be made upon reserving of land, completion of earth work, procurement of seeds, sowing, dully verified by the committee constituted by the D.F.O. concerned.
- b. Second installment of 25% of payment will be made upon completion of 80% of work dully verified by the committee constituted by the D.F.O. concerned.
- c. Final payment will be made on actual receipt of standard quality of plants after deducting the amount granted in 1st and 2nd installments.

During the financial year 2014-15, in Divisional Forest Office Dir Upper, contracts were awarded to 55 farmers for raising 55 nurseries. The record revealed that only 31 farmers provided plants to the department as per agreements signed by them while the remaining 24 farmers defaulted. The record also showed that an amount of Rs.1,087,551 was paid in advance as 1st and 2nd installments without conducting survey and physical inspections of the nurseries. No report of the internal committee regarding inspections and their comments were available on record. Moreover, the department itself had issued notices to all these 24 defaulters on 06.05.2016 for refund of Government money on account of default i.e. after 15 months of release of the said payment. The bank Statement shows that cash payments were drawn from the bank instead of cross cheques.

The lapse occurred due to weak internal controls, resulting into misappropriation of Rs.3,320,000.

When pointed out in June 2016, it was stated that detailed reply would be given later on.

In the DAC meeting held in December 2016, the department stated that 55 units of private nurseries were raised under proper agreement. First and second installments and final 50% payment has been made in 2015-16, through cross cheques for 1087,551 plants against the agreements of 1,375,000 plants. The DAC, however, disagreed and decided to conduct detailed inquiry and effect recovery. However, neither inquiry conducted nor recovery effected till finalization of this report.

Audit recommends implementation of DAC decision.

AP 424 (2014-15)

7.4.6 Misappropriation due to missing timber - Rs.4.521 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2014-15, in the office of Divisional Forest Officer Dir Upper, the SDFO Darora Dir Upper had taken various quantities of Timber on Timber Form 05 of various species, valuing Rs.2,120,000 but it was noticed that the same were neither shown disposed off, nor recorded in the Timber form 07 of the depot. Moreover, in the same office timber confiscated from un-known offenders of kail and fir measuring 858.53 cft valuing Rs.1,900,260 was missing in the concerned timber form-17. While transportation charges were claimed on the said quantities of timber. No entries of the said timber were found in other timber registers. Thus the quantities of timber amounting to Rs.4,020,260 were misappropriated.

Furthermore Compensation Cases Register and Timber Form-7 of Fateh Pur and Matta Sub Division in DFO Swat, various quantities of confiscated Fir & Kail were shown confiscated from the forest offender and reflected in compensation Cases register, however, these quantities were not shown in timber form 7 of the same Range nor in the stock of Central Depot.

As such, where about of the timber valuing Rs.500,975 was not known and, thus, misappropriated.

The lapse occurred due to weak internal controls, resulting into loss of Rs.4,521,235.

When pointed out in January 2016, it was stated that detailed reply would be furnished later on.

In the DAC meeting held in December 2016, the department gave a lengthy reply. DAC disagreed and decided that inquiry be conducted and recovery be made. However, till finalization of this report no progress was intimated.

Audit recommends implementation of DAC decision.

APs 129, 408 & 409 (2014-15)

7.4.7 Misappropriation on establishment of tube nurseries - Rs.2.32 million

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

During the financial year 2015-16, in the office DFO Chitral, an expenditure of Rs.1,219,200 was incurred on the establishment of two tube nurseries at Damik and Rs.1,100,000 at Chumor Kon respectively. The record revealed that the amount was utilized on 1,000,000 polythene bags and seeds of different species, but concerned material form-7 revealed that neither such items were issued to the said nurseries, nor any other source was shown to audit. The said nurseries were physically checked and it was observed that instead of hand watering, flood irrigation was done, due to which most of the polythene bags were lying empty and the plants could not germinate. Even at the time of physical verification of the nurseries, it was seen that flood irrigation was started, while expenditure was claimed on hand watering.

The lapse occurred due to weak internal controls, resulting into misappropriation of Rs.2,320,000.

When pointed out in December 2016, the management stated that detailed reply would be submitted later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault.

APs 14 & 15 (2015-16)

7.4.8 Misappropriation on account of walnut bare rooted nursery - Rs.1.160 million

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

During the financial year 2015-16, in the office of DFO Chitral, an expenditure of Rs.1,160,000 was incurred on leveling, layout, preparation of flat beds , watering and watch and ward of bare rooted nursery at Drosh North and MROI Sub Divisions under Billion Tree Afforestation Project in KP. The said bare rooted nurseries were physically checked along with concerned Range Officer and other staff, wherein it was observed that more than 80% nursery was empty of plants. The amount was drawn on watering, weeding, watch and ward but no such activities were seen on field and the whole nursery was full of grass and weeds.

The misappropriation occurred due to weak internal controls.

When pointed out in December 2016, the management stated that detailed reply would be submitted later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility and recover the amount from concerned.

APs 21 & 28 (2015-16)

7.4.9 Loss due to illicit cutting of Forest Trees - Rs.235.530 million

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

During the financial year 2015-16, in the office of Divisional Forest Office Dir Upper, it was noticed that in Darora Range Office at Kadi Khel 1,401 numbers of trees measuring 86,781 cft amounting to Rs.21,695,000 and 79 number of trees measuring 7,340 cft amounting to Rs.1,835,000 in the area of SDFO Warrai were illicitly cut. The damage reports were registered against the offenders, however, no timely action was taken by the department to control the illicit cutting of timber, which resulted into loss of Rs.23,530,000 (Rs.21,695,000 + Rs.1,835,000)

The lapse occurred due to weak internal controls, resulting into loss of Rs.23,530,000.

When pointed out in December 2016 it was replied that reply would be given later on.

Audit requested the department repeatedly through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault.

AP 36 & 39 (2015-16)

7.4.10 Loss due to illegal use of forest timber - Rs.6.844 million

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

During the financial year 2015-16, in Divisional Forest Office Dir Upper, two damage reports were registered against the contractors of wood bridges at Akhgram and Sadiqabad for illegal utilization of forest timber. Detail is as under: -

								(Rs)
S #	Name of offender	Area	DR No	Date	Type	Cft	Rate	Amount
1	RiazShoib	Akhgram	64/94	21.08.2015	Deodar	1676.43	3,000	5,029,290
2	Fayaz	Sadiqabad	65/94	23.08.2015	Kail	726.07	2,500	1,815,175
Total								6,844,465

The damage report revealed that contractors had used forest timber for construction of bridges. However, the matter was reported very late i.e. after construction of bridges. Thus, the Government sustained a loss of Rs.6,844,465 due to negligence of the department.

The lapse occurred due to weak internal controls, resulting into loss of Rs.6,844,465.

When pointed out in December 2016, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit commends to conduct inquiry, fix responsibility against the person(s) at fault besides recovery.

AP 40 (2015-16)

7.4.11 Loss due to payment to neighnbans of closures - Rs.6.77 million

According to Para 6.3.1 of PC-1 of Billion Trees Afforestation Project, closures of depleted forest will be made for four years to support recovery of landscape and natural re-generation of forests. Those compartments will be selected which has a density upto 25%. The DFO concerned will hand over the baseline compartment and technical feasibility to the Directorate.

Negihban/Chowkidar if required will be nominated by the community for watch and ward, prevention of closures from illicit cutting, grazing and fire.

During the financial year 2015-16, in Divisional Forest Office Chitral, an expenditure of Rs.6,770,000 was incurred on payment of salaries to the Neighnbans of closure under project Billion Trees Tsunami Afforestation Project in KP. As per PC-1, it was required that those sites should have been selected for closures where upto 25% mother trees are present. However, upon

physical verification of few selected sites, the following shortcomings were observed:-

1. The sites selected were not fit for closures as mother plants were not available for which closures were made.
2. No clear demarcation of closures were made.
3. In sites, that were visited, not a single plant was available.
4. No watcher was available on site and animals were grazing freely in the area, on the other hand, monthly salaries of neigibhan @ Rs.15,000 per month were shown regularly paid.
5. No technical sanction or feasibility study was carried out on the selection of these sites.

The lapse occurred due to weak internal controls, resulting into loss of Rs.6,770,000.

When pointed out in December 2016, the management stated that detailed reply would be submitted later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault, besides recovery from the concerned.

AP 2 (2015-16)

7.4.12 Loss due to failure of 140 hectares afforestation - Rs.3.007 million

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

During the financial year 2015-16, in the office of DFO Dir Upper, an expenditure of Rs.3,007,000 was incurred on 140 hectares afforestation at Ushirai Darora Range under Billion Trees Afforestation Project. The said plantation was physically checked along with concerned Range Officer, it was noticed that only few plants were available and most of the plants were dry. On the other hand, watch and ward were claimed throughout the year.

When pointed out in December 2016, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault, besides making good the loss.

AP 42 (2015-16)

7.4.13 Loss due to non-maintenance of bare rooted nurseries - Rs.2.430 million

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

During the financial year 2015-16, scrutiny of accounts record of DFO Dir Upper, revealed that an expenditure of Rs.2,430,000 was incurred on leveling, layout, preparation of flat beds and watch and ward of bare rooted nurseries at Makhai(A & B) under project Billion Tree Afforestation Project in K.P.

The said bare rooted nurseries were physically checked along with concerned Range Officer and other staff, wherein it was observed that large area of nursery was empty and no proper germination of plants occurred. As evidence from a few snap shots taken, which shows the actual position of nursery.

When pointed out in December 2016, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault, besides recovery of loss.

AP 43 (2015-16)

7.4.14 Loss due to failure of afforestation - Rs.1.780 million

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

During the financial year 2015-16, in the office of Divisional Forest Officer Chitral, it was noticed that under project Billion Trees Tsunami Afforestation Project in K.P. Rs.1,780,000 was utilized for plantation at Dondigal, Sweer and Sweer Lasht Sub Divisions.

The said plantations were physically checked along with concerned staff, it was observed that no such plantation existed on the spot and partial plants were found. The SDFO was asked about the failure of plantation, he replied that plantation of Robinia failed and now it will be replaced with other plants. It was, further, observed that more than 50% area was empty and only pits were dug while no plantation was carried out.

When pointed out in December 2016, the management stated that detailed reply would be submitted later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault and recover the amount.

APs 20 & 22 (2015-16)

7.4.15 Loss on Azordam afforestation on disputed land - Rs.2.340 million

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

During the financial year 2015-16, in the office of DFO Chitral, an expenditure of Rs.2,340,000 was incurred on 75 hectares Azordam Drosh North afforestation under Billion Trees Afforestation Project. It was further

noticed that the afforestation was carried out on disputed land of Qzai Tribe and Khania Tribe and no agreement was made with any tribe.

During physical verification of site it was noticed that only partial plants were available and most of pits were empty, pictures of the same were taken as evidence.

When pointed out in December 2016, the management stated that detailed reply would be submitted later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility besides recovery from the concerned.

AP 06 (2015-16)

7.4.16 Loss due to illegal cutting of trees – Rs.2.04 million

According to para 20(i) of GFR Vol-I, all losses of government property shall be reported to higher ups as well as to Director General Audit for investigation.

During the financial year 2014-15, the DFO Dir Upper, conducted an inquiry against the illegal cutting of 13 Kail trees at Ushri Kadi Kel Forest Compartment No.1 Dharora Sub Division and the Secretary of Environment Department took serious action against the person(s) at fault and issued charge sheet and order to recover the illegally cut 13 kail trees (1360 cft) amounting to Rs.2,040,000 (1360 cft×1500 per cft). However, neither the same was recovered nor any action was taken against the offenders.

The lapse occurred due to weak internal controls, resulting into loss of Rs.2,040,000.

When pointed out in June 2016, it was stated that detailed reply would be given later on.

In the DAC meeting held in December 2016, the department stated that the said inquiry is under process and recovery will be made from the person(s) at fault. DAC decided that inquiry be expedited and recovery be effected from

the person(s) at fault. However, till finalization of this report no progress was intimated.

Audit recommends that DAC decision be implemented.

AP 413(2014-15)

7.4.17 Non-recovery of illegal stocking of 3891.39 cft timber –Rs.6.630 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2014-15, the Divisional Forest Office Upper Dir, had conducted an inquiry against the illegal stocking of timber in different sawmills and the Secretary of Environment Department took serious action against the person(s) at fault and issued charge sheets. He further ordered to recover the illegal stock of 3891.39 cft timber amounting to Rs.6,630,000. Detail as below:-

(Rs)

S.No	Name	Type	Quantity	Rate	Amount
1	Ightizaz Khan Saw Mill	F/spruce	1,529.94	1,800	2,753,892
2	Khaista Muhammad Saw Mill	-do-	1,697.75	1,800	3,055,950
3	Muhammad Amin & Saeed-ur-Rehman Saw Mill	Deodar Kail	36	2,500	90,000
			348.77	2,100	732,417
Total					6,632,259

The relevant record revealed that still the said timber were neither recovered nor taken on respective Timber Form-07 of the local office, due to which the public exchequer sustained a loss of Rs.6,630,000.

The lapse occurred due to weak controls, resulting into loss of Rs.6,630,000.

When pointed out in June 2016, it was replied that reply would be given later on.

In the DAC meeting held in December 2016, the department replied that inquiry is under process for appropriate action against the responsible officers/officials. DAC decided that inquiry be expedited and report be submitted, besides recovery from the concerned. However, neither inquiry conducted nor any progress regarding recovery intimated till finalization of this report.

Audit recommends to implement DAC decision.

AP 412(2014-15)

7.4.18 Non-recovery of government outstanding dues from FDC - Rs.3.645 million

According to para 26 of GFR Vol-1, it is the duty of the departmental controlling officer to see that all sums due to the government are regularly and promptly assessed, realized and dully credited in the public account, no amount due to government should be left outstanding without sufficient reason.

During the financial year 2014-15, in Divisional Forest Officer Swat, dry and wind fallen trees were marked for harvesting to Forest Development Corporation. The corporation harvested the trees but 40% government Share, duty, extension fee and fine of total amounting to Rs.3,645,000 is still outstanding.

The lapse occurred due to weak internal controls, resulting into delay in deposit of Rs.3,645,000.

When pointed out in January 2016, the management replied that due to law and order situation and floods of 2010, the work of FDC was completely stopped. The amount will now be recovered.

In the DAC meeting held in December 2016, the department furnished its earlier reply. DAC decided that outstanding amount be recovered.

Audit recommends to recover the amount.

AP 130 (2014-15)

7.4.19 Unauthorized expenditure on account of purchase – Rs.1.550 million

According to para 12 of GFR Vol-I, 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. He must be in a position to assume before Government and the Public Accounts Committee if necessary complete responsibility for departmental expenditures and to explain or justify any instance of excess or financial irregularity that may be brought to notice as a result of audit security or otherwise.

During the financial year 2014-15, in Divisional Forest Office Upper Dir, an expenditure of Rs.859,000 million incurred on the purchase of seeds under the project Billion Trees Tsunami Afforestation Project in KP. The record revealed that for the purchase of seeds a centralized tender was floated and rates were approved for all DFOs of Malakand Range. However, it was noted that the local office ignored the lowest approved rates and purchased the same at higher rates from open market without any reason and proper procedures.

Moreover, an expenditure of Rs.700,000 was incurred on purchase of plastic shed under project billion Trees Tsunami Afforestation Project in KP as under:

S#	Name of Dealers	Cr Nos. & Dated	Item	Purchased rate per Meter	Approved rate per meter	Diff	Quantity	Amount (Rs)
1	Asad Ullah Khan Govt contractor	22.06.2015	Plastic shed	328.083	100	228.083	7000 feets or 2133.6 meters	486,640

The record revealed that for the purchase of plastic shed a centralized tender was floated and rates were approved for all DFOs of Malakand Range. However, the local office ignored the lowest approved rates and purchased the same at higher rates from open market without any reason and proper procedures.

The lapse occurred due to weak internal controls, resulting into loss of Rs.1,550,000.

When pointed out in June 2016, the management stated that detailed reply would be given later on.

In the DAC meeting held in December 2016, the department stated that the purchase was made at the risk and cost of the contractor who defaulted. DAC decided that recovery be effected. However, till finalization of this report no progress towards recovery was intimated.

Audit recommends to implement DAC decision.

APs 418 & 419 (2014-15)

7.4.20 Irregular expenditure on outsource plantation Rs.2.360 million

As per clause 6 of the agreement executed between nursery growers and forest department the payment will be made in three installments as per following conditions;

- a. The first installment of 25% of payment will be made upon reserving of land, completion of earth work, procurement of seeds, sowing, dully verified by the committee constituted by the D.F.O. concerned.
- b. Second installment of 25% of payment will be made upon completion of 80% of work dully verified by the committee constituted by the D.F.O. concerned.
- c. Final payment will be made on actual receipt of standard quality of plants after deducting the amount granted in 1st and 2nd installments.

During the financial year 2014-15, in the office of Divisional Forest Officer Upper Dir, a contract of Rs.2,956,000 was awarded to M/S Manzoor Ahmad Carriage and General Order Supplier under Project Billion Trees Tsunami Afforestation in KP. for outsource plantation at Cheera Gali. Audit raised the following points:-

- The site was physically checked along with staff of local office, and observed that only partial plants were available in the area. No watcher available to take care of plants and animals were grazing freely at the plantation site.
- As per agreement 80% bare root plants 4 to 5 feet and 20% conifer plants 1 to 1.5 feet were required to have been planted in the said area. Whereas actually no bare root plants were planted in the area and few plants of conifer were found and that too were of a very small size i.e. 5 to 6 inches after one year.

- No inspection report before plantation was carried out by the concerned DFO in which the physical condition and size of plants were mentioned.
- In advertisement it was mentioned that only experienced contractors or farmers were eligible to apply in competition, whereas the contract was awarded to the general order supplier.
- As per approved PC 1 and advertisement 50% payment of total amount was subject to the condition that plantation was verified by the concerned office. While the local office made 100% payment of Ist bill i.e. Rs.1,478,125 and 80% in second running bill i.e. Rs.886,875 out of Rs.1,478,125. Thus a total payment of Rs.2,365,000 out of Rs.2,956,250 was made without any verification of the plantation, which was unauthorized and violation of PC 1.

The lapse occurred due to weak internal controls, resulting into loss of Rs.2,360,000.

When pointed out in June 2016, it was stated that detailed reply would be given later on.

In the DAC meeting held in December 2016, wherein the department furnished a lengthy reply. However, the DAC was not convinced and decided that a detailed inquiry be conducted and recovery be made. Neither inquiry was conducted nor recovery effected till finalization of this report.

Audit recommends implementing the decision of the DAC in letter and spirit.

AP 416 (2014-15)

7.4.21 Doubtful expenditure on plantation, watch & ward and watering of plantations under Forest Development Fund - Rs. 4.170 million

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

During the financial year 2014-15, in the office of DFO DIKhan, an expenditure of Rs.4,170,000 was incurred from Forest Development Fund (FDF) on watch & ward and watering of plantations.

During physical verification of the above plantation, no such activities were found and not even a signal watcher was present on plantation site. While the local office incurred expenditure on watch & ward, and watering of the plantation.

The lapse occurred due to weak internal controls, resulting into loss of Rs.4,170,000.

When pointed out in March 2016, no reply was given by the department.

In the DAC meeting held in December 2016, the department gave a lengthy reply. DAC decided that inquiry be conducted and recovery be effected. However, till finalization of this report no progress was intimated.

Audit recommends implementing decision of the DAC.

APs 260 & 261 (2014-15)

7.4.22 Doubtful expenditure on tube and bare rooted nurseries - Rs.4.08 million

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

During the financial year 2015-16, in the office of DFO Chitral, an expenditure of Rs.4,080,000 was incurred on the establishment of following tubes and bare rooted nurseries.

S.No	Location	Type	Hectares	Amount (Rs)
1	Nager	Tube	.648	1,598,000
2	Nagar	Bare Rooted	02	1,488,400
3	Gahirat	Tube Nursery	0.4047 hector	607,200
4	Chitoor	Bare rooted	0.595 hector	393,600
Total				4,087,200

The record revealed that the amount was drawn for establishment of two nurseries at Nagar and shown utilized on 6,000,000 polythene bags and seeds of different species, but concerned material form 7 revealed that neither such items were issued to the said nurseries, nor any other source was shown to audit. During physical verification of the said nurseries, it was observed that most of the polythene bags were lying empty and no plants were raised in beds. Weeding, pricking of plants, shifting, watering, watch & ward of nursery were regularly claimed but no such activities were found on ground.

The lapse occurred due to weak internal controls, resulting into loss of Rs.4,087,000.

When pointed out in December 2016, the management stated that detailed reply would be submitted later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault, besides recovery.

APs 04 & 09 (2015-16)

7.4.23 Doubtful expenditure on water log area Plantation - Rs.1.729 million

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

During the financial year 2014-15, in the office of DFO DIKhan, an expenditure of Rs.1,322,800 was incurred on plantation of 30 hectares water log area plantation under Billion Trees Tsunami Afforestation Project in KP as follows:-

S#	Particulars.	Cr. No.	Months	Amount (Rs)
2	30 Hac Water Log KiriKhisore	No.01/PHP of 12/2014	12/2014	418,600
		No.04/PHP of 01/2015	01/2015	55,200
		No.05/PHP of 02/2015	02/2015	53,600
		No.05/PHP of 03/2015	03/2015	52,800
		No.13/PHP of 04/2015	04/2015	32,800
		No.06/PHP of 05/2015	05/2015	59,600
		No.04/PHP of 06/2015	06/2015	80,400
3	6 HacAthogKiriKhisore	No.06/PHP of 02/2015	02/2015	85,600
	20 Hac -do-	No.09/PHP of 03/2015	03/2015	242,600
	-do-	No.14/PHP of 04/2015	04/2015	46,400
	-do-	No.05/PHP of 05/2015	05/2015	80,400
	-do-	No.03/PHP of 06/2015	06/2015	114,800
Total				1,322,800

The plantation was physically checked along with concerned SDFO of Pahar Pure Range, wherein it was observed that huge amount was claimed on the said plantation, but only few plants were found on spot and no watcher or other field staff was available for maintenance of the same. While throughout the year it was claimed.

Furthermore, in the same area another project plantation was also carried out on which an expenditure of Rs.405,900 was incurred, thus, in the same area double drawl was made from Mega project. A few snaps were taken as proof of the same.

The lapse occurred due to weak internal controls, resulting into loss of Rs.1,728,700.

When pointed out in March 2016, the management furnished no reply.

In the DAC meeting held in December 2016, the department stated that no double drawl has been made and proper monitoring has been carried out. The DAC disagreed and decided that an inquiry be conducted and responsibility be fixed. However, neither inquiry conducted nor any progress intimated till finalization of this report.

Audit recommends to implement the decision of DAC.

APs 259 & 267 (2014-15)

7.4.24 Doubtful expenditure on purchase of deodar plants - Rs.1.110 million

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

During the financial year 2014-15, in the office of DFO Upper Dir, an expenditure of Rs.1,110,000 was incurred on the purchase of 53513 number of deodar plants under project Billion Trees Afforestation in KP.

The plants were taken on Material Form 07 of the division. However, no detail of utilization and issuance was shown, only in disposal column names of SDFOs and Ranges were given without plantation detail. Neither requisition nor acknowledgments of the same was available on record. This resulted into doubtful expenditure.

The lapse occurred due to weak internal controls, resulted into doubtful expenditure of Rs.1,110,000.

When pointed out in June 2016, the management stated that detailed reply would be furnished later on.

In the DAC meeting held in December 2016, the department stated that being the first year of the project nurseries were not fit for plantation. Thus, the office purchased 53,513 large size deodar plants for afforestation. DAC did not agree and decided that a detailed inquiry be conducted into the subject matter and recovery to be effected. However, no progress was intimated till finalization of this report.

Audit recommends to implement the decision of DAC.

AP 428 (2014-15)

7.4.25 Doubtful expenditure on purchase of plants - Rs.1.100 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured, weighed as the case may be, when delivery is taken, and they should be taken on charge by a responsible government officer

who should see that quantities are correct and their quality is good, and record a certificate to that effect.

During the financial year 2014-15, in the office of Divisional Forest Officer Upper Dir, an expenditure of Rs.1,100,000 was incurred on purchase of plants under project Billion Trees Tsunami Afforestation Project in KP, from Zareen Fruit Nursery House Mingora Swat.

In the invoice of the supplier type of plants were not mentioned and only 100,000 of plants @ Rs.11 each were shown. Moreover, neither entry of the same was made in the concerned material/ timber form 7 of the local office, nor shown any utilization and issuance for any plantation in the division.

The lapse occurred due to weak internal controls, resulting into loss of Rs.1,100,000.

When pointed out in June 2016, it was stated that detailed reply would be given later on.

In the DAC meeting held in December 2016, the department stated that being the first year of the project fit plants stock was not available in the project nurseries, therefore plants were purchased from approved contractor during 2015, and utilized for afforestation. DAC disagreed and decided to conduct detailed inquiry into the subject matter. However, no progress was intimated till finalization of this report.

Audit recommends implementing decision of the DAC.

AP 430 (2014-15)

7.4.26 Doubtful expenditure on block plantation - Rs.1.070 million

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

During the financial year 2014-15, in the office of Divisional Forest Officer DIKhan, an expenditure of Rs.1,070,000 was incurred on plantation at Jehanghir Abad in Pahar Pur Range under project Billion Trees Tsunami Afforestation Project in KP.

The said plantation was physically checked along with concerned SDFO and other staff , however, no such plantation was found on the spot and few plants were present. It was also noticed that an inquiry was ordered against the person(s) at fault but detail thereof was not produced to audit.

The lapse occurred due to weak internal controls, resulting into loss of Rs.1,070,000.

When pointed out in March 2016, the management furnished no reply.

In the DAC meeting held in December 2016, it was stated that an inquiry had been ordered into the matter and the position will be intimated as and when it is finalized. The DAC decided that inquiry report be produced and position be explained before the PAC.

Audit recommends implementation of the DAC decision.

AP 258 (2014-15)

7.4.27 Excess drawl on different afforestation work - Rs.5.593 million

According to para 6.3.21 of the PC-1 of Billion Trees Afforestation project in KP, the Project Director will monitor the activities of the project through monitoring and evaluation officers. Monitoring through GIS, fixed-point topography (pre, during and post activity) and physical verification will be carried out.

During the financial year 2015-16, in the office of Divisional Forest Officer Chitral, different afforestation was carried out in different Ranges of the Forest Division under Billion Trees Afforestation Project. As per PC 1 provision, monitoring of the plantations was carried out by Mr.Tauheed-UI-Haq M&EO-III and submitted a report vide letter No.28 dated 20.06.2016. In this report it was mentioned that areas claimed for afforestation in different locations were less as compared to Muster Rolls and Nursery General. Thus excess areas claimed in Muster Roll and Rs.5,592,750 was drawn in excess.

The irregularity occurred due to weak internal controls.

When pointed out in December 2016, the management stated that detailed reply would be submitted later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault, besides recovery.

AP 01 (2015-16)

7.4.28 Wasteful expenditure on conservancy and works - Rs.17.632 million

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

During the financial year 2014-15, in the office of Divisional Forest Officer Wild Life Chitral, an expenditure of Rs.17.632 million was incurred under Propagation and Multiplication of endangered Species of Temperate Zone in Chitral during two years as follows.

S.No.	Financial Year	Amount (Rs)
1	2013-14	8,000,000
2	2014-15	9,632,000
Total		17,632,000

The record revealed that huge expenditure was incurred under the above ADP scheme, but, after incurring huge expenditure the same was windup and closed down due to the reason that the selected area was hit by flood, heavy rain and earth quack. The attached record shows that only 34 poles were damaged out of 1800 poles. However, due to this minor damage the whole scheme was dropped on the plea that the proposed site was not fit for conservancy.

The lapse occurred due to weak financial management, resulting in to wasteful expenditure of Rs.17,632,000.

When pointed out in May 2016, it was stated that detail reply would be furnished later on.

In the DAC meeting held in December 2016, the department stated that the project was hit by natural calamity. DAC did not agree, as the site selected for the project was not fit for conservancy and damage caused by flood was not that material. Hence, the position may be explained before the PAC.

Audit recommends that the position may be explained its position before the PAC that why unsuitable site was selected, without feasibility study, for scheme which resulted into wasteful expenditure.

AP 377 (2014-15)

Chapter - 8

Excise & Taxation Department

8.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

- ❖ Control of tobacco, opium, hemp, narcotics, liquor and intoxicating preparation, import license and contracts relating thereto and excise taxes thereon
- ❖ Tobacco Bend Fees
- ❖ Assessment and collection of taxes on:
 - Luxuries, amusements, bettings;
 - Professions, trades, calling, employments;
 - Urban immovable properties;
 - Motor Vehicles;
 - Capital gains
 - Real Estate Agents and Motor Vehicle Dealers; and
 - Historical Mosques
- ❖ Utilization of Tobacco Development Cess

8.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

A summary of grants/appropriations and actual expenditure in financial year 2015-16 is given below:

Non-Development

(Rs.)						
Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
07-Excise & Taxation Department	NC21	592,811,000	20	592,811,020	484,231,580	-108,579,440
Total		592,811,000	20	592,811,020	484,231,580	-108,579,440

Development

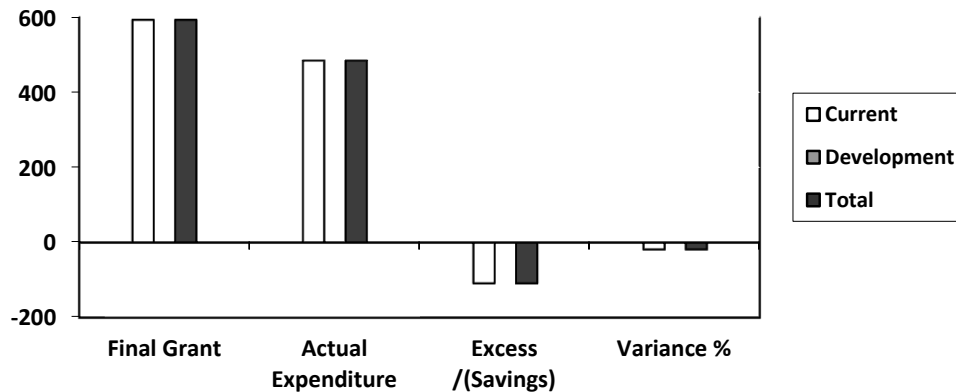
(Rs.)

Grant # 07 (Prov) NC12 & 22 and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
Excise & Taxation Department	NC22	0	0	0	0	0
	NC12	0	0	0	0	0
Total		0	0	0	0	0

Overview of expenditure against the final grant

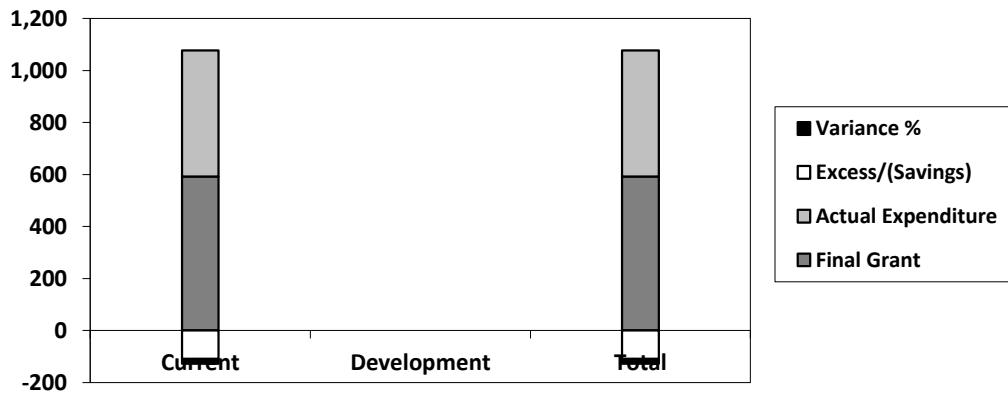
(Rs. in million)

Grant Type	Final Grant	Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	592.811	484.232	-108.579	-18.315
Development	0	0	0	
Total	592.811	484.232	-108.579	-18.315



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol-I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Excise & Taxation Department administering the above grant did not surrender anticipated savings of Rs.108.579 million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



8.3 Brief comments on the status of compliance with PAC directives:-

S#	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2002-03	Excise & Taxation	08	-	07	01
2.	2012-13	-do-	01	01	-	-

8.4 Audit para

8.4.1 Loss due to non disposal/non auction of 103 confiscated vehicles– Rs.51.500 million

According to Rule 8 of the Khyber Pakhtunkhwa Province Seizure and Disposal of Motor vehicles Rules 1999, if no claim is received or if received and the claimant is unable to prove his bonafied ownership, the District Officer shall record his order for confiscation of the vehicles and disposed off the vehicle by way of sale in an open auction. The sale proceeds thereof shall, after clearance of the Government dues, be paid into Government treasury.

During the financial year 2012-13, in the office of Director General Excise & Taxation Khyber Pakhtunkhwa Peshawar, it was noticed that out of total 120 seized vehicles, 17 vehicles were released to the owners while disposal/auction of remaining 103 vehicles costing approx: Rs.51,500,000 was not made. Due to non-disposal/auction of these vehicles the government sustained a loss of Rs.51,500,000.

The lapse occurred due to non-implementation of Khyber Pakhtunkhwa Province Seizure and Disposal of Motor Vehicles Rules 1999, which resulted into loss of Rs.51,500,000 to government.

When pointed out in June 2014, the department furnished no reply.

In the DAC meeting held in November 2014, the department replied that 103 vehicles were not disposed off as confiscation of these vehicles was delayed on legal grounds. However DAC did not agree and directed to conduct facts finding inquiry and results be intimated within 30 days. No progress was intimated till finalization of this report.

Audit recommends that the DAC decision be implemented.

AP 10 (2012-13)

8.4.2 Loss due to non allotment of 37 confiscated vehicles for official duties- Rs.18.500 million

According to Rule-8 of the Khyber Pakhtunkhwa Province Seizure and Disposal of Motor Vehicles Rules 1999, the confiscated vehicle on which no other number is deciphered on its chassis number or its chassis sheet is refitted and welded, will not be put to sale by way of auction. Such vehicles can be

retained in the Excise & Taxation Department for performance of official duties or allotment to other Departments of the Government for official duty, by the secretary after fulfilling all codal formalities.

During the financial year 2012-13, in the office of Director General Excise & Taxation Khyber Pakhtunkhwa Peshawar, it was observed that a list for auction of 37 confiscated vehicles were provided to Audit. The chassis numbers of these vehicles were tampered /welded but references of date of seizure of these vehicles, page Numbers of the relevant stock register and the assessed value of these vehicles were not recorded in the list. The list was also not signed by any responsible officer and the relevant stock register was not produced to Audit. According to the above rule these vehicles could not be auctioned and can only be allotted within the Excise Department for performance of official duties or to other Government departments for official duties. If the average value of Rs.500,000 per vehicle is considered then the total value of these 37 vehicles comes to Rs.18,500,000. Had these vehicles been allotted for official duties, the Government could have been saved from the loss of more than Rs.18,500,000 on the purchase of new vehicles for official duties.

Audit holds that the irregularity occurred due to non-implementation of Khyber Pakhtunkhwa Province Seizure and Disposal of Motor Vehicles Rules 1999, which resulted into loss of Rs.18,500,000 to government.

When pointed out in June 2014, the management furnished no reply.

In the DAC meeting held in November 2014, the department replied that there is no direct involvement of Excise and Taxation Department in the process of auction. The Department send proposed list of confiscated vehicles to Administration Department for auction. To assesse value of the vehicle for auction, is the responsibility of the auction committee, Administration Department. However, DAC did not agree and directed to conduct facts finding inquiry and results be intimated within 30 days. No progress was intimated till finalization of this report.

Audit recommends that DAC decision be implemented.

AP 11 (2012-13)

Chapter – 9

Food Department

9.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of :

- ❖ Food procurement, rationing and distribution.
- ❖ Storage of food grain.
- ❖ Control over the price and distribution of sugar-cane.
- ❖ Control over the price and distribution of sugar and other matters under the Sugar Factories Control Act, 1950.
- ❖ Implementation of Sugarcane Development Cess Rules, 1964.
- ❖ Civil Supplies.
- ❖ Price of food items.
- ❖ Service matters, except those entrusted to the Establishment and Administration Department.

9.2 Comments on budget & accounts (variance analysis)

Summary of the Appropriation Accounts

A summary of the grants/appropriation allocated to Food Department and expenditure by the department in FY 2015-16is given below:

Non-Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
35-Subsidies	NC21	2,900,000,000	0	2,900,000,000	2,900,000,000	0
49-State Trading in Food Grain & Sugar	NC11	85,758,000,000	70	85,758,000,070	3,223,190,133	-82,534,809,937
	NC14	1,100,000,000	0	1,100,000,000	205,746,697	-894,253,303
Total		89,758,000,000	70	89,758,000,070	6,328,936,830	-83,429,063,240

Development

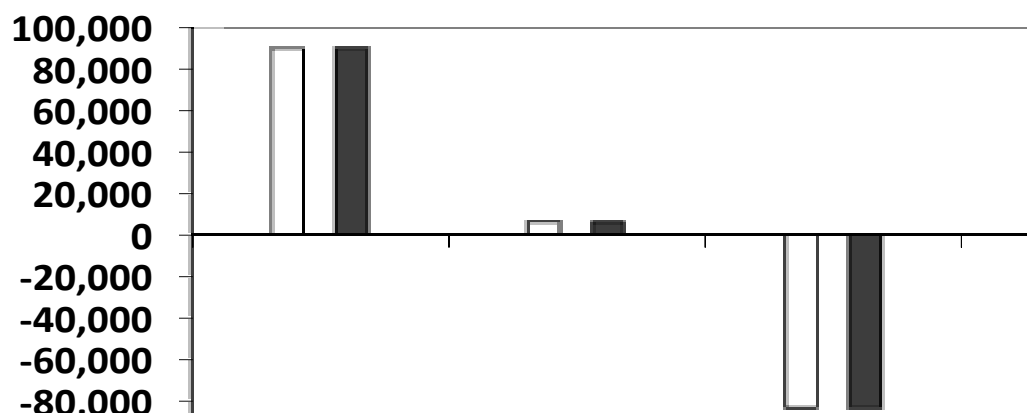
(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
Food (Wheat)	NC22	95,544,000	0	18,191,000	11,928,889	-6,262,111
041401-Food (Wheat)	NC 12	405,456,000	0	33,384,000	39,368,474	+5,984,474
Total		501,000,000	0	51,575,000	51,297,363	-277,637

Overview of Expenditure against the Final Grant

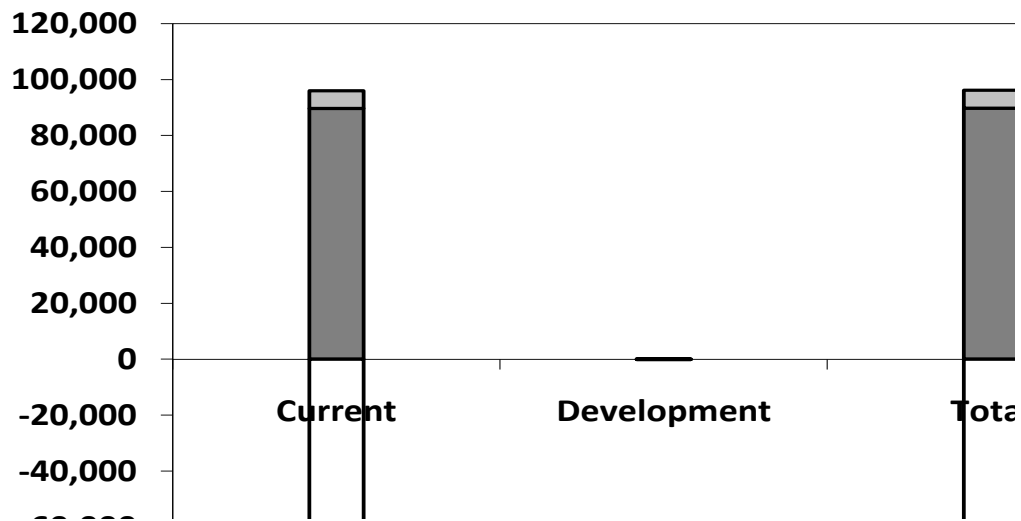
(Rs. In million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	89,758.000	6,328.936	-83,429.063	-92.948
Development	51.575	51.297	-0.278	-0.539
Total	89,809.575	6,380.233	-83,429.341	-92.895



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Food Department administering the above grant did not surrender anticipated savings of Rs.83,429.341 million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



9.3 Brief comments on the status of compliance with PAC directives:-

SNo.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2001-02	Food	21	-	12	09
2.	2002-03	-do-	12	-	07	05
3.	2003-04	-do-	02	-	-	02
4.	2004-05	-do-	11	-	08	03
5.	2005-06	-do-	02	-	-	02
6.	2007-08	-do-	05	-	04	01
7.	2008-09	-do-	10	-	08	02
8.	2009-10	-do-	15	-	07	08
9.	2010-11	-do-	40	-	13	27
10.	2011-12	-do-	12	-	09	03
11.	2012-13	-do-	06	06	-	-

9.4 Audit Paras

9.4.1 Misappropriation of wheat and empty gunny bags – Rs.18.606 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2013-14, in the office of District Food Controller Chitral, FG-3 register of PRC Ayun and Bumborate revealed that there was a difference of 305,945 kg wheat valuing Rs.10,886,644. The shortage of wheat was detected during handing/taking over charge between Abdul Jalil and Muhammad Zahir Shah Incharge of Ayun and Bumborate Centre. Thus, wheat valuing Rs.10,886,644 was misappropriated.

It was further noticed that the daily Godown statement (FG-3) of PRC Arandu under DFC Chitral for May 2012 showed closing balance of wheat 64 bags equal to 59,069 kg, when carried forward to next month i.e. June 2012, it was shown 4,480 kg. Thus 54,589 kg wheat was misappropriated which resulted into loss of Rs.1,530,000.

During the financial year 2014-15, the record i.e. FG-13 of Food Grain Godown Khot under DFC Chitral showed a balance of 45,907 empty gunny bags as on 30th June 2015. It was noticed that out of it 24,823 were shown short and outstanding against the previous Food Grain Inspector (FGI) while 20,084 empty gunny bags were also not physically available. The present FG Inspector gave written statement that there is shortage and the balance 45,823 empty gunny bags have not been handed over to him, which resulted into loss of Rs.6,190,000.

The lapse occurred due to financial indiscipline and weak internal controls, resulting into misappropriation of Rs.18,606,644.

Misappropriation was pointed out in September 2014 and March 2016. The management replied that during physical verification and later on handing/taking over charge of godown Bumborate and Ayun, wheat and empty gunny bags worth Rs.10,886,644 were found short against Mr.Abdul Jalil. The case was recommended to Director Anti-corruption for investigation, wherein initial inquiry has been started against the official. The report regarding

shortage of 54,589 kg wheat at Arandu has been sent to higher ups and inquiry has been initiated. The defaulter incharge PRC Khot has been asked to handover the outstanding gunny bags.

The matter was discussed in the DAC meeting held in February 2016 wherein the Department furnished the same reply. DAC directed that complete recovery be made from the person(s) responsible. No further progress was intimated till finalization of this report.

Audit recommends that DAC directives be implemented besides fixing responsibility against the person(s) at fault.

AP 79 & 80 (2013-14) and 158 (2014-15)

9.4.2 Loss due to shortage of wheat -Rs. 32.648 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2014-15, in the office of District Food Controller Chitral, during handing/taking over charge of the Food Grain Godown, there occurs shortage of 8,217 bags equal to 839,285 kg wheat valuing Rs.28,325,000 (839,285 Kg @ Rs. 33.75 P.kg). The cost of short gunny bags was Rs.1,109,000. This resulted into loss of Rs.29,434,000 to the public exchequer.

It was further noticed that on 14th October 2014, during handing/taking over charge of the Food Grain Godown Booni, a quantity of 689 bags equal to 72,235 kg wheat valuing Rs. 2,438,000 (72,235 Kg @ Rs. 33.75 P.kg) was short. Similarly a quantity of 230 bags equal to 23,000 kg valuing Rs.776,000 (23000 Kg @ Rs. 33.75 P.kg) was of poor quality which was not fit for human use and was also not given into the custody at the time of taking over charge. The total value of the short as well as of poor quantity wheat resulted into loss of Rs.3,214,000.

Audit holds that due to shortage of wheat and gunny bags, government sustained loss of Rs.32,648,000.

The lapse occurred due to weak internal controls, resulting into loss of Rs.32,648,000.

When pointed out in March 2016, the management stated that reply would be given after consulting the record.

In the DAC meeting held in August 2016, the department replied that during physical verification the quantity pointed out by audit has been found short against the concerned PR Centers. Mr.Usman Khan FGS has also been removed from service under E&D Rules and case of each defaulter has been sent to Anti Corruption alongwith relevant record for investigation and lodging FIR against them. DAC directed that position may be explained before PAC.

Audit recommends to investigate the matter, fix responsibility and recovery of loss from the person(s) responsible.

APs 148 & 149 (2014-15)

9.4.3 Loss due to non-forfeiture of security deposit – Rs.13.00 million

According to clause 2.2 of the contract agreement, in case of delay, the contractor will be liable for confiscation of the security of Rs.1 million lying in the office of Director Food apart from other action against him.

During the financial year 2014-15, in the office of District Food Controller Chitral, it was noticed that Director Food KP allocated a quantity of 10,000 and 4,000 m.ton wheat (total 14,000 m.ton) from PRC Dargai to different PRCs of District Chitral vide two different allocation orders dated 08.09.2014 and 14.10.2014 respectively. The time for completion of the carriage was granted 22 days and 15 day respectively and the carriage contractors started transportation. The contractors failed to complete the supply in time and there occurred delay in almost all cases. Therefore as per clause 2.2 of the contract agreement penalty for delay in completion of supply of wheat was required to be imposed. Thus security amounting to Rs.13,000,000 (@ Rs.1,000,000 each x 13 contractors) was required to have been forfeited which was not done. This resulted into loss of Rs.13,000,000.

The loss occurred due to weak internal controls, resulting into loss of Rs.13,000,000.

When pointed out in March 2016, the management stated that reply would be given after consulting the record.

In the DAC meeting held in August 2016, the department replied that

due to uncertain situation of Chitral District, clause 2.2 of the contract agreement could not be properly implemented. DAC decided to impose penalty and effect recovery. However, no progress intimated till finalization of this report.

Audit recommends to implement the DAC decision.

AP 156 (2014-15)

9.4.4 Loss due to non-recovery from official – Rs.11.956 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2013-14, in the office of DFC Chitral, it was noticed that Rs.3,917,400 was outstanding against Mr.Fazal Bari AFC on account of shortage of empty gunny bags in PRC Danin Chitral. Similarly 1,172 bags wheat costing Rs.3,442,164 (1,172x100=11,720kgxRs.28.12) was short against him in PRC Ayun and Bumborate. Further shortage of 139,501 kg wheat valuing Rs.3,922,768 and 5,390 empty gunny bags worth Rs.673,750 was reported by Mr.Abdul Jalil incharge of PRC Danin. Thus, aggregate amount of Rs.11,956,082 outstanding was recoverable against the defaulter official.

The lapse occurred due to weak internal controls, resulting into loss of Rs.11,956,082.

When pointed out in September 2014, the management replied that inquiry is under process against the concerned staff. Inquiry report is awaited therefore final position will be intimated after receipt of report.

In the DAC meeting held in Feb 2016, the department repeated the previous reply and further added that case is already in the Anti Corruption Court Chitral, which is pursued vigorously. However, DAC decided that recovery should be made besides initiating disciplinary action against the person(s) at fault.

Audit recommends that DAC decision be implemented.

AP 74 (2013-14)

9.4.5 Loss to government due to sale of wheat at lesser rates – Rs.8.560 million

According to wheat release policy of 2013-14, wheat must be issued at ex-godown rates fixed by Food Directorate.

During the financial year 2013-14, in the office of DFC Chitral, it was noticed that wheat was sold at lesser rates, which resulted into loss of Rs.8,560,000 million. (Annex-O)

Loss occurred due to weak internal controls and financial indiscipline.

When pointed out in September 2014, no satisfactory reply was furnished.

In the DAC meeting held in Feb 2016, the department replied that an inquiry team has been constituted to find out the factual position and fix responsibility. The inquiry report is still awaited. DAC directed to expedite the inquiry and intimate final position to audit along with recovery. No progress was intimated till finalization of this report.

Audit recommends to expedite inquiry and fix responsibility besides recovery from the concerned.

APs 76&77(2013-14)

9.4.6 Loss due to non-deposit of cost of wheat – Rs.5.08 million

According to para 26 of GFR Vol-1, 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.

During the financial year 2013-14, the record of DFC Chitral revealed that Mr.Fatahud Din, an official of PR Centre Yarkhoon sold 2,886 bags (295.27 tons) of wheat for Rs.8,649,312 against which Rs.2,280,003 was deposited while Rs.6,369,309 not deposited and remained outstanding against the said official. Thus, the government sustained a loss of Rs.6,369,309.

The lapse occurred due to weak internal controls, resulting into loss of Rs.6,369,309.

Loss was pointed out in September 2014, wherein the management

replied that recovery is under process.

The matter was discussed in the DAC meeting held in Feb 2016. The department replied that Rs.1,281,805 has been recovered and for the remaining recoverable amount of Rs.5,087,504 the case has been registered with Anti Corruption Department, which is still under investigation. DAC directed that recovery be effected and action against the defaulter be taken. No progress was intimated till finalization of this report.

Audit recommends to recover the amount, besides fixing responsibility against the person(s) at fault.

AP 75(2013-14)

9.4.7 Non-availability of wheat sales account of 100 sale points – Rs.278.632 million

According to Section 14 of the Auditor General's Ordinance 2001, no information nor any book or other documents, to which the Auditor General has a statutory right of access, may be withheld from the Audit. Any person or authority hindering the auditorial functions shall be subject to disciplinary action under relevant Efficiency and Discipline Rules applicable to such person.

During the financial year 2014-15, in the office of District Food Controller Chitral, it was noticed that there were 32 main PRCs and more than 100 sale points wherein 70% wheat was sold. The opening of all these sale points were not authorized by the competent authority, thus they were running unauthorizedly.

The auditable record of PRCs was produced for audit but despite repeated requests the sales account and auditable record of the sale points was not provided. The approximate ratio of the sale of wheat in the PRCs vs Sale Points remained about 30:70 therefore, the auditable record in support of sales of Rs.278,632,000 (Rs.398,045,000 X 70%) was not produced. In the FG-3 registers of the PRCs the entire quantity of wheat was shown issued but neither the particulars of sale points nor the name of the owner of the PRC was mentioned.

Audit holds that proper record of the sale of wheat at sale points was not maintained and was not produced.

Non-availability of record occurred due to non-adherence to rules and weak internal controls.

When pointed out in March 2016, the management stated that reply would be given later on.

The matter was discussed in the DAC meeting held in August 2016. The department replied that all these sale points are running on self-help basis and elders of the area nominate private persons to run the sale point. The incharge of sale point issue wheat to the general public and concerned incharge PRC collect the sale proceeds of wheat. There exist no separate account in the sale point and the account is maintained at the PRC level. DAC disagreed with the reply. Chairman DAC informed that inquiry has been started. It was decided that outcome of the inquiry be shown to audit and PAC. However, no progress was intimated till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault.

AP 143(2014-15)

9.4.8 Illegal operation of bank accounts and deposit – Rs.398.04 million and non-accountal of profit of private commercial bank accounts - Rs.31.84 million

According to Para 5 & 26 of the GFR vol-1, all moneys received as dues of Government or for deposit in the custody of Government should be credited into the Public Account in accordance with the Treasury Rules. It is the duty of the Controlling Officer to see that all sums due to Government are regularly and promptly assessed realized and duly credited in Public Account. He is further responsible to reconcile the figures with treasury to see that the amount reported as collected has been duly credited in the Public Account.

During the financial year 2014-15, in the office of District Food Controller Chitral, it was noticed that 32 main PRCs and more than 100 sale points are operating and controlled by the Food Grain Inspectors. The Food Grain Inspectors operate commercial bank accounts for the day-to-day deposits of the amount of sale of wheat and at the end of month, they either deposit or transfer the amount from banks to the Government Account. The record showed that during the year an aggregate amount of Rs.398,045,000 was realized as sale of wheat and was retained in these accounts and later on transferred to Government accounts.

The accounts record of Food Grain Godown Garam Chashma was examined and it was found that DFC and the FG Inspector has jointly opened an account in HBL for day-to-day deposit of the receipts of sale of wheat. During the year an amount of Rs.25,010,000 was deposited in the said account

while Rs. 29,252,000 was drawn by presenting cheques. It may be added that during the period under report the total sale of the PRC was 736,329 kg wheat valuing Rs. 25,010,000 and the same have been deposited by the concerned in the Government Treasury vide different Challans on different dates. This shows that the drawn amount did not tally with the amount deposited from the account and there occurred difference of Rs.4,242,000 (Rs.29,252,000 - Rs.25,010,000).

It may be added that the private commercial banks usually allow profit rate of 8 % per annum on the deposits but in the instant case neither profit of Rs.31,844,000 (398,045,100x8% per annum = Rs. 31,843,608) was given and brought to accounts nor any thing in this regard available on record. The relevant record of different banks was demanded from the FGIs as well as local staff but was not provided.

Audit holds that the operation of commercial bank accounts without the approval of Finance Department was illegal and deposit of Government receipts therein was unauthorized.

Illegal operation and unauthorized deposit of Government revenue of wheat in private commercial bank accounts occurred due to non-adherence to rules, financial indiscipline and weak internal controls.

When pointed out in March 2016, the management stated that reply would be given after consulting the record.

In the DAC meeting held in August 2016, it was replied by the department that DFC Chitral had directed all Assistant Food Controllers to inspect all those private accounts where the sale proceeds of wheat are deposited by the Incharge PR Centre and close it forthwith. Managers of Commercial banks have also been requested to freeze all private accounts opened by the Incharge PR Centers and inform DFC Chitral about the amount lying in these accounts alongwith interest accrued thereon. DAC directed that position may be explained before PAC.

Audit recommends to investigate the matter for fixing responsibility against the person(s) at fault regarding unauthorized opening and operation of commercial bank accounts, freeze the unauthorized commercial bank accounts, credit the balance amount lying in these accounts to Government revenue and further transactions be stopped forthwith.

APs 141 & 142(2014-15)

Chapter – 10

Health Department

10.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of :

- ❖ Regulation of medical and other professional qualification and standards;
- ❖ Medical Registration including Medical Council;
- ❖ Indigenous system of medicines;
- ❖ Medical attendance of Government servants; and
- ❖ Levy of fees by Medical Officers.
- ❖ Medical and Nursing Council.
- ❖ Medical education including medical schools and colleges, and institution for dentistry.
- ❖ Control of Medical drugs, poisons and dangerous drugs (Drug Act and Rules)

10.2 Comments on budget & accounts (variance analysis)

Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2015-16 against the total of grants/appropriation was as follows:

Non-Development

(Rs.)

Grant No. and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
13-Health	NC21					
Total						

Development

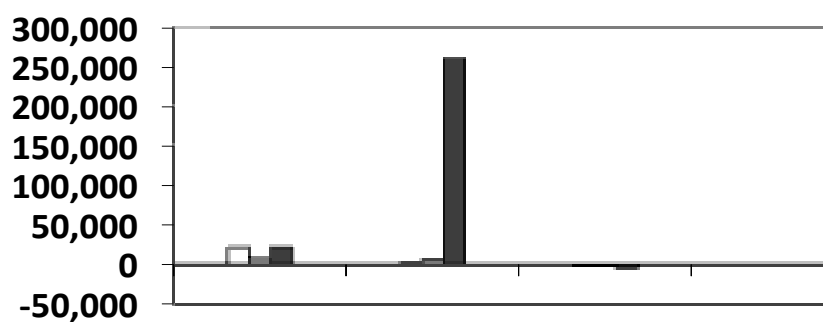
(Rs.)

Grant No. and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
54-Health Services	NC12-22					
Total						

Overview of expenditure against the final grant

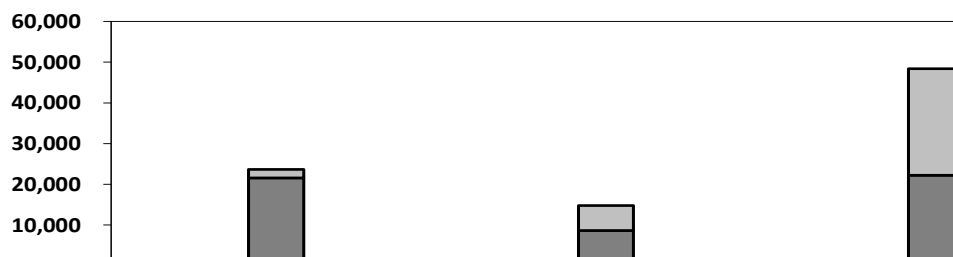
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Saving)	Variance %
Non-Development				
Development				
Total				



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Health Department administering the above grant did not surrender anticipated savings of Rs.+++++million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



10.3 Brief comments on the status of compliance with PAC directives:-

SNo.	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial compliance	Nil compliance
1.	2001-02	Health	31	-	21	10
2.	2002-03	-do-	18	-	14	04
3.	2003-04	-do-	11	-	06	05
4.	2004-05	-do-	42	-	10	32
5.	2005-06	-do-	12	-	06	06
6.	2007-08	-do-	18	-	05	13
7.	2008-09	-do-	16	-	07	09
8.	2009-10	-do-	23	-	12	11
9.	2010-11	-do-	19	-	07	12
10.	2011-12	-do-	33	-	18	15
11.	2012-13	-do-	14	-	09	05

10.4 Audit Paras

10.4.1 Non-production of record – Rs.150.000 million

According to Section 14 of the Auditor General's Ordinance 2001, no information nor any book or other documents, to which the Auditor General has a statutory right of access, may be withheld from the Audit. Any person or authority hindering the auditorial functions shall be subject to disciplinary action under relevant Efficiency and Discipline Rules applicable to such person.

During the financial year 2014-15, in the office of Project Director "National Maternal, Newborn & Child Health (MNCH) Program" it was noticed that Rs.150,000,000 was released to Provincial Coordinator MNCH vide Health Department letter No.SOB/HD/Special Initiative/2013-14 dated 27.11.2013. The relevant record i.e. PC-I, Administrative Approval, Cashbook, Bank Statement, paid vouchers, tender documents, agreements, stock registers and indents were demanded but the local office did not produce to audit. The amount was required to be deposited in the designated bank account, however, the local office deposited the said amount in commercial bank without approval of the Finance Department. Moreover, international donors like, DFID, UNICEF, WHO Save the Children and UNFPA are also providing support in the shape of huge amounts, equipments, vehicles and medicines but the record of the same was not provided to audit.

Non-production of record was due to weak internal controls.

When pointed out in March 2016, the department stated that detailed reply would be submitted after consulting the relevant record.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated till finalization of this report.

Audit recommends to conduct detailed investigation against the concerned for non-production of record and placement of government funds in commercial bank without the approval of Finance Department.

AP 339(2014-15)

10.4.2 Misappropriation on account of Casualty/Emergency Chit Fee – Rs.46.264 million

According to para 26 of GFR Vol-I, 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. In all Teaching/District Headquarter Hospitals in Khyber Pakhtunkhwa, fee per chit is charged @ Rs.20 and Rs.10 respectively.

During the financial year 2015-16, in Mardan Medical Complex and Teaching Hospital Mardan, 2,052,543 patients were treated in Emergency and Casualty, but fee of Rs.20 per chit amounting to Rs.41,050,860 was not deposited into Government Treasury. Similarly, DHQ Nowshera collected Rs.4,530,000 on account of various tests, but against the same only Rs.1,516,000 were deposited into hospital receipts leaving a balance of Rs.3,014,000. The retained amount of Rs.44,064,860 can lead to misappropriation.

It was further noticed that in Moulvi Amir Shah Hospital Peshawar, hospital user charges of Rs.7,669,318 were received from patients of various wards from 01.07.2014 to 30.06.2015. However out of this Hospital receipts only Rs.5,461,138 (verified from AG office SAP System) were deposited into Government Treasury and Rs.2,200,000 (Rs.7,669,318 - Rs.5,461,138) were not deposited and misappropriated.

Misappropriation was due to weak internal controls.

When pointed out in August 2016, the management replied that funds were released under object emergency, therefore free chits were given.

The reply is not tenable as fee per chits are charged as per rule quoted above.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated against the person(s) at fault.

Audit recommends to conduct inquiry, fix responsibility, besides recovery of misappropriated amount.

APs 26 & 376 (2015-16) and 1068(2014-15)

10.4.3 Non-accountal of store items - Rs.11.810 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2011-12, in the Hepatitis Control and Benazir Health Support Programme KP (DGHS), 05 Cold Rooms costing Rs.5,000,000 and 32 Ice Liners with imported stabilizer costing Rs.4,810,000 were purchased in Support to Prime Minister Programme. However, these cold rooms and Ice Liners were not entered in the stock registers. Physical verification revealed that there were only two containers, without cooling machinery, lying in EPI Store Peshtakhara. This shows that the amount of Rs.9,810,000 was misappropriated.

It was further noticed that in the office of Deputy Director EPI Director General Health Services (DGHS) Khyber Pakhtunkhwa, an expenditure of Rs.2,000,000 was incurred on the purchase of cold room. The following shortcomings were noticed:-

- (i) The firm i.e. M/S Adil, Enterprises was not registered with DGHS KP in the relevant field.
- (ii) The work order was issued/placed on 01.06.2012 but supply made on 10.06.2011 i.e. one year before issue of work order.
- (iii) The item "10x10 cold room" was not included in the bid. The firms have not quoted the rates for the supply of cold room.
- (iv) The demand bill was not signed by any official/officer of EPI.
- (v) Neither the sanction nor the AC bill was signed by the DDO/Controlling officer.
- (vi) Detail specification of cold room i.e. make, model, material, performance, capacity, quality and warranty was not mentioned in the bill.

Misappropriation was due to weak internal controls.

When pointed out in October 2012, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor amount recovered till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault, besides recovery of the misappropriated amount.

APs 470, 471&570(2011-12)

10.4.4 Misappropriation of Capitation Fund- Rs.6.511 million

According to para 26 of GFR Vol-I, 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.

During the financial year 2015-16, the accounts record of District Head Quarter Hospital Charsadda revealed that Rs.19,080,150 were received from Jinnah Medical College Warsak Road Peshawar as Capitation Fee of 417 medical students for the period January, 2011 to December, 2015. Out of this amount Rs.6,322,636 was paid to the medical staff as Teaching Allowance and Rs.6,245,627 was available on 30.06.2016 the in the Bank of Khyber Main Bazar Charsadda. The whereabouts of Rs.6,511,887 (Rs.19,080,150 – Rs.6,322,636 + Rs.6,245,627) was not known.

Lapse occurred due to financial indiscipline and weak internal controls.

When reported to the management in August 2016, no reply was given by the management.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and recover the amount.

AP 202(2015-16)

10.4.5 Misappropriation of locally purchased medicines – Rs.5.630 million

According to Government instructions local purchase of medicines should be made for admitted patients only.

During the financial year 2014-15, in the office of Hospital Director MTI LRH Peshawar medicines valuing Rs.5,630,000 were supplied by the L.P. contractor to various wards/units for the poor and needy patients, but the record of these units/wards showed that these medicines were issued to the patients either not admitted or already discharged from the hospital. Thus the medicines were misappropriated.

The lapse occurred due to weak internal controls. This resulted into misappropriation of Rs.5,630,000.

Misappropriation was reported to the management in October 2015, but no reply was given by the management.

Audit requested the department repeatedly through DO letters for holding of the DAC meeting, however neither DAC meeting convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility and recover the misappropriated medicines from the person(s) at fault.

AP 284 (2014-15)

10.4.6 Misappropriation of diagnostic kits – Rs.3.320 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register. 20 PCR Genotyping Implication and 04 Extraction kits were shown issued to HMC on 27.10.2010.

During the financial year 2011-12, in Hepatitis Control and Benazir Health Support Programme KP (DGHS), 20 PCR Genotyping Implication and 04 Extraction kits were shown issued to HMC on 27.10.2010. However the concerned department of HMC has not acknowledged these kits nor taken on stock. This shows that the amount was drawn on fake demand bills and misappropriated.

The lapse occurred due to weak internal controls. This resulted into misappropriation of diagnostic kits.

When pointed out in October 2012, the management furnished no reply.

Audit requested the department repeatedly through DO letters for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility, besides recovery of the misappropriated amount.

AP 473 (2011-12)

10.4.7 Misappropriation of unspent balance – Rs.2.078 million

According to para 13 of GFR Vol-I, every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate offices and to guard against waste and loss of public money and stores.

During the financial year 2014-15, in the National Maternal Newborn & Child Health (MNCH) Program, Rs.8,804,264 were released to the XENs C&W Department as detailed below:

S.No	Name of office	Description	Cheque No	Date	Amount (Rs.)
1.	XEN C&W Division Karak	Civil works	262816	16.09.2014	2,834,519
2.	XEN C&W Division Chitral	-do-	262817	16.09.2014	2,424,905
3.	XEN C&W Division Mansehra	-do-	262850	23.10.2014	1,510,000
4.	XEN C&W Division Karak	-do-	262851	23.10.2014	2,034,840
Total					8,804,264

Moreover Rs.7,294,264 (4,869,359 + 2,424,905) paid to C&W Division Karak and Chitral, against which an expenditure of Rs.5,215,621 was incurred by C&W Divisions and the balance amount of Rs.2,078,643 (1,705,669 + 372,297) was returned to PC MNCH vide cheque No.492325

dated 17.03.2015. The amount was neither taken on cashbook nor deposit challan was produced to audit. Where about of the amount was not known to audit.

The lapse occurred due weak of internal controls.

When pointed out in March 2016, the department stated that detailed reply would be submitted after consulting the relevant record.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility and recover the amount.

AP 345(2014-15) FAP

10.4.8 Misappropriation on account of cost of gas cylinders - Rs.1.090 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2014-15, in Khalifa Gul Nawaz Teaching Hospital Bannu, it was noticed that Rs.366,000 shown paid to M/S Raqibaz Khan & Bro for supply of 400 medical gas cylinders @ Rs.915 each vide supply order No.1397/S/ DT: 20.5.2015. Storekeeper certified the bill that 400 cylinders received by him but the cylinders were neither taken on stock nor utilized till the date of audit i.e. March, 2016.

X-Ray etc valuing Rs.338,680 and Chemicals valuing Rs.383,960 received from main store for the consumption in radiology department, and laboratory but the same were neither taken on stock nor shown consumed till the date of audit. Audit is of the view that cost of these cylinders, X-Rays and chemicals has been misappropriated.

The lapse occurred due weak of internal controls.

When pointed out in March 2016, the management replied that the matter will be investigated.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault, besides recovery of the misappropriated amount.

AP 716 (2014-15)

10.4.9 Misappropriation of laptops – Rs.1.000 million

According to Civil Services Regulation every officers on his transfer should properly hand over all items issued to him during his stay in that office.

During the financial year 2014-15, in National Maternal Newborn & Child Health (MNCH) Program, 10 laptops worth Rs.1,000,000 were issued to various officers. These officers were transferred and the laptops were not returned. Neither specifications of the laptops were available on record nor the source of receipt was mentioned in the stock register.

The lapse occurred due to mismanagement of assets.

When pointed out in March 2016, the management stated that detailed reply would be submitted after consulting the record.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility and recover the amount from the person(s) responsible.

AP 347 (2014-15)FAP

10.4.10 Loss due to non-deduction of sales/income tax – Rs.127.950 million

Federal Board of Revenue Islamabad through its office memo No.C.No.2(67)/EX/2011/80238-K dated 26.05.2014, rejected request of the Project Management regarding exemption from taxes.

During the financial year 2014-15, in Equipment Basic Health Services Khyber Pakhtunkhwa Peshawar, the contractors/firms were paid Rs.622,857,302 however sales and income taxes of Rs.127,950,000 were not deducted as per detail below:

(Rs.)

S#	Firms/ Suppliers	Particulars	Total amount paid	Sales tax @ 17%	Rate of tax	Amount of income tax
1	Various firms	Supply of equipments	355,581,882	60,448,919	6.5%	23,112,822
		Civil works	6,703,608	0	7.5%	502,770
2	Training firms	Training materials	28,249,010	4,802,331	15%	4,237,351
3	Consultancy firm (EPOS)	Consultancy services	232,322,802	0	15%	34,848,420
Total			622,857,302	65,251,250		62,701,363

The lapse occurred due to violation of rules. This resulted into loss of Rs. 127,950,000.

When pointed out in May 2016, the department replied that the project was exempted from all kinds of duties and taxes. Reply of the department is incorrect in the light of instructions of the FBR wherein the project management was asked to act as withholding agents. FBR also rejected the request of the project management regarding grant of exemption from taxes.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility and recover the amount.

AP 297 (2014-15)FAP

10.4.11 Loss due to purchases on higher rates - Rs.103.050 million

According to Para 145 of GFR Vol-I, the purchase must be made in most economical manner and in accordance with definite requirement and care should be taken not to purchase stores much in advance of actual requirements. Further according to KPPRA rule 6(3(iv) the lowest offer from the qualified bidder shall be accepted for award of the contract.

During the financial year 2011-12, in the office of DG Health, purchases were made on higher rates in the following cases due to which the government was put to a loss of Rs.69,200,000. Rates in the market were below than the purchased rates as per detail at Annex-P.

It was further noticed that tenders for the purchase of medical equipments/instruments for health institutions/ facilities in KP, were invited under ADP schemes. In the first time tender rates of 1030 items of 39 categories were invited and in the 2nd time tender rates of 930 items of 24 categories and in the 3rd time tender rates of 900 items of 15 categories were invited. Scrutiny of the tender documents revealed that the rates of M/S Paradise Export Co. received in the 2nd tender were rejected and the firm again participated in the 3rd tender. However, in the 3rd tender the firm quoted rates for the same items much higher than that of 2nd tender, which were approved by the committee. Thus due to rejecting the lowest rates and approving the highest rates of the same firm for the same items, the Government was put to a loss of Rs.33,850,000.

The lapse occurred due to weak internal controls.

When reported in October 2012, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault, besides recovery of loss.

APs 510,511,512,513,515,516,517,522,530,531,533,534,540,569&543
(2011-12)

10.4.12 Loss due to non-deduction of maintenance charges – Rs.24.990 million

According to Government of Khyber Pakhtunkhwa Health Department notification No.SO(B)HD/1-27 dated 20.02.2014, 40% cost of equipments/materials used should be deducted from the total receipts and thereafter, the balance 60% should be treated as 100% for onward distribution amongst the government and the doctors, pathologist, radiologist, paramedics, class-iv, ministerial IT staff, administrative set up and for maintenance and repair.

During the financial year 2015-16, in Mardan Medical Complex and Teaching Hospital Mardan, Rs.62,490,000 realized from MRI, CT scan, Ultrasound, X-Ray, Laboratory, ECG, Echo ETT, EEG and Endoscopy. The hospital management was required to have deducted an amount of Rs.24,990,000 as 40% and thereafter the balance amount should have been distributed according to the approved formula duly circulated, which was not followed. This resulted into loss of Rs.24,990,000 to the hospital management.

Loss occurred due to weak internal controls and non-observance of instructions/rules.

When pointed out in August 2016, the management replied that notification was not received.

The reply of the department is not tenable.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated against the person(s) at fault.

Audit recommends that inquiry be conducted, responsibility be fixed besides recovery of loss.

AP 25(2015-16)

10.4.13 Loss due to late approval of MCC rates – Rs.43.420 million

According to the Government of Khyber Pakhtunkhwa Health Department Notification No.SO(Drugs/HD/7-1/MCC/2015 dated 31.03.2015, the devolved Medicine Committee was de-notified and restored MCC w.e.f 01.04.2015 with the directives to MCC to complete the activity of rates approval of medicines by 30th June 2015.

During the financial year 2015-16, the accounts record of following offices revealed that medicines & disposable items were purchased from the local market through tenders by the hospitals management. The rates approved by MCC were on much lower side than the medicines purchased from market. This delay in acceptance of rates by MCC despite the clear schedule given by the Government, led to a loss of Rs.43,420,000 as a result of purchase at higher rates from the market by the hospitals management.

(Rs.)

AP No./Year	Office	Loss
114/2015-16	Saidu Group of Hospitals Swat	17,220,000
134/2015-16	Ayub Teaching Hospital Abbottabad	13,610,000
370/2015-16	DHQ Nowshera	12,590,000
	Total	43,420,000

Loss occurred due to delay in the approval of MCC rates.

When pointed out in September 2016, the management stated that matter will be referred to the higher ups of Health Department for clarification.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated against the person(s) at fault.

Audit recommends to conduct inquiry, fix responsibility and recover the amount from person(s) at fault.

APs 114, 134 & 370 (2015-16)

10.4.14 Loss due to non implementation of distribution share formula- Rs. 15.917 million

As per Finance Department of K.P issued circular No.5-7/2011-12/Allowances dated 26.11.2014 that 50% deduction will be made from the total hospital receipts and remaining balance will be distributed as per share formula.

During the financial year 2014-15, in Hayatabad Medical Complex Peshawar, it was observed from shares distribution of the hospital receipts that the hospital authorities deducted 10% depreciation value from receipts of user charges. The hospital authorities did not follow the above circular and deducted 10% instead of 50% from receipts as depreciation value, thus institution sustained a loss of Rs.15,917,604. Detail is as under:

(Rs.)

Total receipts from various tests	10% deducted	Deduction required 50%	Loss/Difference
39,794,009	3,979,401	19,897,004	15,917,604

Loss occurred due to financial indiscipline and violation of rules.

When pointed out in October 2015, the management replied that the share is being distributed in light of Notification of Government of KP Health Department which is applicable in almost all the Health Department in the Province.

Reply is not tenable because the distribution is required to be carried out as per Finance Department circular.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends recovery of loss.

AP 421(2014-15)

10.4.15 Loss on account of award of pharmacy welfare shop contract on lesser rate – Rs.10.370 million

According to Chief Executive letter address to Secretary Health Khyber Pakhtunkhwa contract of pharmacy welfare shop was advertised and highest rates of Rs. 1,375,000 per month was received.

During the financial year 2014-15, in Ayub Teaching Hospital Abbottabad (ATH), it was noticed that Chief Executive ATH wrote letter to Secretary Health Khyber Pakhtunkhwa wherein it was stated that the contract of Pharmacy Welfare Shop was advertised, 08 firms/contractors participated one of the them offered highest bid of Rs.1,375,000 per month and it was decided that the contract to be awarded to him. However, it was noticed that contract was illegally extended to old contractor M/S Al-Shahbaz Traders @ Rs.1,011,560 per month, till the date of audit. Thus the public exchequer was put into loss of Rs.10,370,000 as detailed below: -

Rent recovered January 2014 to December 2015	Rent required to be recovered from Jan, 2014 to Dec, 2015 as per highest bid ignored	Difference (loss)
Rs.1,011,560×12 x 2 = Rs.24,277,440	Rs.1,375,000 ×12=16,500,000×10% increase = 18,150,000 = Rs.34,650,000	Rs.34,650,000-24,277,440 = Rs.10,372,560

Detail record of the comparative statement and other bidding documents were not provided to audit. It is worth mentioning that initially the contract was advertised for 09 months from October 2011 to June 2012, however, it was continued till the date of audit i.e. December 2015 without competitive rates.

Lapse occurred due to mismanagement, which resulted into loss of Rs.10,372,560.

When reported to the management in November 2015, it was stated that detailed reply would be furnished after consulting the record.

In the DAC meeting held in August 2016, it was decided that the loss occurred needs recovery. No progress was intimated till finalization of this report

Audit recommends to fix responsibility and recover the amount.

AP 458 (2014-15)

10.4.16 Loss due to deviation from approved PC-I, TS and BOQ – Rs.8.680 million

According to Para 95 of CPWD Code, Divisional Officer is strictly prohibited to deviate from sanctioned design in the course of execution of work.

During the financial year 2012-13, accounts record of Ayub Teaching Hospital Abbottabad revealed that in the work “Construction of Gynae & Peads Wards at ATH” expenditure of Rs.24,122,191 was incurred on the execution of a quantity of 12,859 m² of an item of work “P/L of 20x20 floor tiles” @ Rs.1875.76 per m² instead of ceramic floor tiles 12 × 12 approved @ Rs.1,200 per m² in the PC-1, TS and BOQ. Thus hospital sustained loss of Rs.8,680,000.

Lapse occurred due to weak internal controls, resulting into loss of Rs. 8,860,000.

When pointed out in April 2014, no reply was furnished.

In the DAC meeting held in August 2016, it was decided that recovery should be made from the person(s) at fault. No progress was intimated till finalization of this report.

Audit recommends recovery.

AP 472(2012-13)

10.4.17 Loss due to house subsidy at higher rates – Rs.7.580 million

According to Finance Department Khyber Pakhtunkhwa Notification No.SOSR-OOI/FD/1-27/2008 dated 14.05.2012, revised rental ceiling for hired & own residential accommodation at Peshawar & Abbottabad for BPS 1-22 was fixed.

During the financial year 2013-14, in Ayub Medical College Abbottabad, Rs.27,220,000 were drawn on account of house subsidy in respect of professors, senior lecturers and other officers/officials of the college. However, the drawl was in excess of the ceiling approved by the government. This resulted into loss of Rs.7,850,000 to the government. (Annex-Q)

Moreover, all payments of house subsidy were made to the employees instead of owners, which were unauthorized/unjustified. Ownership documents, maps of the houses showing the covered area with reference to entitlement and assessments were not available to authenticate the subsidy. Thus excess over entitlement amounting to Rs.7,580,000 needs recovery.

When pointed out in March 2015, the management stated that the same issue has already been discussed in the PAC meeting held on 10.02.2015. PAC has directed to stop the said allowance.

Audit holds that the practice is in violation of government pay and package policy.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated against the person(s) at fault.

Audit recommends that payments of house subsidy at higher rates be immediately stopped as already decided by the PAC and recover the excess amount.

AP 814 (2013-14)

10.4.18 Loss due to missing hospital equipments/machinery – Rs.7.250 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register. 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 subordinates.

During the financial year 2015-16, in DHQ Hospital Charsadda, machinery & equipments worth Rs.7,250,000 were found missing during physical scrutiny by audit team on 05.08.2016.

The lapse occurred due to weak internal controls, resulting into loss of Rs. 7,250,000.

When pointed out in September 2016, the management replied that the matter will be inquired and reported to audit.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault, besides recovery of missing equipments.

AP 222 (2015-16)

10.4.19 Unauthorized local purchase of medicines – Rs.4.560 million

According to Health Department KP letter No.SO-IV/24-20/2003-04 dated 22.10.2003, 10% funds to be spent in hospital on local purchase of medicines for day-to-day use in casualty, ICU & CCU etc. drugs should be required only for emergency use.

During the financial year 2014-15, in Services Hospital Peshawar an expenditure of Rs.5,620,000 incurred out of the total medicines budget of

Rs.10,630,000 on local purchase of medicine. As per rules it was required that only 10% of the total budget of Rs.10,630,000 was to be utilized for the local purchase of medicines while the local office utilized more than 50% budget on local purchase. Thus Rs.4,560,000 was unauthorizedly utilized on the said purchase of medicines.

Differences of approved MCC/medicine main contractor & LP rates on these medicines be worked out and loss so made to the government be recovered from the person(s) at fault.

Lapse occurred due to weak internal controls.

When pointed out in April 2016, the management replied that relevant record will be examined and reply will be submitted later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that department should explain to PAC the reasons for incurrence of unauthorized expenditure on local purchase of medicines and to avoid it in future.

AP 775 (2014-15)

10.4.20 Loss due to change in rate of Ultrasound charges - Rs.1.350 million

According to Government of KPK Health Department Notification No.SOH (V)1-1/92 dated 02.09.1996 Ultrasound charges are Rs.250.

During the financial year 2015-16, in District Head Quarter Hospital Charsadda, 20,526 ultrasounds were performed by the staff, out of which 1301 shown as free while for 19324 lesser rate of Rs.180 per case was charged against the approved rate of Rs.250 per case. Charging lesser rate resulted into loss of Rs.1,350,000 (Rs.70 × 19324 Ultrasounds).

The lapse occurred due to weak internal controls, resulting into loss of Rs. 1,350,000.

When pointed out in August 2016, the management replied that Notification No.SOH(V)1-1/92 dated 02.09.1996 was not received in this

office. The charges have been made @ Rs.180 per Ultra sound and deposited in Government Treasury accordingly.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and recover the amount from person(s) concerned.

AP 211(2015-16)

10.4.21 Non-recovery of Government dues from hospitals staff etc – Rs.15.242 million

According to para 26 of GFR Vol-I, 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.

During the financial year 2015-16, the accounts record of District Head Quarter Hospital Charsadda revealed that Rs.3,478,320 were received in cash on account of 19,425 ultrasounds after deduction of 1301 Free and Entitled cases. Out of the total receipts, Rs.2,246,001 were deposited in treasury. The difference of Rs.1,232,319 (Rs.3,478,320 – Rs.2,246,001) remained undeposited.

Similarly, receipts of the laboratory tests were realized for Rs.3,898,375 out of which Rs.3,018,500 were deposited leaving a balance of Rs.879,875 un-deposited. Thus total amount of Rs.2,112,184 (Rs.1,232,319 – Rs.879,875) was less deposited, which is a loss to government.

It was further noticed that during the financial years 2014-15 and 2015-16, in the following offices of Health Department, Government dues of Rs.13,130,000 were outstanding against various hospital staff and contractors .

S.No	Name of Office	AP No./Year	Amount (Rs)
1	DHQ Charsadda	212 (2015-16)	2,112,194
2	Ayub Teaching Hospital Abbottabad	147 (2015-16)	3,340,000
3	District Headquarters Hospital Nowshera	382 (2015-16)	2,920,000
4	District Headquarters Hospital Charsadda	218 (2015-16)	2,500,000
5	District Headquarters Hospital Charsadda	206 (2015-16)	2,250,000
6	Ayub Teaching Hospital Abbottabad	454 (2014-15)	2,120,000
Total			15,242,194

When pointed out in August 2016, the management furnished no reply.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault, besides depositing hospital receipts into government treasury.

AP 454 (2014-15) 147, 382, 218, 206 & 212 (2015-16)

10.4.22 Loss due to missing furniture - Rs.3.100 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register. 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 subordinates.

During the financial year 2014-15, in Khalifa Gul Nawaz Teaching Hospital Bannu furniture valuing Rs.3,100,000 was purchased from the project fund, which were taken on stock on 26.07.2014. When asked, it was replied that the furniture did not physically exists. Thus hospital sustained a loss of Rs.3,100,000.

The lapse occurred due to weak internal controls, resulting into loss of Rs. 3,100,000.

When pointed out in March 2016, the management replied that matter will be investigated.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault, besides recovery of loss.

AP 703(2015-16)

10.4.23 Loss due to non-recovery of rent and utility charges from canteen contractor – Rs.2.451 million

According to contract clause, the monthly rent will be Rs.360,800 which will be payable each month. According to para 26 of GFR Vol-I, 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.

During the financial year 2014-15, in Ayub Teaching Hospital Abbottabad contract of the main canteen was awarded to Mr. Waqar Abbasi s/o Muhamamd Iqbal Abbasi at a monthly rent of Rs.360,800. The contractor failed to deposit Rs.2,451,960 as his monthly rent and utility charges during the year. The said amount is still outstanding against the contractor.

The lapse occurred due to weak internal controls resulting into loss of Rs. 2,451,960.

The loss was pointed out in November 2015, it was stated that detailed reply would be furnished after consultation of record.

In the DAC meeting held in August 2016, the management replied that FIR has been lodged for recovery and further progress will be intimated after receipt of decision from the court. DAC decided that recovery should be made. No progress was intimated till finalization of this report.

Audit recommends that efforts should be made to recover the outstanding amount.

AP 453 (2014-15)

10.4.24 Loss due to non-imposition of penalty on non-repair of MRI machine – Rs.2.100 million

According to clause-9 of contract agreement with M/S Matora Digionics Pvt Ltd Lahore, machine down time will be counted if machine is down for more than 72 hours. If no parts replacement is required, then penalty of Rs.10,000 per day will be paid by the contractor to the hospital after 72 hours, if the part replacement is required then down time will be counted after 14 days and penalty of Rs.10,000 per day will be paid by the contractor to the user.

During the financial year 2014-15, in Khalifa Gul Nawaz Teaching Hospital Bannu, it was noticed that MRI machine remained out of order for 210 days excluding 14 days provided for the replacement of parts, but even then the firm failed to repair the MRI. So penalty of Rs.2,160,000 was required to be imposed on the firm, which was not done. Thus due to disorder of MRI machine continuously for 7 months (210 days) on the one hand patients suffered and on the other incurred financial loss to the hospital.

The lapse occurred due to weak internal controls, which resulted into loss of Rs.2,160,000.

When pointed out in March 2016, the management replied that matter has already been reported to the Secretary Health.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against person(s) at fault, besides recovery of the penalty.

AP 701 (2014-15)

10.4.25 Loss due to short supply of diagnostic kits – Rs.1.518 million

According to rule 379 of FTR Vol-I, no payment can be made to a contractor except for work actually done or supplies actually received. Para 148 of GFR Vol-I, says that all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2011-12, the accounts record of Dengue Prevention Programme (DGHS) KPK revealed that expenditure of Rs.5,099,940 was shown incurred on the purchase of Rapid Diagnostic Strips @ Rs.190 per kit from Sind Medical Store vide cheque No.0675448 dated 26.06.2012. The stock register revealed that only 20,332 kits were received against 28,323 kits and the same were still lying on the stock and had not been issued to the end users due to no demand. Due to short supply of 7991 kits @ Rs.190, thus the government was put to a loss of Rs.1,518,290.

The lapse occurred due to weak internal controls, which resulted into loss of Rs.1,510,000.

When pointed out in October 2012, no reply was furnished.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter and recover the loss.

AP 454(2011-12)

10.4.26 Loss due to double payment – Rs.1.260 million

According to rule 379 of FTR Vol-I read with para 23 of GFR Vol-I, no payment can be made to a contractor except for work actually done or supplies actually received. 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.

During the financial year 2013-14, the accounts record of Ayub Teaching Hospital Abbottabad revealed that the work “excavation as in foundation of building upto required depth in any kind of soil” was awarded to a contractor. Rs.5,210,000 were paid to the contractor vide cheque NO.A-250863 dated 26.02.2014. However, Rs.527,833 were also paid for transportation of extra earth @ Rs.25 each item, which was already included in the work.

Similarly, 31st and final bill of the contractor M/s United Construction Co. Swat for a work, “Construction of Gynae Paeds Wards” revealed that an item of work “P/L gravel filling etc complete” of 3766.34 m³ @ Rs.500 per m³ was executed and Rs.1,883,170 were paid vide cheque No.A-182387 dated 18.12.2012. However another item of work, “Compaction of earth/gravel upto 95% of 3766.34 m³ @ Rs.195.43 per m³ costing of Rs.736,056 was also shown executed as separate item though this was already included in the 1st item. As such, double payment of Rs.736,056 was again allowed. Thus the total double payment of Rs.1,260,000 was paid to contractor.

Double payment occurred due to weak internal controls.

When pointed out in Feb 2014, it was replied that both executed items were separate work.

In the DAC meeting held in August 2016, the management admitted double payment. DAC directed recovery but no progress was intimated till finalization of this report.

Audit recommends to implement DAC decision.

AP 789 (2013-14)

10.4.27 Overpayment due to allowing health professional allowance at higher rates – Rs.23.784 million

According to Finance Department Notification No.FD(SOSR-II)8-18/2016 dated 07.01.2016, the Provincial Cabinet of Khyber Pakhtunkhwa has approved the incentive for doctors (all cadres) excluding those working in MTIs on the basis of territory (District declared as category A,B & C) unattractive/attractive specialties and enhanced the health professional allowance to ensure the presence of doctors at all levels of health facilities from 01.01.2016.

During the financial year 2015-16, the accounts record of Mardan Medical Complex and Teaching Hospital Mardan revealed that 77 doctors were allowed health professional allowance at a higher rates instead of permissible in violation of above quoted notification, which resulted into an overpayment of Rs.23,784,000 for the period 01.01.2016 to 30.06.2016. The said allowance still paid on higher rates, which is not admissible to the employees working in MTI.

Overpayment was due to not following the Finance Department notification.

When pointed out in August 2016, the management furnished no reply.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated against the person(s) at fault.

Audit recommends that government notification be followed in letter and spirit, overpayment be recovered and payment of the said allowance be discontinued under intimation to audit.

AP 34 (2015-16)

10.4.28 Overpayment on account of unauthorized Upgradation of Staff - Rs. 14.550 million

According to Finance Department notification dated December 21, 2015, the project employees are not entitled to upgradation as they are not civil servants.

During the financial year 2014-15, in the office of Project Director “National Maternal, Newborn & Child Health (MNCH) Program” it was noticed that the post of Account Assistant was up-graded from BPS-14 to BPS- 16 on the analogy of Khyber Medical University without the approval of Finance Department. The pay of the staff was increased from 15,000 to 30,000. The arrears of 20% was also paid on the basis of increased pay due to which Rs. 14,550,420 was overpaid and needs recovery.

The lapse occurred due to financial indiscipline and weak internal controls, which resulted into overpayment of Rs.14,550,000.

When pointed out in March 2016, the department stated that detailed reply would be submitted after consulting the relevant record.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault besides recovery from the project employees.

AP 341 (2014-15)FAP

10.4.29 Overpayment due to purchase of Lab chemicals & HBS/HCV strips at higher rate – Rs. 2.820 million

According to KPPRA rule 6(3)(iv) the lowest offer from the qualified bidder shall be accepted for award of contract. Para 145 of GFR Vol-I, says that purchases must be made in the most economical manner and in accordance with the definite requirements of the public services. Care should be taken not to purchase store much in advance of actual requirements.

During the financial year 2015-16, in DHQ Hospital Nowshera lowest rates quoted by supplier for the purchase of laboratory chemicals and other items were ignored and higher rates accepted which resulted in overpayment of Rs.2,820,000 to different suppliers.

Overpayment occurred due to violation of rules and financial indiscipline.

When pointed out in December 2016, the management stated that purchases have been made on quality basis and that press cutting, comparative statements are there.

Reply is not tenable because approval of competent authority was not obtained for purchase at higher rate.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility and recover the amount from person(s) at fault.

AP 383 (2015-16)

10.4.30 Non-recovery of outstanding due from contractors – Rs.6.135 million

According to clause-4 of the work order monthly rent shall have to be deposited by 5th of each month in advance failing which fine @ 3% to be imposed against the remaining one month after that contract to be cancelled upon forfeiture of security deposit and blacklist the firm.

During the financial year 2014-15, in Ayub Teaching Hospital Abbottabad, a contract of Mess of MO Hostel was awarded to Mr. Haq Nawaz vide No.ATH/AO/1905-09 dated 31.01.2014. The firm was not depositing his monthly rent and several notices were issued to clear his outstanding dues. His contract was cancelled vide No.PRO/ATH(Extcorres)2014/110-16 dated 23.01.2016 by forfeiting his call deposit, contractor was blacklisted and recovery of rent etc amount to Rs.2,155,270 to be recovered through lodging recovery suit in the court of law.

The record further revealed that Rs.3,980,000 was outstanding against various contractors on account of rent of shops and utility charges. The management failed to implement the clauses of contract agreement. Thus Rs.6,135,270 is outstanding against the contractors.

Non-recovery was due to non-observance of contract agreement and weak internal controls.

When pointed out in August 2016, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault, besides recovery from the defaulters.

APs 148 & 146 (2015-16)

10.4.31 Non-recovery of liquidated damages - Rs.3.556 million

According to clause-2(A) of the contract agreement, the contractor refusing to carry out the work or leaving in-complete or late completed, the penalty should be imposed on contractor @ 10% on the amount of the estimated cost of the whole work.

During the financial year 2014-15, record of the Hospital Director MTI LRH Peshawar revealed that works were awarded to the contractors, which were not completed in time. No penalty was imposed. Details is as below:

AP No.	No & date of cheque	Amount (Rs.)	Penalty @ 10% (Rs.)
277	163171 21.04.2015	19,846,000	1,985,000
279	167811 26.04.2015	8,002,000	800,000
280	106317 21.04.2015	7,714,000	771,000
Total		35,562,000	3,556,000

The lapse occurred due to non observance of laid down procedures and weak internal controls, which resulted into non imposition of penalty amounting to Rs.3,556,000.

When pointed out in October 2015, the management replied that the observation would be forwarded to the consultant for reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends recovery of penalty.

APs 277, 279, 280 (2014-15)

10.4.32 Non-recovery of capitation fee – Rs.3.430 million

According to agreement executed with Jinnah Medical College Peshawar by the Secretary Health KP, 20% of admission and tuition fee charged per student per class on the basis of its actual strength of students attending the clinical classes will be paid to the hospital management for use of facilities at the hospital for teaching purposes of the students of the college. The agreement shall be for 10 years, during which the college management will ensure establishment of its own hospital and upgrade the government hospital to the teaching level as per requirements of PMDC in terms of infrastructure, equipments, staff etc. The year capitation fee will be paid in two six monthly installments.

During the financial year 2014-15, the accounts record of Naseerullah Baber Memorial Hospital Peshawar revealed that contrary to the above agreement, Rs.3,430,000 for the period from 01.01.2015 to 30.06.2016 were not paid till the date of audit.

The lapse occurred due to non-observance of laid down procedure in agreement, and weak internal controls, which resulted into non recovery of fee.

When pointed out in April 2016, the management stated that the Administration Department has been contacted through various letters for taking up the matter with the college management. However, audit disagreed with reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to recover the capitation fee.

AP 984(2014-15)

10.4.33 Non-recovery of stamp duty – Rs.1.030 million

According to Assistant Secretary (Stamps) BOR letter NO.14792-14801/AS(S)3/240C-III dated 20.07.2007, 1% stamp duty has been imposed on the purchase of equipments.

During the financial year 2014-15, in Khalifa Gul Nawaz Teaching Hospital Bannu, Rs.103,330,000 were paid to various firms for the supply of equipments, furniture, medicines, disposables, vehicles etc. but 1% stamp duty amounting to Rs.1,030,000 has not been recovered from the suppliers as required under BOR notification.

The lapse occurred due to weak internal controls, which resulted into non recovery of Rs.1,030,000.

When pointed out in March 2016, the management replied that matter will be investigated for recovery.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that department to follow government instructions in letter to spirit and amount be recovered from the concerned suppliers.

AP 709 (2014-15)

10.4.34 Unauthorized drawl from government treasury and retention in the bank account – Rs.94.180 million and Non-maintenance of cash book – Rs.136.450 million

Rule 290 of FTR, strictly prohibits incurrence of expenditure hastily during the month of June just to avoid lapse of funds.

During the financial year 2014-15, in Khalifa Gul Nawaz Teaching Hospital Bannu, it was noticed that Rs.69,820,000 were drawn in the name of DDO from the treasury for the purchase of equipments and instead of payment to the supplier retained the amount in the bank account No.775-1 NBP till the date of audit i.e. March 2016. The amount was drawn from the treasury just to avoid lapse of funds, which is against the spirit of treasury rules.

Moreover, the transactions worth Rs.136,450,000 were made from the NBP, however, cashbook was not maintained for the purpose.

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

When pointed out in March 2016, the management replied that due to late release of funds, the process of procurement was delayed. Payment was made after completing all codal formalities. Pending amount will be paid after full satisfaction. Matter will be further probed/investigates and audit will be informed.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct detailed investigation and fix responsibility against the person(s) at fault.

APs 715, 723 & 724 (2014-15)

10.4.35 Unauthorized payment on the purchase of medicines & equipments – Rs.6.270 million

According to clause-7 of the contract agreement with Manufacturer/Importer, after expiry of 30 days, the order shall stand cancelled and the purchaser will have the right and authority to arrange alternate purchase at the risk and cost of the supplier in respect of non-supplied items and will be

penalized according to terms and conditions of the procurement and purchase committee of the Teaching Hospital Bannu, the penalties will be deducted by the concerned Medical Superintendent from the defaulter's bills. The pending penalties, if any shall be deducted from the supplier before releasing their payment.

During the financial year 2014-15, in Khalifa Gul Nawaz Teaching Hospital Bannu, Rs.6,270,000 were drawn and shown paid to various suppliers for the supply of medicines and equipments. The said medicines/ items were not supplied till the date of audit. Hospital authorities had neither cancelled the supply order nor purchase was made at the risk and cost of the supplier. So on the one hand government funds were misused by paying to the firm for no supply and on the other hand the poor people of Bannu and IDPs of Waziristan were deprived from free medicines. Thus amount of Rs.6,270,000 was to be recovered from the supplier.

The lapse occurred due to weak internal controls.

When pointed out in March 2016, the management replied that inquiry will be conducted to ascertain the facts.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault, besides recovery from the supplier.

AP 691 & 695(2014-15)

10.4.36 Unauthorized expenditure from receipts - Rs.2.000 million

Rule-7 of FTR vol-I, provides that all moneys received by Government officers on account of the revenues of the Government shall without undue delay be paid in full into a treasury or into the bank. Moneys received shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Consolidated Fund.

During the financial year 2011-12, in the office of Deputy Director EPI (DGHS) Khyber Pakhtunkhwa, it was noticed that auction of huge quantity of condemned and surplus store including Motorcycles, Bicycles, Freezers, Ice Liners, Air Conditioners, Furniture and vehicle spare parts, was held on 14.03.2011 through government auctioneer. Again in July 2012 auction of

another lot of surplus and condemned items was carried out. The auction documents were demanded time and again but the same were not produced to audit.

The lapse occurred due to weak internal controls, which resulted into unauthorized expenditure.

When pointed out in October 2012, the management stated that Rs.2.00 million was realized from both auctions and was spent on day to day expenses due to non-availability of budget in the month of July 2012 and will be deposited into government treasury as and when recouped.

Reply of the department is not tenable. However the amount not recouped.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends recovery and department may also explain its position to PAC regarding incurrence of expenditure from receipts.

AP 567(2011-12)

10.4.37 Unauthorized opening of bank accounts without the approval of Finance department

According to para 7 of GFR-Vol I, money may not be removed from public account for investment or deposit elsewhere without the consent of the Finance Department.

During the financial year 2014-15, in Khalifa Gul Nawaz Teaching Hospital Bannu four bank accounts were opened by the hospital authority without sanction of the Finance Department. Therefore, opening of bank accounts and transactions taken place in these accounts stands unauthorized. Detail as under: -

(Rs)					
S#	Name of bank	Account No	Date of transaction	Credit transaction	Debit transaction
1	National Bank of Pakistan	2076-3	31.12.2015	15,500,000	12769134
2	-do-	2074-5	04.01.2016	40,000,000	40,000,000
3	-do-	775-1	30.06.2015	78,381,784	58,072,200
4	-do-	-do-	22.02.2016	23,466,988	57,469,856
5	The Bank of Khyber	10404-00-2	15.06.2016	15,000,000	6,684,969
Total				172,348,772	174,996,159

Opening of bank accounts without the approval of Finance Department is unauthorized.

The lapse occurred due to non-observance of rules and financial indiscipline.

When pointed out in March 2016, the management replied that approval of Finance Department would be obtained.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter and fix responsibility against the person(s) at fault.

AP 693 (2014-15)

10.4.38 Wasteful expenditure on the purchase of substandard stabilizers - Rs.11.990 million

According to para 145 of GFR Vol-I, purchases must be made in the most economical manner in accordance with the definite requirements of the public services. Care should be taken not to purchase store much in advance of actual requirements. 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 subordinates.

During the financial year 2011-12, accounts record of the Deputy Director EPI (DGHS) Khyber Pakhtunkhwa revealed that expenditure of

Rs.6,895,000 was incurred on the purchase of 700 stabilizers 4000W. The stabilizers were shown made of copper wire 100% but physical verification revealed that these were made of silver. The local office had already a handsome quantity of 3000 W stabilizers received from UNICEF. There was no provision for the purchase of stabilizers in the PC-I. There were no demands from the concerned units/field offices for supply of stabilizers. The field units reported that the old 3000 W Stabilizers are far better than the new 4000 W stabilizers.

Similarly, Rs.5,095,000 were shown spent on purchase of 700 stabilizers of silver made instead of 100% copper. Rs.9,850 per stabilizer was paid instead of Rs.4,000. Thus Govt was put to a loss by accepting substandard item at higher rate.

The lapse occurred due to weak internal controls, which resulted into wasteful expenditure.

When pointed out in October 2012, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault, besides recovery.

APs 574 & 572 (2011-12)

10.4.39 Irregular expenditure due to various medical purchase without competitive rates through bidding - Rs.9.397 million

According to chapter II (1) of KPPRA Rules, the procuring entity shall use open competitive bidding for the procurement of goods over the value of Rs. 100,000.

During the financial year 2014-15, in Moulvi Amir Shah Hospital Peshawar, Rs.9,397,000 were spent on the purchase of lab chemicals, medical gases and other hospital supplies without adopting open tender system as required under KPPRA Rules 2014. Therefore, irregular expenditure of Rs.9,390,000 was incurred.

Irregular expenditure occurred due to violation of rules and weak internal controls.

When pointed out in July 2016, the management replied that the matter would be investigated and intimated to audit accordingly.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter and fix responsibility.

AP 1077(2014-15)

10.4.40 Excess payment of share – Rs.2.760 million

According to Peshawar High Court decision circulated vide Secretary Health vide their letter NO.SOB/HAD/1-27/PR/2010-11/VOL-II dated 12.02.2013 the doctor's share should not be more than 15% in the user charges against the existing 25%.

During the financial year 2015-16, in Ayub Teaching Hospital Abbottabad, Rs.6,910,081 was paid to doctors on account of their 25% share in the user charges instead of admissible 15% amounting to Rs.4,443,888. This resulted into excess payment of Rs.2,760,000. (Annex-R)

Excess payment was due to non-observance of court orders.

When pointed out in August 2016, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that irregular excess payment be recovered and follow the court decision in future.

AP 152 (2015-16)

10.4.41 Irregular expenditure on Manikins – Rs.2.030 million

Project management claimed that it was their responsibility to provide Manikins for the training of the trainees but Memorandum of Understanding (MoU) between Equipment Basic Health Services and Khyber Institute of Child Health did not contain any such clause. According to para-10 of GFR-Vol-I, every government officer is expected to exercise the same vigilance in respect of expenditure incurred from the public money as a person of ordinary prudence would be exercise, in respect of expenditure of his own pocket and purchases must be made in most economical manner and in accordance with definite requirements of the public Service.

During the financial year 2014-15, the accounts record of Equipment Basic Health Services, Khyber Pakhtunkhwa Peshawar revealed that expenditure of Rs.2,030,000 was incurred on the purchase of Manikins which were permanently given to Khyber Institute of Child Health (KICH) Peshawar for imparting training to the trainees of Integrated Management of New Born and Child Illness (IMNCI) and Essential Maternal and Neonatal Care (EMNC).

As the training institute was paid enormously for arranging these trainings, therefore, the KICH was required to have purchased the Manikins or the project management should have deducted the cost of Manikins from their bills. Moreover, bills of KICH submitted to the Project Management were not produced for audit scrutiny.

Audit holds that either cost of the manikins be recovered from the KICH or the manikins in original be got back and kept for similar trainings in future.

The lapse occurred due to violation of rules.

When pointed out in May 2016, the project management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that appropriate action be taken against the person(s) at fault, besides recovery.

AP 308 (2014-15)FAP

10.4.42 Non-deposit of maintenance/depreciation charges - Rs.14.990 million and Loss due to paying excess share to staff etc - Rs.5.630 million

According to Finance Department Notification of Government of KPK No.BOV/1-1/2011-12 dated 29.04.2013 that in order to streamline instruction on the subject, it is hereby informed that w.e.f 1st May 2013 at least 50% of the amount recovered from diagnostic services rendered to the patients will be directed to separate account to be maintained especially for the maintenance and repair of equipments. The fund will only be utilized for the said purpose and no other.

During the financial year 2014-15, in Ayub Teaching Hospital Abbottabad a sum of Rs.29,980,590 was recovered from diagnostic services during the year. However, the local office did not diverted 50% Rs.14,990,295 to separate bank account for repair and maintenance of equipments. The above quoted order was not followed because if the 50% share deducted from the gross receipts, for maintenance and repair of equipments, then the share of the shareholders would definitely be reduced as calculated below:

(Rs)	
Gross receipts	2,980,590
Less 50% for repair and maintenance of M&E	14,990,295
Balance amount for share distribution	14,990,295

The share of the doctors, paramedics and admin was required to be paid from the balance amount of Rs.14,990,295, contrarily the local office did not diverted the 50% of diagnostics service to a separate bank account and share of Doctors, paramedics and admin was paid from the gross receipt of 100% instead of 50% balance amount, resulting in an overpayment of Rs.5,996,118 as detailed below.

(Rs)	
Share of doctors etc. paid from gross receipt (Rs.29,980,590×40%)	11,992,236
Share of doctor required to be paid from the balance amount (Rs.14,990,295×40%)	996,118
Excess share paid to share holders	5,996,118

The lapse occurred due to weak financial controls.

When pointed out in November 2015, the management stated that detailed reply would be furnished after consultation of record.

In the DAC meeting held in August 2016, it was directed that due to non-observance of government orders, overpayment to be recovered.

Audit recommends observance of rules and recovery of overpayment.

AP 464 (2014-15)

10.4.43 Illegal drawl of consultant share – Rs.2.869 million

According to Health Department Notification No.SO(B)/Health/10-12/D3-04/user charges dated 13.04.2015 and No.SO(B)Health/1-1/97/user charges dated 25.06.2002, awards 25% share to the consultants of the said department from the income generated by these units. Getting share of the doctors by medical superintendent in case of the concerned specialist/doctor not posted in the hospital has no logic and unprecedented and is hereby regretted.

During the financial year 2015-16, in King Abdullah Teaching Hospital Mansehra there was no pathologist, physiotherapist, cardiologist and radiologist but their 25% share was drawn by the Medical Superintendent, besides 2% administrative share, in violation to above mentioned policy. Detail is as under:

S.No	Name of Medical Superintendent	Amount of share drawn (Rs.)
1	Muhammad Javid Khan	1,749,821
2	Muhammad Naeem Khan	1,119,773
	Total	2,869,594

The drawl of consultant share of Rs.2,870,000 by M.S was illegal and violation of government orders, which needs recovery.

The illegal drawl was due to violation of rules and weak internal controls.

When pointed out in August 2016, the management furnished no reply.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated against the person(s) at fault.

Audit recommends to recover the illegal drawn amount.

AP 306 (2015-16)

10.4.44 Fraudulent drawl on repair of cold room – Rs.1.400 million

According to the para 13 of GFR Vol-I, every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores.

During the financial year 2011-12, in the office of Deputy Director EPI DGHS Khyber Pakhtunkhwa, expenditure of Rs.1,400,000 was incurred on the repair of cold room through M/S Adil Enterprises. The following observations were made:

- (i) The item of work repair of cold room at Provincial EPI store at Pashtakara, was not included in the items list for which tenders opened on 01.11.2011.
- (ii) The firm M/S Adil Enterprises was not registered with DGHS KP in the field of cold rooms.
- (iii) The work order was issued/placed on 01.05.2012 but the work was done on 07.06.2011 i.e. almost one year before issue of work order.
- (iv) Demand for repair of cold room from store keeper/cold chain supervisor was not available on record.
- (v) The cold chain supervisor provided a certificate that no such heavy repair was carried out in cold rooms during 2011-12.
- (vi) The bill was not verified by the concerned officer/official i.e. AD logistic, store officer, store keeper or cold chain supervisor.

This shows that no repair work was carried out but the amount was fictitiously drawn and misappropriated by the concerned.

When pointed out in August 2012, the management furnished no reply.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility, besides recovery from the person(s) responsible.

AP 571 (2011-12)

10.4.45 Unauthentic expenditure on civil work in the Health Facilities - Rs.129.859 million

According to Para-10 of GFR-Vol-I, every government officer is expected to exercise the same vigilance in respect of expenditure incurred from the public money as a person of ordinary prudence would be exercise, in respect of expenditure of his own pocket and purchases must be made in most economical manner and in accordance with definite requirements of the public Service.

During the financial year 2014-15, in the Project Equipment Basic Health Services Khyber Pakhtunkhwa Peshawar expenditure of Rs.129,859,211 was incurred on civil works in 12 health facilities. On verification of the Health Facilities of Ziarat Kaka Sahib, Manki Sharif, Marghuz, and Topi, the construction work carried out by the project management instead of C&W Department as these health facilities are being upgraded. Photographs taken of these sites clearly indicate that there is no such bungalow or any other construction, which was carried out by the project management. Hence the expenditure on civil works carried out in Health Facilities is unauthentic.

The lapse occurred due to violation of rules.

When pointed out in May 2016, the project management stated that reply would be given after consultation with consultants.

The department was requested repeatedly through DO letters for holding the DAC meeting, however neither DAC meeting was held nor any action initiated till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault.

AP 306 (2014-15)

10.4.46 Non-achieving of goals/objectives of project – Rs.1,360 million

According to KPPRA rule 6(3)(iv) the lowest officer from the qualified bidder shall be accepted for award of contract. Para 145 of GFR Vol-I, says that purchases must be made in the most economical manner and in accordance with the definite requirements of the public services. Care should be taken not to purchase store much in advance of actual requirements. Para 148 of GFR Vol-I, requires that all materials received should be examined, counted,

measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2011-12, in the office of Director General Health Services KP Rs.1,360 million were released for prevention and control of Hepatitis in KP. Against which expenditure of **Rs.1068 million** was incurred upto August 2012. Audit raised the following observations.

- (i) The purchase of vaccine and diagnostic kits were made in excess of requirements as stated by the pathologist of the HMC. The purchase was made in bulk and was issued to 24 gentical sites. Furthermore cold chain is essential for storage of these vaccines and cold facilities were not available at sites. In this connection, the DG Health Services issued circular regarding slow utilization of free diagnostic kits and its expiry.
- (ii) The concerned staff/units did not maintain proper record i.e. stock/issue registers, OPD/Admission No., addresses of the patients. No monitoring system existed. Whereabouts of the balance kits in April 2012 was not reported to DG Health Services.
- (iii)The diagnostic kits/vaccines were substandard as reported by the field units. Lab test was not carried out and payment was made to the contractor in advance.

These lapses occurred due to financial indiscipline and weak internal controls.

When pointed out in Oct 2012, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that detailed inquiry be carried out, fix responsibility.

AP 491 (2011-12)

10.4.47 Wasteful expenditure due to sub-standard procurement of equipment – Rs. 315.770 million

According to the para 13 of GFR Vol-I, every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores.

During the financial year 2014-15, the accounts record of the Project Equipment Basic Health Services Khyber Pakhtunkhwa Peshawar revealed that contracts amounting to Rs.315,770,000 (EUR 2,346,870) for Lot-1, Lot-2, Lot-3A, Lot-3B, Lot-4A, Lot-4B, Lot-NM1 and Lot-NM2 were awarded to various suppliers for the supply/import of equipments from abroad. As per specifications the equipments of these lots were to be imported from the countries such as USA, Germany, Japan, Korea, Turkey, Spain, Switzerland, Austria, Sweden, UK and China etc.

The project management was asked to produce shipping documents of the above mentioned lots so that the country of the equipments could be ascertained. The management failed to produce shipping documents of these lots except one i.e. Lot-3A. However, on scrutiny of the shipping documents of Lot-3A the following points were noticed:

1. The contract agreement was signed on 1st December 2014 but some of the shipping documents contained date prior to the contract date as 27th April 2014, 21st April 2014.
2. The disbursement statement of the project indicates that 40% payment was made to the supplier of Lot-3A in the month of May, 2015 on presentation of shipping documents while the remaining 50% was made in July, 2015 on delivery of equipments. However, the delivery challans of items delivered to all the 12 Health Facilities indicate that the items were delivered in the month of March, 2015. It is, therefore, clear that the equipments were supplied/purchase from the local market but the payment was made for imported items.

However, during verification of equipments of the above mentioned all Lots in the Health Facilities it was noticed that stickers of plastic were pasted on the equipments instead of embossed stickers, which confirmed that the items were of local origin. The supply of substandard equipments has negated the very clauses of contract agreements which were signed with the suppliers.

The lapse occurred due to violation of rules.

When pointed out in May 2016, the project management stated that all equipments were duly inspected by the Consultants and Donors. Their inspection reports are available.

Reply is not tenable because the relevant reports were not shown to audit.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends detailed inquiry to fix responsibility against the persons at fault and recover the amount from the persons responsible.

AP 302 (2014-15)

10.4.48 Misuse of Displaced Persons Funds on unnecessary activities – Rs.11.640 million

According to para 12 of GFR Vol-I, 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. He must be in a position to assume before Government and the Public Accounts Committee if necessary complete responsibility for departmental expenditures and to explain or justify any instance of excess or financial irregularity that may be brought to notice as a result of audit security or otherwise.

During the financial year 2014-15, in DHQ Teaching Hospital Bannu, an account No.4044809150 was opened in NBP Bannu for the Displaced Persons Funds. Funds to the tune of Rs.18,000,000 (Rs.5,000,000, Rs.3,000,000 and Rs.10,000,000) were released for the procurement of medicines, equipments, repair of ambulances and other operational health services delivered to DPs. The said TOR was circulated vide letter No.912 dated 09.07.2014 by DG Health Services KP. The local office utilized only Rs.6,359,000 on the purchase of medicines and relevant equipments while the remaining budget was utilized on other irrelevant activities i.e. on repair and renovation of various blocks of the hospital, white wash, purchase of furniture, preparation of lawn and printing charges etc. instead for the treatment and

facilitation of displaced persons. The repair and renovation contract was awarded without tender procedure at higher rates i.e. at par of MRS 2015 and also paid a cost factor @ 3% instead of 1.03%. No measurement book was maintained for the work done. Further Rs.8,626,000 was lying at the close of financial year. The said amount was hastily utilized and no proper procedure was adopted.

When pointed out in February 2016, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that misuse of IDPs funds be investigated and responsibility fix for the lapse.

AP 541 (2014-15)

10.4.49 Illegal retention of government money - Rs.65.980 million

According to paras 7 & 26 of GFR Vol-I, unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Finance Department. 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.

During the financial year 2015-16, in King Abdullah Teaching Hospital District Head Quarter Hospital Mansehra government receipts realized from OPD/Emergency, X-Ray Lab: ECG, Ultrasound, canteen, parking, Ambulance and share of government from capitation fee were deposited in three different bank accounts without authorization and concurrence of the Finance Department. These receipts were required to be deposited into the government treasury through challans. Thus on the one hand Government receipts were not deposited into treasury and on the other kept in unauthorized bank accounts. Detail as under:-

Name of Banks	Account Nos	Closing balance (Rs)
Khyber Bank Mansehra	PLS-02839-00-8	1,768,090.27
Habib Metropolitan Bank	20410-103605	44,212,170.77
National Saving Centre	SSA-205	20,000,000
Total		65,980,261.04

When pointed out in August 2016, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility and deposit the amount in government treasury.

AP 316 & 320 (2015-16)

10.4.50 Blockage of public money due to unnecessary purchase – Rs.87.980 million

According to para 145 of GFR Vol-I, purchases must be made in the most economical manner and in accordance with the definite requirements of the public services. Care should be taken not to purchase store much in advance of actual requirements. Paras 151 and 167 of GFR Vol-I, requires that the head of office should take special care for safe custody of store, keeping them in good condition and protecting it from any loss, damage or deterioration.

1. During the financial year 2013-14, in DHO Dir Lower, expenditure of Rs.75,190,000 incurred on the purchase of medical equipments for THQ Samarbagh, RHC Munda and Category-D Hospital Mayar. In this connection following points needs clarification.

- i. Unnecessary purchases were made because as per physical verification all expensive and sensitive store received in 2011 was kept in store room till the date of audit i.e. October 2014.
- ii. The entire store still packed as received from suppliers. Neither equipments installed nor warranty period utilized.
- iii. Mostly store received for the installation and helping/training the staff of company was responsible. Which was not done.
- iv. X-Ray plant, ultrasound machines, etc. purchased in 2010-11, without availability of the relevant staff.

2. During the financial year 2014-15, in DHQ Hospital Charsadda 4 dialysis machines amounting to Rs.4,380,000 and 3 water treatment plants for Rs.1,410,000 have been purchased in June 2012. On verification of stock register all these equipments are lying unused. When asked it was replied that due to non-posting of Nephrologists the machines are lying idle. In absence of qualified staff the purchase of machines and its non-operationalization is blocked of government fund and deprival of general public from the benefit.

3. During the financial year 2014-15, in Moulvi Amir Shah Hospital Peshawar Rs.7,000,000 were spent on the purchase of Full Laundry Unit (Strongman) Pak made. The Laundry Unit is lying in a Garage since 2012 uptill 2016 without utilization and that is why 80% gone out of work as evident from the attached pictures.

When pointed out in November 2014, September 2015 & July 2016, in cases of S.No.1&2 the management furnished no reply. In case of S.No.3 the management replied that in the Laundry building some deficiencies were noticed and the same are not yet rectified by Peshawar Development Authority therefore the laundry unit is not yet installed.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault.

APs 269 (2013-14),97(2014-15)&1074(2014-15)

10.4.51 Wasteful expenditure on Gynae Paeds Ward - Rs. 338.690 million

According to para 10 read with para 23 of GFR Vol-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. Public moneys should not be utilized for the benefit of a particular person or section of community. Moreover, every government officer will be personally responsible for any loss or fraud on his part or on the part of his subordinate.

During the financial year 2014-15, in Ayub Teaching Hospital Abbottabad amount of Rs.300,000,000 was spent on the construction of Gynae

Paeds Ward during 2010-11 to 2013-14. In this connection, the following observations are made.

- i. The scheme was approved at a total cost of Rs.162,948,000. The scheme was revised to Rs.300,000,000 and again Rs.38,694,000 was approved and thus a total cost of Rs.338,694,000 was incurred on the construction. The revision of cost put the government into a loss of Rs.175,746,000 which needs proper inquiry, justification and fixing responsibility on the person (s) responsible.
- ii. The building was completed however; it was not handed over to Hospital authorities.
- iii. Rs.180,000,000 were approved for purchase of equipments, furniture and installation of lifts. Only equipments were purchased since two years and dumped in an open lobby without inspection and taking on stock which are deteriorated day by day.
- iv. The furniture and lifts work is still not yet ordered.
- v. A sum of Rs.39,645,000 were approved for the purchase of reverse ACs, Medical Gas supply system and balance work in 2013-14, but these works have not yet been started.

There was no need of purchasing all these equipments as these units are functioning properly in old units. It is worth mentioning here that Provincial Inspection Team Khyber Pakhtunkhwa conducted inquiry and recommended that disciplinary action may be taken against the concerned (para 5(b) page-29) the consultant may be black-listed (Para 5(c) page-29) strict disciplinary action alongwith irregular payment of Rs.94,460,000 and Rs.12,346,000 may be recovered from them (para-B a,b,c pages 30 to 33).

When pointed out in November 2015, the management stated that detailed reply would be furnished after consultation of record.

In the DAC meeting held in August 2016, it was directed that in light of inquiry recommendation, the loss be recovered from the persons at fault. No progress intimated till finalization of this report.

Audit recommends to implement DAC decision.

AP 472(2014-15)

10.4.52 Unauthentic issuance of medicines on doubtful indents – Rs.24.810 million

According to paras 145 read with 147 & 149 of GFR Vol-I, the officer incharge of the stores should see that an indent in the prescribed form has been made by a properly authorized person, examine it carefully with reference to the orders or instructions for the issue of stores and sign it, after making suitable alterations under his dated initials. When materials are issued, a written acknowledgement should be obtained from the person to whom they are ordered to be delivered or dispatched, or from his duly authorized agent. The indents should be prepared in such form and in accordance with such general or special instructions may be issued by government in this behalf. Periodical indents should be prepared and as many articles as possible obtained by means of such indents.

During the financial year 2015-16, in DHQ Hospital Nowshera Rs.24,810,000 were shown spent on the purchase of medicines during the year. Medicines were issued to Hospital emergency, OPD as well as Wards on the unnumbered indents. Usually serial number quoted books and indents are obtained from the government printing press, taken on stock of main store and these are issued to the concerned. However, in this hospital neither such routine has been adopted nor proper record of indents maintained, but unnumbered indent books and unnumbered indents were used for issuance of medicines from main stock. Thus the expenditure of Rs.24,800,000 so incurred on the issuance of unnumbered indents is doubtful.

The lapse occurred due to weak financial controls.

When pointed out in Dec 2016, the management replied that emergency medicines have been issued on the very indents issued from stock register of the hospital and no fake issue has been carried out.

Reply of the management is not tenable.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter and submit report to audit and PAC.

AP 368(2015-16)

Chapter – 11

Home & Tribal Affairs Departments

11.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of :

- ❖ Public Order and internal security.
- ❖ Political intelligence and censorship.
- ❖ Administration of Justice, constitution and organization of courts except the High Court.
- ❖ Criminal Law and Criminal
- ❖ Arms, ammunition and military stores.
- ❖ Crime report.
- ❖ Prisons, reformatories and similar institutions, classification and transfer of prisoners, state, political prisoners, Good Conduct Prisoners and Probationer Release Act.
- ❖ Extradition and Deportation.
- ❖ Question of domicile and application for Nationality certificates
- ❖ Registration of aliens.

11.2 Comments on budget & accounts (variance analysis)

Summary of the Appropriation Accounts:

The Summarized position of actual expenditure 2015-16 against the total of grants/appropriation was as follows:

Non-Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
8-Home & T.A	NC 21	1,434,599,000	221,768,000	1,656,367,000	1,156,012,354	-500,354,646
9- Jail & conviction	NC 21	1,728,155,000	70	1,728,155,070	1,514,487,710	-213,667,360
10- police	NC 21	32,745,244,000	763,184,000	33,508,428,000	32,508,358,339	-1,000,069,861
Total		35,907,998,000	984,952,070	36,892,950,070	35,178,858,403	-1,714,091,867

Development

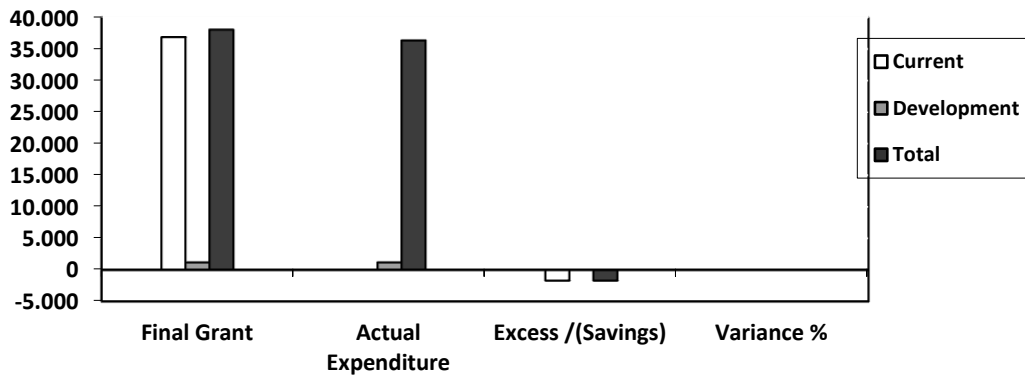
(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
Home & TA	NC22	501,218,000	0	164,324,000	183,304,145	1,890,145
Home & TA	NC12	2,998,782,000	0	990,711,000	992,803,872	2,092,872
Total		3,500,000,000	0	1,155,035,000	1,176,108,017	3,983,017

Overview of expenditure against the final grant

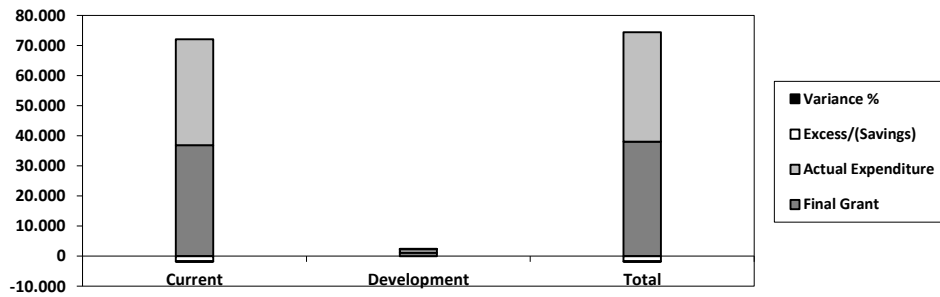
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Savings)	Variance %
Non-Development	36,892.950	35,178.858	-1,714.091	-4.646
Development	1,155.035	1,176.108	3.983	0.344
Total	38,047.985	36,354.966	-1,710.108	-4.494



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Home & TA Department administering the above grant did not surrender anticipated savings of Rs.1,710.108 million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



11.3 Brief comments on the status of compliance with PAC directives:-

S#	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
01	2001-02	Home & TA	36	-	28	08
02	2002-03	-do-	18	-	08	10
03	2003-04	-do-	12	-	09	03
04	2004-05	-do-	37	-	24	13
05	2005-06	-do-	04	-	03	01
06	2007-08	-do-	04	-	03	01
07	2008-09	-do-	12	-	05	07
08	2009-10	-do-	13	-	06	07
09	2010-11	-do-	39	-	10	29
10	2011-12	-do-	27	-	15	12
11	2012-13	-do-	12	-	06	06

11.4 Audit Paras

11.4.1 Unverified expenditure on account of pay and allowances due to non production of record - Rs.245.283 million

According to Section 14 of the Auditor General's Ordinance 2001, no information nor any book or other documents, to which the Auditor General has a statutory right of access, may be withheld from the Audit. Any person or authority hindering the auditorial functions shall be subject to disciplinary action under relevant Efficiency and Discipline Rules applicable to such person.

During the financial year 2014-15, in the office Capital City Police Officer Peshawar, it was noticed that an amount of Rs.245,283,989 was drawn on account of pay and allowances of various police stations/units. Relevant record i.e., Registers 19, 20, and 21 were not produced to audit for necessary audit scrutiny. Detail is as under: -

S No	Name of Police Station/Unit	Total Amount of pay & Allowances (Rs)
1	Phari Pura	19,150,776
2	Urmar	14,866,592
3	Pishtakhara	28,756,779
4	CIA/ACL	15,281,448
5	NAB	3,680,367
6	LO-II (Two Months)	163,548,027
	Total	245,283,989

The matter was reported to the management in December 2015. The management replied that relevant register No.20 of the concerned Police Station are available and may be got verified. The pay and allowances were regularly disbursed through cashier of the concerned Police Stations. Necessary acquaintance rolls are also available which may be got verified.

In the DAC meeting held in March 2016, it was decided that the record be verified from Audit. However, complete record was not produced for verification.

Audit recommends to investigate the matter and fix responsibility.

AP 177 (2014-15)

11.4.2 Misappropriation on account of repair of vehicles–Rs.13.925 million

According to the para 13 of GFR Vol-I, every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores.

During the financial year 2014-15, in the office of Capital City Police Officer Peshawar, an expenditure Rs.13,924,950 was incurred on the major repair of Government vehicles. Scrutiny of the record revealed that on the dates of repair, these vehicles were on the road as evident from logbooks. It shows that actually no repair has been carried out.

The lapse occurred due to weak internal controls.

The matter was reported to management in December 2015. It was replied that actually the vehicles were in workshop.

The reply of the department is not tenable. Vehicles were on the road at the time of repair.

In the DAC meeting held in March 2016, it was decided that Engine works carried out on various vehicles and issuance of POL and performance of duties on the same day is serious irregularity, which needs verification. However, no record was produced for verification till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault.

AP 154 (2014-15)

11.4.3 Misappropriation on hiring of vehicles for Polio campaign – Rs.9.250 million

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

During the financial year 2015-16, in the office of District Police Officer Chitral, expenditure of Rs.1,870,000 was incurred on the hiring of vehicles for polio campaign. The roznamcha of police lane did not envisage the hiring of vehicles while the vehicles of the police department were shown used. Besides Rs.7,380,000 released by the DC Chitral for the purpose were deposited into the designated account at NBP but no record regarding expenditure was available. In absence of record, the drawl of Rs.1,870,000 from regular budget and Rs.7,380,000 from DC fund is held doubtful which leads to misappropriation.

Misappropriation occurred due to weak internal controls.

When pointed out in November 2016, the management stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault, besides recovery of the misappropriated amount.

AP 258 (2015-16)

11.4.4 Misappropriation on account of purchase of POL – Rs.9.100 million

According to the para 13 of GFR Vol-I, every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores.

During the financial year 2015-16 in the office of District Police Officer Chitral, expenditure of Rs.31,000,000 incurred on the purchase of POL. Scrutiny of the log books show consumption of POL worth Rs.21,900,000. As such a difference of POL worth Rs.9,100,000 was noticed. Audit holds that Rs.9,100,000 misappropriated by the concerned.

Misappropriation occurred due to weak internal controls.

When pointed out in November 2016, it was stated that reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault, besides recovery of the misappropriated amount.

AP 255 (2015-16)

11.4.5 Misappropriation on account of purchase of mobil oil - Rs.6.764 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a responsible officer who should see that the quantities are correct, their quality good and record a certificate to that effect and record them in the appropriate stock register.

During the financial year 2015-16, in the office of District Police Officer Chitral, advertisement for the purchase of mobil oil was given on 02.05.2016 and the last date of submission of bid was 03.05.2016 and the other advertisement was floated on 21.06.2016 and the date of submission was 24.06.2016. Oil was purchased for Rs.6,764,114 (16,378 liters × 413 per liter). The same were neither taken on stock register nor handed over to the newly posted MTO. No bid security or bank guarantee was obtained from the supplier. No committee was constituted for bulk purchase. This position depicts that mobil oil worth Rs.6,764,114 have been misappropriation. Details is as under: -

S.No	Name of supplier	Date of supply	Quantity	Rate (Rs)	Amount (Rs)
1	Terichmer Filling Station Chitral	Not given	3200 ltrs	413	1,321,600
2	----do-----	Not given	13178 ltrs	413	5,442,514
Total			16378 ltrs	413	6,764,114

Misappropriation occurred due to weak internal controls.

When pointed out in November 2016, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault, besides recovery of the misappropriated amount.

AP 256 (2015-16)

11.4.6 Misappropriation on account of transportation of vehicles for repair to Peshawar – Rs.2.000 million

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

During the financial year 2015-16, in the office of District Police Officer Chitral, Rs.2,000,000 were drawn on account of transportation charges in May and June 2016 for transportation of vehicles from Chitral to Peshawar for repair and maintenance work in the Lane Workshop Peshawar. Scrutiny of the vouchers revealed that:

1. Sanction of the competent authority was not obtained.
2. The office had 40 vehicles and the same were shown transported to Peshawar. In absence of vehicles, the activities undertaken during the year seems doubtful.
3. Neither detail bills of the repaired vehicles nor entry in log books was produced to audit.
4. No entry of transportation to Peshawar was found in Roznamcha of the Police Lane. In this regard a written certificate of RI Lane and Moharir Lane was obtained.

In the light of above facts, expenditure of Rs.2,000,000 was thus held doubtful and leads to misappropriation.

Misappropriation occurred due to weak internal controls.

When pointed out in November 2016, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault besides recovery.

AP 257 (2015-16)

11.4.7 Misappropriation in hiring charges for emergency duty - Rs.2.280 million

According to the para 13 of GFR Vol-I, every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores.

During the financial year 2015-16, in the office of District Police Officer Chitral, expenditure of Rs.2,280,000 was incurred on hiring of vehicles on various occasions. Scrutiny of the record revealed that in one case vehicles were shown hired for 41 days whereas Roznmacha shows that only on 21.03.2016 one head constable and 10 FC personnel were deployed. The hiring of vehicles for 40 days was doubtful. Similarly, in by-election on 21.2.2016, the security plan shows deployment of 290 constables. The local office had 64 vehicles, which could easily be used for deployment of these personnel. Moreover, the claims were all prepared in hand-writing of one person. The aggregate expenditure of Rs.2,280,000 is held doubtful and leads to misappropriation.

Misappropriation occurred due to weak internal controls.

When pointed out in November 2016, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault, besides recovery from the concerned.

APs 259, 263, 267 & 268 (2015-16)

11.4.8 Misappropriation on account of repair of vehicles - Rs.1.628 million

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

During the financial year 2015-16, in the office of District Police Officer Chitral, a contract was awarded to M/s Almaftah Auto Toyota Motors Clinic Chitral for the repair work of vehicles and payment of Rs.1,630,000 was made. These expenditure includes purchase of tyres, spare parts and batteries besides others. However, the replaced items were neither taken on stock registers nor cost thereof recovered from dealers. The drivers have given undertaking that they were unaware of the repair works. Therefore, payment of Rs.1,628,000 is held doubtful and leads to misappropriation.

Misappropriation occurred due to weak internal controls.

When pointed out in November 2016, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility against the person(s) at fault, besides recovery of the misappropriated amount.

AP 260 (2015-16)

11.4.9 Loss due to non-recovery of income tax – Rs.7.800 million

According to Commissioner Inland Revenue letter No.WHU-II/RTO-PR/2104-15/86 dated 07.07.2014, income tax @ 10% should be recovered from the payment made for services rendered.

During the financial year 2015-16, in the office of Senior Superintendent Police Traffic Peshawar payment of Rs.78,080,000 was made to wardens on account of their commission and rewards. Income tax @ 10%

amounting to Rs.7,800,000 was not recovered which resulted in loss to government.

When pointed out in October 2016, the management replied that there exists no order regarding deduction of income tax on payments of reward from incentive money to the government employees. The Finance Department has also not endorsed such order for the same. Audit disagreed and was of the view that income tax levied on all incomes.

In the DAC meeting held in February 2017, the department repeated the previous reply. DAC did not agree and directed to effect recovery. No progress was intimated till finalization of this report.

Audit recommends recovery of income tax.

AP 207 (2015-16)

11.4.10 Loss due to non-utilization of available material – Rs.2.352 million

According to estimate / BOQ of the work, the earth from excavation should be used in backfill.

During the financial year 2014-15, in Project Coordination Unit, Peshawar it was noticed that M/S Sarhad Engineering Electric Company was allowed payment of Rs.65,720,000 in the construction of Police Lane Mardan-II, Package-I. This payment includes Rs.2,352,000 for back filling of earth brought from outside including compaction @ Rs.1670.25/100 cft as non-schedule item. Sufficient quantity of ordinary earth was available from the excavation in foundation of building. Thus a loss of Rs.2,352,147 sustained to Government. The detail is as under: -

(Rs)				
Name of block	Excavated Earth (Cft)	Earth used in back fill (cft)	Rate per 100 Cft	Amount
Admin block	73830	51502	1670.25	860,206
Kot block	29486	13268	-do-	221,611
Barrack block	142130	76056	-do-	1,270,330
Total				2,352,147

Audit holds that sufficient quantity of earth was available that was required to have been used for back filling instead of earth brought from outside. This resulted into loss to Government.

Loss occurred due to financial indiscipline and weak internal controls.

When pointed out in August 2016, the management stated that the excavated earth was not feasible for reuse.

Reply of the department is not tenable.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter and effect recovery.

AP 149 (2014-2016)

11.4.11 Non-recovery of cost of un-acquired land - Rs.26.070 million

According to District Police Officer Mansehra letter No. 833/GB, dated 11.01.2012, 128 kanal and 15 marlas land was not acquired by the DOR & E Mansehra.

During the financial year 2014-15, in the office of Principal Recruits Training Wing Mansehra, Rs.88,020,000 was paid to DOR & E Mansehra for acquiring 521 kanal land for construction of Recruits Training Wing (RTW) Mansehra. Out of which 371 kanal and 5 marlas costing Rs.61,954,000 was acquired through award No.271/DOR/ACQ (Moza Jallo & 272/DOR/ACQ (Moza Debgran) dated 02.10.2012. Moreover, acknowledgement of land owners were not produced. Beside neither remaining 150 kanal and 15 marlas land was acquired nor its cost worth Rs.26,070,000 recovered from the DOR.

Non-recovery was due to weak internal controls.

When pointed out in April 2016, the management furnished no reply.

In the DAC meeting held in February 2017, the department replied that case for acquiring the remaining land is under process. DAC directed that the process should be expedited and the remaining land measuring 150 Kanal and 15 Marla be acquired and record verified from audit. No progress was intimated till finalization of this report.

Audit recommends implementation of DAC decision.

APs 373 & 372 (2014-15)

11.4.12 Non-recovery of taxes from the firm – Rs.3.272 million

According to Commissioner Inland Revenue letter No.WHU-II/RTO/2014-15/86 dated 07.07.2014, income tax @ 10% should be recovered from the payment made for the services rendered.

During the financial year 2015-16, in the office of SSP Traffic Peshawar, Rs.11,930,000 were paid to M/S Comm. Private Limited (Brand name A2Z E-Payment) on accounts of traffic penalty of Rs.10,484,885 and driving license services Rs.1,443,315. However, income tax of Rs.1,194,000 million, sales tax of Rs.2,029,000, professional tax of Rs.25,000 & Disable Persons Rehabilitation of Rs. 24,000 totaling Rs.3,272,000 were not recovered.(Annex-S)

Non-recovery of tax was due to weak internal controls and financial indiscipline.

When pointed out in October 2016, the management stated that detailed reply would be furnished later on.

In the DAC meeting held in February 2017, the department stated that case will be taken up with the firm for recovery. DAC directed to effect recovery. No progress was intimated till finalization of this report.

Audit recommends that recovery should be made.

AP 208 (2015-16)

11.4.13 Non-recovery of DRP charges from suppliers – Rs.3.196 million

According to the Directorate of Social Welfare & Women Development Department letter No.DAB/279 dated 09-05-2012, all the provincial government departments were directed to deduct DPR Fund for the rehabilitation of disabled persons from the bills of the contractors/ suppliers @ Rs. 2000 each per million and deposit the same into Bank account No. 2626-5 in NBP to implement the orders of the Government as well as of the Apex Supreme court of Pakistan.

During the financial year 2015-16, in the office of Inspector General of Police, Khyber Pakhtunkhwa, Rs.946,879,966 was paid to different suppliers/contractors on different accounts. However, Disabled Person

Rehabilitation (DPR) charges of Rs.3,195,896 @ Rs.2,000 per million were not deducted from their bills. This resulted into loss.

Loss occurred due to weak internal controls.

When pointed out in August 2016, the management furnished no reply.

In the DAC meeting held in February 2017, it was replied that a case has been taken up with Finance Department for clarification. DAC directed for implementation of Finance Department clarification. No progress was intimated till finalization of this report.

Audit recommends implementation of DAC directives.

AP 76 (2015-16)

11.4.14 Overpayment due to payment at incorrect rates – Rs.2.860 million

According to clause 2 of the contract agreement executed with M/S M.Comm Private Ltd., the firm will charge Rs.10 per penalty collected, payable by the penalty holder at the time of transaction.

During the financial year 2015-16, in the office of SSP Traffic Peshawar, Rs.8,590,000 were paid to the firm on account of fine collection charges from the penalty holders. According to the contract agreement executed with the firm, payment was required to have been made @ Rs.10 per case, while payment was made @ Rs.15. This resulted in overpayment of Rs.2,860,000.

When pointed out in October 2016, the management replied that payment @ Rs.15 per penalty/transaction had correctly been made.

The reply of the department is not tenable as there was no provision for enhancement of charges in the contract agreement.

In the DAC meeting held in February 2017, the department repeated their previous reply. DAC did not agree and directed to effect recovery. No progress was intimated till finalization of this report.

Audit recommends that recovery of the overpaid amount be made.

AP 209 (2015-16)

11.4.15 Unauthorized expenditure on the purchase of bullet proof jackets and helmets - Rs.68.885 million and Non-deduction of income tax – Rs.3.100 million

100% advance payment was approved with certain conditions vide Finance Department letter addressed to the Secretary to Government of Khyber Pakhtunkhwa, Home & Tribal Affairs Department vide No. BO-III/FD/1-1/2015-2016 dated 05-04-2016. According to Section-49 (3) of the Income Tax Ordinance circulated by the Government of Pakistan, Revenue Division FBR Vide No.1 of 2007 income tax is deductible from the business entity.

During the financial year 2015-16, in the office of Inspector General of Police, Khyber Pakhtunkhwa, an expenditure of Rs.68,885,250 was incurred on the purchase of 883 Bullet Proof Jackets @ Rs.57,750 each and 852 Bullet Proof Helmets @ Rs.21,000 each from Heavy Industries Taxila without executing a contract agreement. Detail is as under:

S#	Cheque No.& dt	Amount (Rs)	Item
1.	1351275 20.06.2016	50,993,250	883 Bullet Proof Jackets @ Rs.57,750 each
2.	1336021 24.06.2016	17,892,000	852 Bullet Proof Helmets @ Rs.21,000 each
	Total	68,885,250	

The items were not received till the date of audit i.e. 24.08.2016 and income tax amounting to Rs.3,099,836 (68,885,250×4.50%) was not deducted.

Unauthorized expenditure incurred due to weak internal controls.

When pointed out in August 2016, no reply was furnished.

In the DAC meeting held in February 2017, it was replied that the advance payment was made after approval by Finance Department, the supply is in pipeline and the firm produced exemption certificate. DAC directed that Finance Department's conditions were not fulfilled, supply not made and income tax has also not been deducted, hence the position be explained before PAC.

Audit recommends implementation of DAC decision.

AP 80 (2015-16)

**11.4.16 Unauthorized retention/non-deposit of undisbursed pay –
Rs.29.282 million**

According to rule 283 of FTR Vol-I, the head of an office is personally responsible for the amount drawn on a bill signed by him or on his behalf until he has paid it to the persons entitled to receive it and obtain a legally valid acquittance on the office copy of the bill.

During the financial year 2015-16, in the office of Chief Capital Police Officer Peshawar, it was noticed that Rs.22,280,000 drawn from the public exchequer as pay & allowances of the police personnel were not disbursed to the concerned persons. The undisbursed pay was required to be deposited into government treasury.

The lapse occurred due to weak internal controls.

When pointed out in January 2017, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that unauthorized retention and non-deposit of undisbursed pay may be justified.

APs 363 & 373 (2015-16)

**11.4.17 Unauthorized payment due to allowing deleted item of work –
Rs.2.361 million**

In the variation order No.2 dated Nil, the RCC 1:2:4 as in foundation and PCC 1:4:8 was replaced with stone masonry upto DPC level and PCC 1:3:6 respectively by the engineer and was approved by the Director General Project Coordination Unit.

During the financial year 2014-15, in the office of Director General Project Coordination Unit Peshawar, M/s Bannu Construction Co. was paid Rs.102,485,000 upto IPC# 5. This includes payment of Rs.2,361,000 on the deleted items of work as per following detail.

Particles	Qty	Rate	Amount
RCC 1:2:4	80.96 m ³	4,860.62	393,516
PCC 1:4:8	132.31 m ³	7,299.60	865,810
Steel	10 ton	110,134	1,101,340
		Total	2,360,666

The above items of work were deleted through variation order hence its payment is held unauthorized.

Unauthorized payment occurred due to weak internal controls.

When pointed out in August 2016 the management stated that during execution of the project it was decided that the front RCC Boundary Wall was not suitable and economical hence it was replaced by RR/CR Masonry as a gravity wall. The remaining three sides of the Police lines has been constructed of RCC including steel and concrete. The reply of the management was not supported by documentary evidences.

The department was requested repeatedly through DO letters for holding DAC meeting, however neither DAC meeting was held nor any action initiated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility and appropriate action against the person(s) at fault.

AP 129 (2015-16)

11.4.18 Irregular transfer of funds to IGP office – Rs.48.800 million

According to Section 116-A sub section (6) (c) of the Finance Act 2008 (Traffic fines), 25% of fine recovered from the offenders shall be allocated for traffic training & education and purchase of machinery & equipments to facilitate traffic.

During the financial year 2015-16, in the office of SSP Traffic Peshawar Rs.195,220,000 was collected on account of traffic fine. The fine collecting firm (A2Z) transferred 25% of the said fine amounting to Rs.48,800,000 to IGP account NO.5523-4 at Bank of Khyber Civil Secretariat Branch Peshawar.

Audit has the following observations;

- i) The fund was required to have been spent on the related activities by the funds generating units. The transfer of funds to the IGP bank account is not covered under the rules hence held irregular.
- ii) Details of expenditure incurred from this fund were not produced to audit for scrutiny.

When pointed out in October 2016, the management stated that detailed reply would be given later on.

In the DAC meeting held in February 2017, it was replied that the amount was transferred to IGP Office and expenditure incurred by that office. DAC directed that violation of Finance Act be regularized and expenditure from the said fund should be verified from Audit. No progress was intimated till finalization of this report.

Audit recommends that rules should be observed in letter & spirit and irregular transfer of funds be explained before PAC.

AP 204 (2015-16)

11.4.19 Irregular expenditure due to excess consumption of POL – Rs.35.700 million

According to Finance Department Notification No.SO(A/Cs)FD/2-3/96 dated 17.04.1996 on page 137, consumption of POL per liter be got fixed from technical officer of S&GAD & Motor Vehicle Examiner of the District Peshawar.

During the financial year 2015-16, in the office of Chief Capital Police Officer Peshawar 445,515 liters diesel costing Rs.35,700,000 were consumed in vehicles @ 3 to 8 km per liter less than standard scale of 12 kms per liter in violation of fixed scale. This resulted into loss due to excess consumption of 445,515 liters diesel costing Rs.35,700,000.

Irregular expenditure incurred due to violation of rules and weak internal controls.

When pointed out in January 2017, the management stated that detailed reply would be given later on.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and take appropriate action.

AP 359 (2015-16)

11.4.20 Irregular expenditure on hiring charges and provision of POL for private vehicles - Rs. 26.65 million

According to chapter II (1) of KPPRA Rules, the procuring entity shall use open competitive bidding for the procurement of goods over the value of Rs. 100,000. Para-13 of GFR VoL-I, says that every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate offices and to guard against waste and loss of public money and store.

During the financial 2014-15, in the office of Capital City Police Officer Peshawar expenditure of Rs.19,942,000 was incurred on hiring of private vehicles for transportation of Police personals for B.D. Election. POL costing Rs.6,710,137 were also provided to these private vehicles. The following shortcomings were noticed:-

1. Being preplan activity, open tender system was required.
2. No comparative statement was prepared/available on record for comparison of the lowest and fair rate.
3. Registration numbers of the relevant vehicles were not available for authentication.
4. No identification/location along with cell phone/land line phone of Transporter was available.
5. 235 Government vehicles were available on pool of CCPO including Trucks. In the presence of which hiring of private vehicles was not understandable.

In the light of above short comings the expenditure was irregular.

The lapse occurred due to weak internal controls.

The matter was reported to management in December 2015. The management replied that funds under the relevant object for Local bodies

elections were released in the last week of May, 2015 due to which there was no time/period for proper NIT hence the emergent arrangements were made. All the relevant record in support thereof is available.

In the DAC meeting held in March 2016, it was decided that detail verification i.e. vehicles No from Excise & Taxation Department and actual payees and non-using of own vehicles be justified. List of vehicles along with receipt of hiring charges be provided for verification from Excise Department. However, no detail provided till finalization of this report.

Audit recommends implementation of DAC decision.

AP 153 (2014-15)

11.4.21 Irregular expenditure due to procurement of substandard moveable security walls and planters – Rs.9.640 million

According to chapter-V KPPRA rules Bid solicitation documents(2), in case of procurement of works, solicitation documents shall contain technical specifications, drawings and designs, bill of quantities and estimated costs whatever applicable, evaluation criteria, expected commencement of contract and time period for completion, bid validity, securities demanded, payment schedule, general and special conditions of contract, in case of procurement of works.

During the financial year 2015-16, in the office of Chief Capital Police Officer Peshawar, Rs.9,640,000 were paid to M/S Symbol Engineering Services for the construction, supply and fixing of 254 moveable security walls were procured @ Rs.23,329 each and 300 security planters @ Rs.12,399 per number. The standard specification of security wall is 8 feet height in BOQ with base size 4×3×2 in 10” thick RCC. However, during verification/visit of police stations, the following shortcomings were noticed:

- (i) The width of the wall at the top of 8 feet height wall was 1 feet instead of required 2 feet as in PS Peshtakhara.
- (ii) The strength of RCC wall in BOW is 3000 PSI whereas spot verification shown 2200 PSI strength when checked with the PSI hammer used for 3000 PSI in Police Station Peshtakhara.
- (iii) The security pots/planters varied in its BOQ standard of 5feet length, 2 feet width and 4.5 feet height. Particularly required 2 feet width and it was one feet in Police Station Hayatabad.

- (iv) There were four large size peeping holes in the center, right and left side of security planters in the boundary wall of Police Station Hayatabad.
- (v) RCC strength of security planters 2500 PSI instead of 3000 PSI as required in the BOQ.
- (vi) As per agreement with M/S Symbol Engineering was required to supply & fix 30, 99 & 71 security walls at Police Station KRS, Gulbahar & PS AMJ Shah but on physical verification 26 costing Rs.606,554 were supplied and fixed without agreement.

Payment of standard items should have been made, which was not done. Thus the expenditure incurred was irregular.

The irregularity occurred due to violation of set standards and weak internal controls.

When pointed out in December 2016, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility.

AP 369 (2015-16)

11.4.22 Irregular expenditure on the purchase of plant and machinery and printing charges - Rs.2.570 million

Rule 14 of K.P Procurement of goods, Works and Services Rules 2014 says as otherwise provided hereinafter and subject to the provision of rule 10, the procuring entity shall use open competitive bidding as the principal method of procurement of goods over the value of Rs. 100000/-.

During the financial 2014-15, in the office of Capital City Police Officer Peshawar, expenditure of Rs.2,570,000 was incurred on the purchase of machinery, equipments and printing charges, but open tender system was not adopted. Thus the expenditure of Rs.2,570,000 was irregular.

The lapse occurred due to non-observance of Government rules/procedures.

The matter was reported to the management in December 2015. The management replied that the printing has been made of various items throughout the year on different dates after observance of all codal formalities. All the relevant record is available which can be verified at any time.

In the DAC meeting held in March 2016, it was decided that clarification be obtained from KPPRA for non-obtaining the open tender system. However, no clarification furnished till finalization of this report.

Audit recommends implementation of DAC decision.

AP 158 (2014-15)

11.4.23 Non-deposit of government receipts - Rs.9.696 million

According to para 26 of GFR Vol-I, 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.

During the financial year 2014-15, in the office of SSP Traffic Peshawar two driving schools are imparting driving training and an amount of Rs.6,720,000 was realized from the driving training fee but was not deposited into government treasury. Amount realized be deposited into government treasury.

It was further noticed that Rs.2,976,500 were collected on account of medical check up from the applicants who apply for learner driving license, fresh driving license, conversion, endorsement and duplicate while Rs.50 is also charged from applicants over the age of 50 years in case of renewal. Detail as below:

No. of learners	No of fresh license	Renewal above 50 years age	Others	Total/cost	Amount (Rs)
29001	23150	5000	2379	59530×50	2,976,500

Rs.2,976,500 was realized from the medical fee was required to have been deposited into Government Treasury, which was not done.

The lapse occurred due to non-observance of Government rules/procedures and weak internal controls.

When pointed out in November 2015, the management furnished no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter, fix responsibility besides recovery.

APs 190&191 (2014-15)

11.4.24 Undue favour due to non-enhancing amounts of bank guarantees – Rs.16.000 million

According to Deputy Inspector General of Police (Traffic) Peshawar letter No.1210/EC dated 26.11.2014 & Senior Superintendent of Police (Traffic) Peshawar letter No.3735/PO dated 21.11.2014, the firm M/S A2Z was required to submit bank guarantee at the following enhanced rates:

- i) Traffic ticketing manager system from Rs.3,000,000 to Rs.10,000,000.
- ii) Driving license fee collection from Rs.6,000,000 to Rs.15,000,000.

The firm also agreed to enhance the same vide their letter dated 15.05.2016 as (i) Traffic ticketing manager system from Rs.15,000,000 (ii) Driving license fee collection from Rs.4,000,000.

During the financial year 2015-16, in the office of SSP Traffic Peshawar M/S A2Z has submitted their Bank guarantee for the amount much lesser than the required and agree upon as under:

- i) Traffic ticketing manager system for Rs.6,000,000 vide CPBD/0667/090032 dated 12.08.2016
- ii) Driving license fee collection for Rs.3,000,000 vide CPBD/1798/100032 dated 12.08.2016

The firm did not observe the departmental directions nor uphold their own commitments while renewing the existing bank guarantee. It tantamount to undue favour with firm therefore held irregular.

The undue favour was due to weak financial controls.

When pointed out in October 2016, the management stated that detailed reply would be furnished later on.

In the DAC meeting held in February 2017, it was replied that the quarter concerned has been directed to provide guarantee at enhanced rate. DAC directed to expedite the guarantee on enhanced rates. No progress intimated till finalization of this report.

Audit recommends to investigate the undue favour and non-observing directions.

AP 214 (2015-16)

11.4.25 Non-return of weapons – Rs.18.265 million

According to Civil Services Regulations 1973, Government property be returned at the time of charge relinquishment on the eve of transfer/retirement.

During the financial year 2015-16, in the office of Chief Capital Police Officer Peshawar, 171 weapons costing approximately Rs.18,265,000 were not returned by the police officers. KOT record shows that the Government weapons are still outstanding.

Non-return of weapons occurred due to weak internal controls.

When pointed out in December 2016, it was stated that written replies would be given later on.

The department was requested repeatedly through DO letters for holding DAC meeting, however neither DAC meeting was held nor any action initiated till finalization of this report.

Audit recommends to recover the outstanding weapons.

AP 361 (2015-16)

11.4.26 Illegal expenditure from government revenue – Rs.10.210 million

According to Rule-7 of FTR Vol-I, moneys received shall not be appropriated to meet departmental expenditure.

During the financial year 2015-16, in the office of SSP Traffic Peshawar revenue of Rs.6,130,000 was generated from two driving schools. Similarly, Rs.4,080,000 collected on account of medical fee from driving licenses. As such, the aggregate amount of Rs.10,210,000 was required to have been deposited into government treasury. Contrarily it was diverted towards expenditure. The expenditure so incurred was neither reflected in the provincial Government accounts nor codal formalities fulfilled. All this expenditure tantamount to parallel budgeting, which is not admissible under the rule.

The lapse occurred due to weak internal controls.

When pointed out in October 2016, the management stated that detailed reply would be given later on.

In the DAC meeting held in February 2017, it was replied that the schools have been established to provide training to the private individuals and Government provided no funds. Therefore, the receipts were diverted towards expenditure. DAC directed to regularize the expenditure from the competent authority. No progress was intimated till finalization of this report.

Audit recommends to investigate the matter and fix responsibility against the person(s) at fault.

AP 206 (2015-16)

11.4.27 Unjustified expenditure on purchase of bandolier – Rs.7.597 million

According to chapter II (1) of KPPRA Rules, the procuring entity shall use open competitive bidding for the procurement of goods over the value of Rs. 100,000. Para 10 (i), 11 and 12 of GFR Vol-I, says that every public officer incurring expenditure from public fund is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money and that each head of a department is responsible for enforcing financial order, strict economy at every step and observing all relevant financial rules and

regulations by his own office and by subordinate disbursing officers. According to Section-49 (3) of the Income Tax Ordinance circulated by the Government of Pakistan, Revenue Division FBR Vide No.1 of 2007 income tax is deductible from the business entity.

During the financial year 2015-16, in the office of Inspector General of Police, Khyber Pakhtunkhwa, Rs.7,597,091 were paid in advance to POF WAH Industries Limited on account of purchase of bandoliers.

S.No.	Cheque No. & Date	Amount (Rs)	Items
1	1300505 18.03.2016	5,609,651	1030 No.Bandolier Special @ 3141.93 each + 5% Sales Tax 838 No.Bandolier Ordinary @ Rs.2028.06 each + 5% Sales Tax. 1562 No.Sling SMG @Rs.260.45 + 5% Sales Tax.
2.	1332847 02.02.2016	1,987,440	728 No.Bandolier G-III @ Rs.2600 each +5% Sales Tax
Total		7,597,091	

The expenditure stands unjustified:-

1. Bandolier was not propriety item. Advertisement was required to be made which was not done. Purchases without advertisement is, therefore, invalid.
2. The sanction for 100% advance payment accorded by the Finance Department is in conflict with Rule-379 of Treasury Rules. These items were not propriety or extra ordinary, which did not require advertisement.
3. The items have not been received till the date of audit i.e. 24.08.2016. The public funds were therefore, blocked for about six months.
4. Agreement was not executed and the contractor was at liberty to make the supply as per his own will.
5. Bank Guarantees against the advances were not obtained. As such, the public interest was put at stake.

The lapse occurred due to weak internal controls.

When pointed out in August 2016, no reply was furnished.

In the DAC meeting held in February 2017, it was replied that observations of Audit have been fulfilled. DAC directed to investigate the non-

observance of Finance Department decision and ensure early supply. No progress intimated till finalization of this report.

Audit recommends that department may explain its position before PAC.

AP 78 (2015-16)

11.4.28 Non-imposition of penalty for delay in execution of work – Rs.2.060 million

According to para 26 of GFR Vol-I, 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.

During the financial year 2015-16, in the office of Director General Project Coordination Unit Peshawar, Peshawar “establishment of offices for Special Branch Police KP” was under execution upto January 2015, which should have been completed before 2014-15. The completion period of this scheme was 12 months, sufficient funds were also provided for the execution. The Project Director was required to impose at least 2% penalty of Rs.2,060,000 in the following cases:

(Rs)						
S#	Contractor	Name of work	Agreement	Work order dated	Estimate cost	Penalty 2%
1	MS Haji Aurangzeb	Construction of special branch office at DIK	23/DG/2013-14	10.01.2014	24,511,000	490,000
2	MS Abdur Rehman & CO	Construction of special branch at Abbottabad	16/DG/2013-14	10.01.2014	24,500,000	490,000
3	MS Dilawar Khan	Construction of special branch at Peshawar		04.01.2014	17,795,000	355,000
4	MS Naiz Muhammad	Construction of special branch at Kohat	24/DG/2013-14	13.01.2014	20,983,000	419,000
5	MS Sher M. Wazir	Construction of special branch office at Mardan	22/DG/2013-14	15.01.214	15,326,000	306,000
Total						2,060,000

Unauthorized payment occurred due to non-adherence to the provision of the clauses of the contract agreement, financial indiscipline and weak internal controls.

When pointed out in Aug 2016, the management stated that due to land issues, the handing/taking of site was delayed for a considerable time and accordingly the work could not be started at site as per schedule time. No delay in the projects occurred on the part of the contractor. Audit disagrees as work order issued after clearance of site.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and take appropriate action against the person(s) at fault.

AP 154 (2014-16)

11.4.29 Difference in record of receipts – Rs.48.260 million

According to para 15 of the GFR vol-1, every officer whose duty is to render any account in respect of the public money is personally responsible for its completeness and strict accuracy.

During the financial year 2015-16, in the office of SSP Traffic Peshawar, it was noticed that 84,055 driving license were issued and revenue of Rs.48,260,000 was realized whereas detail of payment made to the firm M/S A2Z shows total 115492 transactions during the year. As such, difference of 31,437 transactions was noticed.

For test audit, the local office was requested to provide individual details of driving licenses issued under the caption conversion, renewal, fresh, endorsement and duplicate for three month. The same were compared and a difference of 134 cases was noticed.

The lapse occurred due to weak internal controls.

When pointed out in October 2016, the management stated detailed reply would be furnished later on.

In the DAC meeting held in February 2017, the department admitted the shortcomings. DAC directed to investigate the matter and result intimated to Audit within a month. No progress intimated till finalization of this report.

Audit recommends that detailed inquiry be conducted to examine all shortcoming and difference in two sets of accounts i.e. driving license issued and revenue realized.

AP 205 (2015-16)

11.4.30 Doubtful expenditure on entertainment – Rs.20.919 million

According to chapter II (1) of KPPRA Rules, the procuring entity shall use open competitive bidding for the procurement of goods over the value of Rs. 100,000. Para-13 of GFR Vol-I, says that every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and store.

During the financial 2014-15, in the office of Capital City Police Officer Peshawar expenditure of Rs.20,919,000 as per Annex-T, was incurred on the entertainment of police personnel deployed during B.D election duty wef 28.5.15 & 31.5.15. The expenditure was held doubtful on the following grounds.

1. The expenditure was incurred without adopting the open tender system.
2. Detail break-up of the personnel deployed was not available on record.
3. The source of delivery of lunch/dinner boxes/breakfast and juices to the individual concerned were not available on record.
4. Acknowledgements/certificates to the effect of receipt of these boxes was not available on record.
5. No roznamcha reports regarding arrival and deployment of extra force for the election duty was available.

The lapse occurred due to non-observance of Government rules/procedures.

The matter was reported to management in December 2015. The management explained that funds were released in the last week of May 2015, therefore there was not enough time for proper NIT. However proper contingency plan was prepared and implemented in letter and spirit. The lunch/dinner was properly delivered to the Police personnel so deployed.

In the DAC meeting held in March 2016, it was decided that clarification from KPPRA may be obtained for non-adopting the open tender system beside verification of the relevant record. No progress was intimated till finalization of this report.

Audit recommends to implement DAC decision.

AP 152 (2014-15)

11.4.31 Blockage of fund due to unnecessary advance payment – Rs.946.870 million and loss due to non-deduction of income tax – Rs.7.05 million

According to rule 379 of FTR Vol-I read with para 23 of GFR Vol-I, no payment can be made to a contractor except for work actually done or supplies received. 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. According to Section-49 (3) of the Income Tax Ordinance circulated by the Government of Pakistan, Revenue Division FBR vide No.1 of 2007 income tax is deductible from the business entity.

During the financial year 2015-16, in the office of Inspector General of Police KP, it was noticed that Rs.946,870,000 was paid in advance to POF Wah, National Radio & Tele-Communication Corporation (NRTC) Haripu, Heavy Industries Taxila & Defense Science & Technology Organization Chaklala Rawalpindi on account of purchase of store for Police in the Province. Despite the advance payments, the store was not received till Aug 2016. Moreover, the purpose of purchases of store was to equip the Provincial Police well in time in order to combat the menace of terrorism in the province. On the one hand, benefit of expenditure was not achieved while on the other huge public funds of Rs.946,870,000 were blocked.

POF WAH is business entity and not exempted from deduction of income tax as per Income Tax rules. Thus, 4.50% Income Tax of Rs.7,050,000 was required to have been deducted which was not done and the public exchequer sustained loss of Rs.7,050,000.

Blockage of funds occurred due to financial indiscipline and weak internal controls.

In the DAC meeting held in February 2017, it was replied that delivery of equipments was in process. DAC directed to expedite the supply and verify the record from Audit. No progress was intimated till finalization of this report.

Audit recommends to investigate the matter and take appropriate action to safeguard public interest.

APs 74&77 (2015-16)

11.4.32 Unauthentic payment of escalation and non-invoking clause of de-escalation- Rs.3.110 million

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

During the financial year 2015-16, in the office of Director General Project Coordination Unit Peshawar, Rs.87,967,000 were paid for construction of Police Station Char Bagh Swat. The payment included escalation of cRs.3,117,000 allowed on the basis of 1st and 12th running bill. Item wise detail of escalation with rates applicable for escalation was not found attached with the bill therefore the authenticity of the escalation of Rs.3,117,000 so paid could not be ascertained.

Similarly, the rates of POL and steel gradually decreased since last two years like POL from Rs.110 per liter to Rs.72 per liter almost 40% decrease occur therefore de-escalation in the rates from 13th to 18th running bill was also required to have been made and accordingly recovery effected from the contractor which was not done, this resulted into loss.

Unauthentic payment occurred due to financial indiscipline and weak internal controls.

When pointed out in August 2016, the management stated that detailed reply would be furnished after scrutiny of the record.

The department was requested repeatedly through DO letters for holding DAC meeting, however neither DAC meeting was held nor any action initiated till finalization of this report.

Audit recommends to investigate the matter for taking appropriate action against the person(s) at fault.

AP 125 (2015-16)

Chapter – 12

Industries Department

12.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

- ❖ Planning development and control of industries, including cottage industries.
- ❖ Industrial Research
- ❖ Industrial training (including training of demonstration parties).
- ❖ Industrial exhibition within the country.
- ❖ Survey of industries.
- ❖ Trade and commerce, within the Province, including Government commercial undertakings, Merchandise Marks Act, railway freight, import and export, trade control, capital issue, Insurance Act, Registration of Accountants, Auditors Certificate Rules, Partnership Act, trade condition reports, trade enquiries and agreements.
- ❖ All cases relating to Boilers Act, Patent and Designs Act, Explosive Act and Companies Act.
- ❖ Registration of Joint Stock Companies, Firms, Societies.
- ❖ Store Purchase Department, purchase of stores and capital goods including stores for Government Presses and Public Works Department.
- ❖ The Provincial Advisory Panels for Industries and Minerals.
- ❖ Chambers and Associations of Commerce and Industry.

12.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

A summary of grants/appropriations and actual expenditure in FY 2015-16 is given below:

Non-Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
25-Industries	NC21	418,665,000	110	481,665,110	244,164,925	-174,500,186
Total		418,665,000	110	481,665,110	244,164,925	-174,500,186

Development

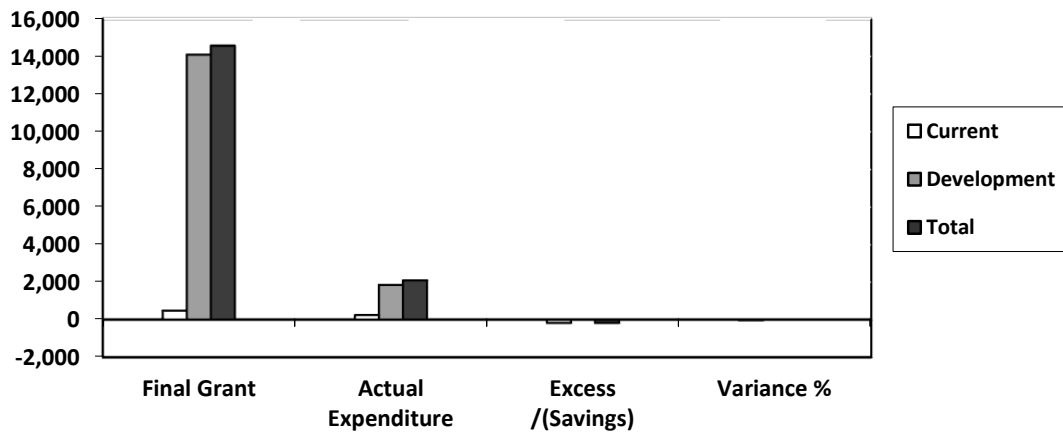
(Rs.)

Grant # 25(Prov) NC12 & 22 and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
Industries	NC22	1,671,307,000	0	497,294,000	497,591,394	297,394
	NC12	1,799,693,000	10	13,589,030,010	1,353,870,511	-5059,499
Total		3,471,000,000	10	14,086,324,010	1,851,461,905	-4,762,105

Overview of expenditure against the final grant

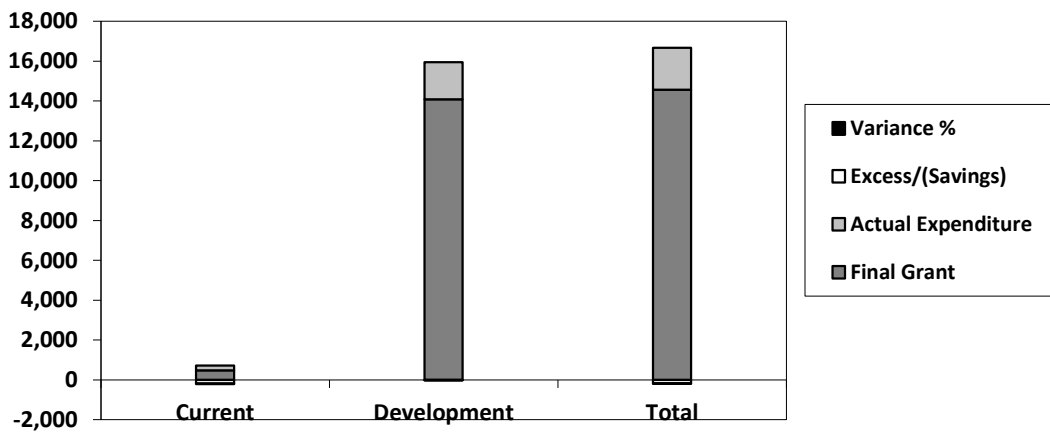
(Rs. in million)

Grant Type	Final Grant	Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	481.665	244.165	-174.500	-36.228
Development	14,086.324	1,851.462	-4.762	-0.0338
Total	14,567.989	2,095.627	-179.262	-1.230



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol-I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Industries Department administering the above grant did not surrender anticipated savings of Rs.179.262 million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



12.3 Brief comments on the status of compliance with PAC directives:-

S#	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2001-02	Industries	08	-	06	02
2.	2003-04	-do-	01	01	-	-
3.	2008-09	-do-	02	-	-	02
4.	2009-10	-do-	04	-	01	03

12.4 Audit Paras

12.4.1 Non-recovery of grant from sold/closed SMEs -Rs. 43.009 million

According to Paras 72-74 of Operations Manual of the project, the grant agreement will ensure that the assets procured through project funds may not be sold/closed during the project tenure. Grants shall be terminated prematurely, in case of utilization of funds in violation of the agreed plan, the grant paid would be recovered from them and legal action may be taken against the SMEs.

During the financial years 2013-14 & 2015-16, in the office of the Project Director Economic Revitalization in Khyber Pakhtunkhwa, the following Small & Medium Enterprises (SMEs) were paid rehabilitation/up gradation grants of Rs.43,009,000. Later on the Project Management Unit as well as audit team physically verified that these SMEs which were either sold/closed or had abandoned their businesses in violation of Operations Manual and Grant Agreement. Therefore, the grant of Rs 43,009,000 paid to them needs recovery besides taking legal action against them. However, neither recovery was made nor legal actions were taken.

S. No	Name of SMEs	Amount (Rs)
1	14 SMEs in District Buner & Shangla	24,381,000
2	Abshar Hotel Bahrain	2,500,000
3	Wajid Handi craft Madyan	1,500,000
4	Madyan Handcraft	1,200,000
5	Benazir Hotel Kalam	1,000,000
6	Saman Enterprises Nowshera	678,000
7	Umar Marble Buner	700,000
8	GS Marble Factory	700,000
9	10 Silk Mills in Swat	7,850,000
10	Buner Flour Mill	2,500,000
Total		43,009,000

The lapse occurred due to weak internal controls.

When pointed out in November 2016, the Project Management furnished no reply.

In the DAC meeting held in January 2017, Department stated that further time may be allowed to verify the business status and supporting

documents for proper justification and appropriate action. DAC did not agree and directed that joint inquiry be conducted to fix responsibility.

Audit recommends to investigate the matter, fix responsibility besides recovery of the grant.

APs 101, 107, 99, 102, 98, 78, 71, 72 & 87 (2015-16) and AP 72 (2013-14)

12.4.2 Unauthorized grant to ineligible SMEs - Rs.12.87 million

According to Paras 16,39, 57& 73 and Section 10.17 (Annex XVII) of Operations Manual, Grant will be paid only to those SME,s Businesses who existed at or before August 2010, with no grant for newly established business. Grants will be paid for the purchase of reconditioned and used vehicles. Grants shall be terminated prematurely, in case of utilization of funds in violation of the agreed plan, the grant paid would be recovered from them and legal action may also be taken against the SMEs.

During the financial year 2015-16, in the office of the Project Director Economic Revitalization in KP project, rehabilitation/upgradation grants of Rs.12,875,200 were paid to the following 08 SMEs, which was unauthorized on the following grounds.

- i. Grant of Rs.2,500,000 was paid to Bahar Transport Hangu for his truck burnt by terrorists but the truck was registered in his name after the date of incident. The payment of grant for the purchase of 2nd hand truck was not admissible.
- ii. Grant of Rs.1,200,000 was paid to Shah Mobile Hangu for the loss of mobile sets. The SME was actually doing business of 'TOYS' instead of mobile sets as evident from his application to DCO Hangu and report of Tehsildar, therefore, he was not eligible for grant.
- iii. Grant of Rs.1,440,000 was paid to Tribal Medicose Hangu. The SME was an arms dealer instead of medicines and arm dealers were not eligible for grants. The SME has sold his business in May 2016, violating provisions of the Grant Agreement therefore not eligible for grant.
- iv. Grant of Rs.1,000,000 was paid to Classic Marble Factory Charsadda. Marble factory, which was leased for 3 years and establishment of SME prior to August 2010, was not confirmed. Hence, the SME was not eligible for grant.

- v. Up gradation grant of Rs.1,000,000 was paid to Al Nimrah Marble Factory the ownership of the SME prior to August 2010 not confirmed from the documents.
- vi. Grant of Rs.2,500,000 was paid to Frontier Tower Hotel Swat and his case was rejected by the Documents Review Committee (DRC) on the ground that the Utility bills, Bank statements, land documents and registration of Swat Hotels Association were not provided with grant case. However even then the grant was paid.
- vii. Grant of Rs.2,000,000 was disbursed to Muhammad Ali (HGU-7149). The SME was not affected by crises as evident from the FIR and map of the incident. The ownership prior to August 2010 not confirmed from the documents. The SME was therefore, not entitled for payment of the grant.
- viii. Grant of Rs. 1,235,200 paid to Al Haraman Hotel Swat. However, the Project Management Unit reported that the Hotel is rented to another person in violation of condition of Grant Agreement and the grant therefore needs recovery.

From the above it is clear that the SMEs were ineligible for the payment of grants. Payment of grant of Rs. 12,875,200 were made which was unauthorized.

The lapse occurred due to weak internal controls.

When pointed out in November 2016, the management furnished no reply.

In the DAC meeting held in January 2017, the Department stated that further time may be allowed to verify the business status and supporting documents for proper justification and appropriate action. DAC did not agree and directed that inquiry may be conducted to fix responsibility.

Audit recommends to investigate the matter, fix responsibility besides the recovery of the unauthorized payment of grant.

APs 79, 75, 89, 82, 84, 86, 91 & 92 (2015-16)

12.4.3 Unauthorized payment of rehabilitation grant to two SMEs for one and the same Marble Factory - Rs. 3.55 million

According to section 2.1.5 of Operations Manual of the Project, the SME will prove that he is affected by crisis and is doing business before

August 2010 through business operations. In case of provision of false information by the SME, the grant paid would be recovered from them besides taking legal action.

During the financial year 2015-16, in the office of the Project Director Economic Revitalization in KP project, rehabilitation grant of Rs. 1,250,000 was paid to Arshad Khan for Arshad Marble Factory. However, grant of Rs.2,300,000 was also paid to his father Abdur Rahsid Khan for the same factory and the SME had also been sold to Mr.Bakht Sardar as reported by the Project Management Unit. Moreover, the existence/ownership of the SME could not be ascertained. The payment of grants of Rs.3,500,000 was unauthorized.

The lapse occurred due to weak financial and managerial controls.

When pointed out in November 2016, the management furnished no reply.

In the DAC meeting held in January 2017, the Department replied that further time may be allowed to verify the business status and supporting documents for proper justification and appropriate action. DAC did not agree and directed that inquiry may be conducted to fix responsibility.

Audit recommends to investigate the matter, fix responsibility besides the recovery of the unauthorized payment of grant.

AP 88 (2015-16)

12.4.4 Unauthorized payment of grant due to tampering in record - Rs.2.720 million

According to section 2.1.5 of Operations Manual of the Project, the SME will prove that he is affected by crisis and is doing business before August 2010 through business operations. In case of provision of false information by the SME, the grant paid would be recovered from them besides taking legal action.

During the financial year 2015-16, in the office of the Project Director Economic Revitalization in KP project, rehabilitation grants of Rs.2,720,000 was paid to two SMEs i.e. Rasool Jan Cosmetic store and Amir Jan Cloth Store Hangu.

The revenue staff assessed and reported the loss of Rasool Jan and Amir Jan Cloth store Rs.425,000 and Rs.500,000 respectively. Later on the same figures were tampered with and made as Rs. 5,425,222 and Rs.3,500,000 so that to get more grant.

The rent agreements of the shops were executed in April 2014. The applicants / SMEs did not prove their business existence before August 2010 as per eligibility criteria. In absence of the valid proofs of existence before August 2010 and tampering in the record, the payment of grants of Rs.2,720,000 was unauthorized and needs recovery.

The lapse occurred due to weak financial and managerial controls.

When pointed out in Nov 2016, the management furnished no reply.

In the DAC meeting held in January 2017, the Department replied that further time may be allowed to verify the business status and supporting documents for proper justification and appropriate action. DAC did not agree and directed that inquiry may be conducted to fix responsibility.

Audit recommends to investigate the matter, fix responsibility besides the recovery of the unauthorized payment of grant.

AP 94 (2015-16)

12.4.5 Irregular and unauthentic transfer of fund – Rs.1.600 million

According to Khyber Pakhtunkhwa Technical Education & Vocational Training Agency Ordinance 2002, there is no provision regarding transfer of 40% of the total receipts under 2nd shift program of Technical Education & Manpower Training Department to the Director Technical Education.

During the financial year 2010-11, in the office of Principal Government College of Technology Peshawar, Rs.1,600,000 was drawn from private fund and transferred to the Director Technical Education & Manpower Training Department, Peshawar. No detail account in support of payment was produced for verification. The payment was therefore irregular and unauthentic.

Audit holds that the irregularity occurred due to weak financial management.

When pointed out in Jan 2014, the management stated that the matter would be taken up with DG Technical Education & Manpower Training Department.

In the DAC meeting held in August 2013, the department replied that as per 2nd shift policy duly approved by the Technical Education & Vocational Training Agency (TEVTA) Board, Principal concerned shall shift 40% of the total receipts under 2nd shift program to TEVTA, Khyber Pakhtunkhwa as developmental funds. DAC did not agree with the reply of the department, as rules regarding 40% funds transferred to DG Technical Education were not approved by the government. DAC directed to place the para before PAC for appropriate action.

Audit recommends that position may be explained before PAC and the detailed accounts may be provided for verification.

AP 177 (2010-11)

12.4.6 Unauthorized payment of Rehabilitation grant to ghost SMEs - Rs.14.370 million

According to section 2.1.5 of Operations Manual of the Project, the SME will prove that he is affected by crisis and is doing business before August 2010 through business operations. In case of provision of false information by the SME, the grant paid would be recovered from them besides taking legal action.

During the financial year 2015-16, in the office of the Project Director Economic Revitalization in KP project, rehabilitation grants of Rs.14,370,000 was paid to 12 No SMEs. (Annex-U).

The Project Management Unit reported the non-existence of the SME's businesses to Project Unit SMEDA and directed to recover the grants of Rs,14,370,000 from them. However, no recovery was made.

The lapse occurred due to weak financial and managerial controls.

When pointed out in November 2016, the management furnished no reply.

In the DAC meeting held in January 2017, the Department replied that further time may be allowed to verify the business status and supporting

documents for proper justification and appropriate action. DAC did not agree and directed that inquiry may be conducted to fix responsibility.

Audit recommends to investigate the matter, fix responsibility besides the recovery of the unauthorized payment of grant.

AP 93 (2015-16)

12.4.7 Unauthorized Payment of rehabilitation grant on invalid documents - Rs.92.880 million

According to Para-16, 39, 57 & 73 and Section 10.17 (Annex XVII) of Operations Manual, Grant will be paid only to those SMEs Businesses who existed at or before August 2010, with no grant for newly established business. No grants will be paid for the purchase of reconditioned and used vehicles Grants shall be terminated prematurely, in case of utilization of funds in violation of the agreed plan, the grant paid would be recovered from them and legal action may be taken against the SMEs. Under no circumstances provide grants will be paid for the purchase of reconditioned and used vehicles.

During the financial year 2015-16, in the office of the Project Director Economic Revitalization in KP project, rehabilitation grants to Rs.39,380,000 were paid to the following SMEs. (Annex-V)

The payment of grant of Rs.39,380,000 was unauthorized on the following grounds.

- i) The SMEs incurred expenditure and submitted vouchers/invoices for reimbursement of grant. The firms from whom the supplies were made refused to own the vouchers /invoices. Moreover, the total cost of the items available with SMEs were less than the amount reimbursed to them. The existence of the SMEs on August 2010 could not be ascertained.
- ii) The PMU reported that the items purchased by the Dawn Riffat school were not available but Rs.1,000,000 was reimbursed to them.
- iii) There was only one damaged dental chair in the Sami dental clinic and other items shown purchased were not available but Rs.1,440,000 were reimbursed.
- iv) Similarly, according to FIR and map of bomb blast only 21 shops were affected by suicide attack on Police Station Pezu on 01.09.2011. However, rehabilitation grant of Rs.68,640,000 was paid to 64 SMEs causing excess payment of Rs.53,500,000 which also needs recovery.

The lapse occurred due to weak internal controls.

When pointed out in November 2016, the management furnished no reply.

In the DAC meeting held in January 2017, the Department replied that further time may be allowed to verify the business status and supporting documents for proper justification and appropriate action. DAC did not agree and directed that inquiry may be conducted to fix responsibility.

Audit recommends to investigate the matter, fix responsibility besides the recovery of the unauthorized payment of grant.

APs 81, 90, 95, 110, 111, 114, 116, 117, 119, 83, 121 & 122 (2015-16)

Chapter – 13

Irrigation Department

13.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

- ❖ Implementation of irrigation policies
- ❖ Maintenance of irrigation channels
- ❖ Construction of small dams
- ❖ Maintenance of small dams

13.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2015-16 against the total of grants/appropriation was as follows:

Non Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess /(Savings)
24-Irrigation	NC21	3,609,195,000	90	3,609,195,090	3,182,785,232	-426,409,858
Total		3,609,195,000	90	3,609,195,090	3,182,785,232	-426,409,858

Development

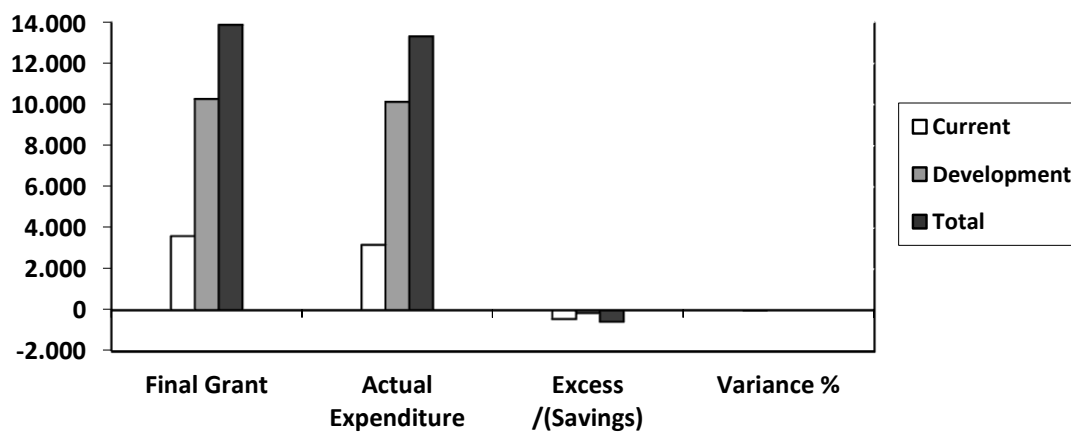
(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess /(Savings)
55-Construction of Irrigation Works	NC12	10,270,000,000	10	10,270,000,010	10,136,827,155	-133,172,855
Total		10,270,000,000	10	10,270,000,010	10,136,827,155	-133,172,855

Overview of expenditure against the final grant

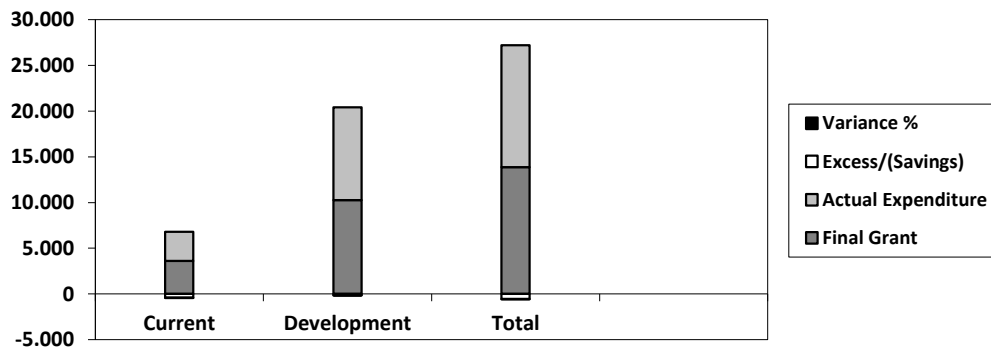
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess /(Savings)	Variance %
Non-Development	3,609.195	3,182.785	-426.410	-11.814
Development	10,270.000	10,136.827	-133.173	-1.296
Total	13,879.195	13,319.612	-559.583	-4.031



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Irrigation Department administering the above grant did not surrender anticipated savings of Rs.559.583 million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



13.3 Brief comments on the status of compliance with PAC directives:-

SNo.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
01	2001-02	Irrigation	31	-	13	18
02	2002-03	-do-	17	-	07	10
03	2003-04	-do-	07	-	05	02
04	2004-05	-do-	40	-	18	22
05	2005-06	-do-	07	-	02	05
06	2007-08	-do-	09	-	03	06
07	2008-09	-do-	08	-	05	03
08	2009-10	-do-	09	-	06	03
09	2010-11	-do-	14	-	11	03
10	2011-12	-do-	18	-	06	12
11	2012-13	-do-	10	-	07	03

13.4 Audit Paras

13.4.1 Non-production of record – Rs.1.798 million

According to Section 14 of the Auditor General's Ordinance 2001, no information nor any book or other documents, to which the Auditor General has a statutory right of access, may be withheld from the Audit. Any person or authority hindering the auditorial functions shall be subject to disciplinary action under relevant Efficiency and Discipline Rules applicable to such person.

During the financial year 2014-15, accounts record of Warsak Canal Division Peshawar revealed that a sum of Rs.1,798,340 was paid to Divisional Forest Officer Nowshera vide voucher No.5,6 and 7 dated 06.04.2015 for removal of trees and replanting of fresh plants. However, record in support of expenditure was not provided. Similarly, Rs.500,000 was paid to Information Department but purpose of the advertisement and detail thereof was also not available. Apart from above, there was residential accommodation in the complex but details of the occupants was not provided. Auditable record was required to have been provided to audit team which was concealed and not provided, therefore remained unverified.

The lapse occurred due to violation of rules and resulted in non production of record of Rs.1,798,000.

When pointed out in May 2016, it was replied that trees were standing in the roads which were cleared by the Forest Department and payment was made.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends investigation and recovery of the amount.

APs 312, 313 & 314 (2014-15)

13.4.2 Misappropriation of Rs.1.841 million

According to Para-283 (I) of FTR, each Government Officer will personally be held responsible for any loss sustained by Government through negligence on his or on his subordinate part. Head of an office is personally responsible for the amount drawn on a bill signed by him on his behalf until he

has paid it to the persons entitled to receive it and obtain a legally valid acquaintance on the office copy of the bill.

During the financial year 2014-15, in Swabi Irrigation Division No.1 Swabi, an amount of Rs.1,840,521 realized by the local staff during 2012-13 to 2015-16 from the following sources were not deposited in the government treasury under the relevant head of account. Record prior to 2012-13 was not maintained.

S.No	Particulars	2012-13	2013-14	2014-15	2015-16	Total (Rs)
1	Water Mills rent	265,507	265,507	265,507	475,000	1,271,521
2	-do- PHLC 200 kanals near Power House	100,000	100,000	100,000	0	300,000
3	-do- PHLC Village Baja 16 Kanals	8,000	8,000	8,000	0	24,000
4	-do- Machai Branch Ahad Khan 07 Kanals	3,500	3,500	3,500	0	11,500
5	-do- Old indus branch Shah Mansoor 100 Kanals	50,000	50,000	50,000	0	150,000
Total						1,840,521

The realized amount was required to have been deposited into the Government Treasury which was not done resulting into misappropriation of Government money.

The lapse occurred due to weak internal controls and violation of rules. This resulted into misappropriation of Rs.1,840,521.

When pointed out in March 2016, the management furnished no reply.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and recover the amount from the person(s) at fault.

AP 326 (2014-15)

13.4.3 Loss due to ignoring the lowest responsive bidder – Rs.69.214 million

According to rule 29 of KP Procurement rules 2003, the tender accepting authority shall consider the detail evaluation report prepared by

technical evaluation committee before taking a final decision and the order shall be placed to the bidder, whose bid is responsive and having lowest evaluated price.

During the financial year 2014-15, in Marwat Canal Irrigation Division Bannu, the government sustained a loss of Rs.69,210,000 in the tendering process as according to comparative statement of financial bid lowest responsive bidder was M/S Euro Consultant Associate Consultant whose bid was Rs.61,150,000 for phase-I and Rs.138,840,000 for phase-II while offer of MS JV BAK & AGES was Rs.66,600,000 and Rs.202,610,000 for phase-I & II respectively. It depicts that the bid of MS JV BAK & AGES was higher than M/S Euro Consultant Associate Consultant. However, the local office accepted the higher rates which resulted in loss of Rs.69,214,000.

(Rs)

Name of agency	Rate for phase-I	Rate for Phase-II	Total bid cost
MS JV BAK & AGES	66,600,000	202,613,000	269,213,000
MS Euro consultant Associate Consultant	61,155,000	138,845,000	200,000,000
Difference	5,445,000	63,768,000	69,214,000

The record showed that Rs.10,000,000 was paid to JV of BAK & AGES” consultancy for survey, raising of Baran Dam upto May, 2015 by withholding Rs.6,650,000 from the total claim of Rs.16,650,000.

The lapse occurred due to extending undue benefit to the contractor at the cost of government, which resulted in loss to the public exchequer.

When pointed out in February 2016, the management stated that detailed reply would be furnished after going through the record.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that loss should be made good from the person(s) at fault.

AP 126 (2014-15)

13.4.4 Loss due to non realization of cost of harvested trees Rs.103.802 million

According to Para-283 (I) of FTR, each Government Officer will personally be held responsible for any loss sustained by Government through negligence or fraud on his or on the part of his subordinate staff. Head of an office is personally responsible for the amount drawn on a bill signed by him on his behalf until he has paid it to the persons entitled to receive it and obtain a legally valid acquaintance roll on the office copy of the bill.

During the financial year 2014-15, in Irrigation Division Mardan, a sum of Rs.833,853 was paid to contractors on account of removal of 44 trees from the road side and quantity of 2,964.420 Cft timber obtained which was transported to depot but the whereabouts of the sale proceeds was not made known to Audit. It may be added that 2500 the length of the road is from RD 0-25000 while in the bill only 44 trees were shown to have been extacted/removed. It would be more than 3000 trees because Mardan District is rich in the shesham like trees therefore the quantum of trees would be more or less upto valuing Rs.53,352,000 which was not done.

In addition during 2014-15, in Irrigation Division No.1 Swabi, Rs.672,084 incurred on account of harvesting of 931 trees falling in the alignment of canal patrol road along Chura Minor. However, the timber so obtained from harvesting of these trees was not brought to account and value thereof amounting to Rs.50,319,000 was misappropriated by the concerned.

The lapse occurred due to non observance of rules and procedures, which resulted in loss of Rs.103,802,000.

When pointed out in March 2016, the management furnished no reply.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility and recover the loss from the person(s) at fault.

APs 194 & 318 (2014-15)

13.4.5 Loss due to non-deduction of voids from earth work - Rs.15.170 million

According to item of work “Borrow pit excavation undressed lead upto 50 m ordinary soil i/c dressing and leveling earth to design dection in 6 inch layers and compaction of earth with power road roller 85%” was required.

During the financial year 2014-15 in Irrigation Division Charsadda the construction of flood embankment from Kleshki to Nowshera Kalan R/S Kabul River was awarded to M/s Kasteer International Pvt Ltd with the tender cost of Rs.747,000,000. The contractor was paid Rs. 219,728,000 vide voucher No. 39-C dated 18.06.2015. The payment includes Rs. 26,893,000 for “Barrow pit excavation undressed lead upto 50 m ordinary soil i/c dressing and leveling earth to design section in 6 inch layers and compaction of earth with power road roller 85% max mod AASHTO dry density with an extra lead of 5 Km” for a quantity of 311337.60 m³ @ Rs. 325 pm³.

It would be seen that the compaction through power road roller was done upto a maximum density of 85% thus 15% voids remains in the earth work therefore deduction of 15% voids from the payment to contractor was required to have been made which was not done, hence resulted in loss of Rs.15,178,000. ($311,337.60 \times 15 \% = 46,700.64 \times \text{Rs. } 325 \text{ pm}^3 = \text{Rs. } 15,177,708$).

Audit holds that payment was required to have been made according to the 85% compaction which was actually done and certified by the engineer concerned.

The lapse occurred due to non adherence to the rules and procedures and weak internal controls. This resulted in loss of Rs.15,178,000.

When pointed out in February, 2016, the management stated that final reply would be submitted after verification of record.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing the responsibility and recovery of the loss from the person(s) at fault.

AP 154 (2014-15)

**13.4.6 Loss due to non-utilization of used form work or its value –
Rs.21.249 million**

According to Para-283 (I) of FTR, each Government Officer will personally be held responsible for any loss sustained by Government through negligence or fraud on his or on the part of his subordinate staff. Head of an office is personally responsible for the amount drawn on a bill signed by him on his behalf until he has paid it to the persons entitled to receive it and obtain a legally valid acquaintance roll on the office copy of the bill.

During the financial year 2014-15, in Irrigation Division-I Swabi, payments of Rs.14,822,000 was made in different schemes for erecting and removing form work to concrete in any shape position.

In addition, during 2014-15, in Irrigation Division Mardan, Rs.8,719,000 were paid to different contractors for erecting and removing of form work on composite item of work i.e. both material and labour, but where about of the used removed form work was not known. For any items if the Government made payments it becomes property of the Government but neither the form work material were handed over to the department nor its value deducted from the Contractor bill. Detail of form work payments are as per Annex-W.

When pointed out in March 2016, the management furnished no reply.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing the responsibility apart from recovery of the amount from the concerned.

AP 217 & 343 (2014-15)

**13.4.7 Loss due to enhanced rates of work not provided in PC-1 –
Rs.6.960 million**

According to para 2.58 of B&R code, payment should be made for quantities and rates mentioned in the BOQ.

During the financial year 2015-16, in Flood Irrigation Division D.I.Khan, 3,511,862.302 cft “Borrow pit earth work excavation undressed lead up to 50 m in ordinary soil with extra lead of 01 Km in ordinary soil i/c

dressing and leveling earth to designed section ordinary or hard soil up to cut or fill 6 inch” was provided in the PC-1 of a scheme, “Extension & Improvement of Spur No.18 on Right Bank of River Indus in D.I.Khan for Creek Portion”. However, 14th running bill paid vide voucher No.03/S-1 dated 23-06-2016 revealed that Rs.19,564,000 was paid for the said item of work @ Rs.9.02 per cft for a quantity of 2,169,025.62 cft against the MRS 2013 rate of Rs.6.995 per cft.

The execution and payment of item of work on higher rates resulted in excess rate of Rs.2.025 per cft ($9.02 - 6.995 = 2.025$) which led to a loss of Rs.4,392,277 ($2,169,025.618 \times 2.025$).

2. Similarly, another item, “Borrow pit earth work excavation undressed lead up to 50 M in hard soil with extra lead of 04 Km in ordinary soil i/c dressing and leveling earth to designed section ordinary or hard soil up to cut or fill 6 inch” of 280,022.22 cft under above work was executed @ Rs.16.18 per cft against the MRS 2013 of Rs.6.995 per cft (03-4-a+3-17-a+3-18-a+3-18-b+3-19-b). As such, loss of Rs.2,572,000 ($280,022.22 \times 2.025$) was sustained.

The matter was reported to the management in December, 2016. The management stated that work was executed as per site requirement and PC-1. The rates were quoted by the contractors.

Reply of the department is not tenable. Provision does not exist for such portion and that enhanced rates were allowed without realizing the responsibilities.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends investigation and recovery of the amount.

AP 3 (2015-16)

13.4.8 Loss due to allowing form work for PCC –Rs.1.983 million

According to item No.06-36-a to 06-39-b of MRS 2013 separate rates of PCC without form work has been given. The PCC other than this item of work will be considered as inclusive of form work.

During the financial year 2014-15, in Irrigation Division Charsadda, “Erection and removing of formwork” valuing Rs.1,983,201 was allowed to the contractors in different works despite the fact that the contractor has not executed the relevant PCC work for which erection and removal of formwork would require. The formwork was specifically provided in the CSR / MRS 2013. Item No. 06-36-a to 06-39-b where PCC has been carried out without formwork and formwork was separately allowed. The rate of PCC in other cases already inclusive of cost of the formwork therefore no separate formwork could be allowed. These cases, erection and removal of formwork was allowed in isolation which resulted in loss to the public exchequer.

The lapse occurred due to undue favor to contractor, non observance of provisions of CSR/MRS and weak internal controls. This resulted into loss of Rs.1,983,201.

When pointed out in February, 2016 the management stated that final reply would be submitted after verification of record.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends, to investigate the matter, fixing responsibility and recover the amount from person(s) at fault.

AP 150 (2014-15)

13.4.9 Overpayment due to deviation from BOQ – Rs.12.270 million

As per provision in the BOQ “Dense graded hot bitumen (mobile asphalt 2” thick)” was required to be carried out at the rate of Rs.377.74 m³.

During the financial year 2011-12, in Peshawar Canal Division Peshawar, “asphalt weaving course” was carried out for quantity of 2,195.02 m³ @ Rs.12,801.18 PM³ instead of dense graded not bitumen asphalt @ Rs.377/74 as provided in the BOQ for the work “restoration of damaged infrastructure of KRC system” package FDRD/PCD/2. This resulted in overpayment of Rs.12,270,000.

The lapse occurred due to weak internal controls, which resulted in overpayment of Rs.12,270,000.

When pointed out November 2012, the management furnished no reply.

In the DAC meeting held in January 2017, it was decided that due to change in item of work a sum of Rs.12,270,000 was paid in excess, which may be recovered. No progress was intimated till finalization of the report.

Audit recommends recovery.

AP 170 (2011-12)

13.4.10 Unauthorized payment not provided in the approved PC-1 - Rs.41.151 million

According to para 2.58 of B&R code, payment should be made for quantities and rates mentioned in the BOQ.

During the financial year 2014-15, in Irrigation Division Mardan in a work 0“Re-conditioning/Imp: of Canal Patrol Road alongwith Koragh Branch” the contractor was paid Rs.41,151,000 for the following items of work on the basis of variation order despite the fact that in the original PC-1 prepared by the consultant these items of work were not provided.

A. RD 0-12500

S.No	Items of work	Paid Qty	PC-I/BOQ	Diff	Rate	Total	
1	Providing & laying stone soling	8,718	0	8,718	1,749.62	15,254,709	
2	Water bound Macadam	4,777	0	4,777	1,869.29	8,930,439	
B. RD 12500 – 25000						Total	24,185,148
1	Providing & laying stone soling	4,050	0	4,050	1,783.16	7,142,032	
2	Water bound Macadam	5,255	0	5,255	1,869.29	9,824,072	
						Total	16,966,104
						G.Total	41,151,252

Audit holds that the as evident from the nomenclature of road that it was reconditioning /improvement of existing road, therefore the item of stone soling which is uses in water lodged area was not required at all.

The lapse occurred due to extending favour to contractor and weak financial controls. This resulted into unauthorized payment of Rs. 41,151,000.

When pointed out in March 2016, the management furnished no reply.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility and recovered the excess paid amount from the person(s) at fault.

AP 205 (2014-15)

13.4.11 Unauthorized expenditure on the basis of Variation Order- Rs.6.531 million

According to provision in the consultant agreement the consultant will have to prepare variation order and approved it from the government. Payment on this item of work approved under variation order should be made after approval.

During the financial year 2014-15 in Irrigation Division Charsadda a sum of Rs.6,531,439 was paid on the base of Vairation Orders in the work “Improvement of road from Ziam to Sherpao” vide voucher No.19-T dated 22.06.2015. On verification the record it was noticed that the Variation Orders were not approved by the competent forum. The expenditure of Rs.6,531,439 so incurred without approval of the competent forum was unauthorized. The details are as under.

Particular of item	Quantity	Rate	Amount (Rs)
PCC 1:4:8	416.41 m ³	4019.73 pm ³	1,673,855
Groving in existing road	21273.23 m ³	23.12 pm ³	491,837
Bituminous tack coat	6194.24 m ²	44.34 pm ²	274,652
Carriage of asphalt	122709.32 ton	3.80 pton	466,295
Errection and removing of form work	11526.33 m ²	314.48 pm ²	3,624,800
Total			6,531,439

The lapse occurred due to non adherence to the rules and procedures and weak internal controls. Which resulted in unauthorized expenditure of Rs.6,531,439.

When pointed out in February, 2016 the management stated that final reply would be submitted after verification of record.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing the responsibility.

AP 148 (2014-15)

13.4.12 Irregular and doubtful creation of liability-Rs.24.626 million

According to Para 9 of GFR Vol-I, no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by general or special order of authority and the expenditure has been provided for in the authorized grants and appropriation for the year.

During the financial year 2014-15 in Flood Irrigation Division D.I.Khan, an amount of Rs.45,000,000 was released under ADP No 1127 for “Extension and improvement of spur No 18 on the right side of the Indus river in district DIKhan”. The record however showed that an amount of Rs.44,772,000 was paid to the contractor against the up to date work done of Rs.69,398,000 leaving the balance amount of Rs.24,626,000 as withheld and unpaid as such liability was created for future payment which was irregular in terms of rules referred to above. It may be added that in the scheme under reference, this practice remained in process because in the 1st running bill work valuing Rs.10,000,000 was allowed while the remaining paid in 2nd and 3rd running bill. Similarly, in the 4th running bill measuring of Rs.25,180,000 was made while payment of only Rs.550,000 was allowed. This state of affair seems fictitious.

The lapse occurred due to non adherence to rules and weak financial controls.

When pointed out in November 2015, the management stated that final reply would be furnished after verification of the relevant record.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter and fix responsibility under intimation to audit.

AP 100 (2013-15)

13.4.13 Irregular and unauthentic payment to consultants – Rs.21.680 million

According to Clause 3.10 of the Agreement executed with the consultant, the consultant shall keep accurate and systematic accounts and record in accordance with IAAP and in such form which clearly identify all relevant time charges and cost and the basis thereof and shall permit the auditors appointed by the client for scrutiny.

During the financial year 2014-15 in Irrigation Division Kohat, an aggregate payment of Rs.11,350,000 was made to M/s National Development Consultants (Pvt) Ltd, Creative Engineering Consultants and Karakoram Engineering Consultants on account of Consultancy services including staff etc for water harvesting and conservation schemes in southern districts package-5. It was however found that none of the clauses of the contract agreement as referred to above were fulfilled. The approval for hiring of staff from the client department was not obtained. The supporting document along with claim was not submitted by the consultant to the client therefore, the payment of Rs.11,350,000 so allowed by the local office on account of salary etc was irregular and unauthentic.

In addition, an aggregate payment of Rs.10,329,875 was also made to different consulting firms on account of salary of their staff for various feasibility studies under ADP schemes as under:

Name of firm	Name of scheme	Amounts paid (Rs)
M/s CAMOES	Feasibility study for diversion of tarkhaalgara to khushallalgara	2,304,175
M/s CAMOES	Feasibility study for identification of sources of surface runoff proposing suitable Hydraulic structure for their conservation and proper utilization	245,000
M/s CAMOES	Consultancy services in command area of Tanda Dam Kohat	5,580,700
Euro consult	Consultancy services feasibility study for providing irrigation facilities through gravity lift irrigation schemes from EssaKhel to Karak	2,200,000
	Total	10,329,875

The irregularity occurred due to non adherence to rules, procedures and clauses of the contract agreement and weak internal controls.

When pointed out in February 2015, the management replied that the payments have been made to consultants as per their approved schedule of payments for supervision charges. This includes the remunerations of staff which is already available in the approved Technical proposals and covered under contract agreement. The record shall be submitted to audit after verification / coordination with consultants as necessary adjustment is possible being ongoing activity.

The reply is not tenable because clauses of the agreement were not adhered to.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility against the person(s) at fault for allowing irregular and unauthentic payment to consultant.

AP 172 & 174 (2014-15)

13.4.14 Irregular expenditure without open tender system-Rs.7.431 million

According to KPPRA Rule 19, the procurement entity shall engage in open competitive bidding of cost of the object to be procured is more than Rs.100,000.

During the financial year 2014-15, in Irrigation Division Mardan, Rs.7,431,000 was paid to contractors for different repair and flood protection works. However, open tender system was not adopted. In all the cases, the expenditure was kept upto Rs.100,000 to avoid open tender system. Quotations of the contractors regarding their offered rates were also not available on record. The entire expenditure of Rs.7,431,000 was therefore held irregular.

Audit holds that expenditure was required to have been incurred after observing all codal formalities.

The lapse occurred due to non observance of rules which resulted in irregular expenditure of Rs.7,431,000.

When pointed out in March 2016, the management furnished no reply.

In spite of repeated requests DAC meeting was neither arranged nor final position of the case was intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility to avoid such practice in future.

AP 198 (2014-15)

13.4.15 Irregular purchase and unauthorized issue of vehicles – Rs.3.546 million

According to Note (b) Second Schedule of Delegation of Powers Rule 2001, all cases involving purchase of vehicles/motor cycles shall have prior concurrence of Provincial Planning & Development and Finance Departments even if it is approved as part of PC-1.

During the financial year 2014-15, in Warsak Canal Division Peshawar, expenditure of Rs.3,456,000 was incurred on purchase of two cars under ADP Scheme No.1111/130647 “Peshawar uplift Program 2014-15, upgradation/improvement and widening of canal patrol road along Warsak Gravity Canal” without obtaining approval of P&D and Finance Departments. Moreover these vehicles were handed over to Secretary Irrigation despite the fact that the vehicles were approved in the PC-I for project activities.

Audit holds that irregular purchase of vehicle from developmental scheme and its issuance to Secretary Irrigation is held unauthorized.

The lapse occurred due to weak financial controls which resulted in irregular purchase and unauthorized issuance of vehicle worth Rs.3,546,000.

When pointed out in May 2016, it was replied that the purchase was made in light of PDWP meeting and the Secretary was heading the activities of project.

Reply of the department was not tenable because the Secretary has been provided proper vehicle by Administration Department according to sanction strength.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the irregular purchase and unauthorized issue.

AP 299 (2014-15)

13.4.16 Irregular and unauthorized advance payment to WAPDA without actual work done -Rs.3.268 million

Rule 290 of CTR Vol-I, strictly prohibits incurrence of expenditure hastily during the month of June just to avoid lapse of funds.

During the financial year 2014-15 in Irrigation Division Kohat an aggregate amount of Rs. 3,268,183 was drawn and shown paid in advance to PESCO on account of power supply for energizing the newly constructed tube wells. However, neither approval of the Finance Department, for advance payment was obtained nor the task completed despite lapse of considerable time. Besides, detail account in support of advance payment activities performed by PESCO was also not available from which it could be ascertained that the PESCO has finalized their work. The advance payment was therefore held irregular and unauthorized.

Vr. No	Date	Particulars	Amount (Rs)
2-KT	02.06.2014	Tube well ouch bazaar shahukhelHangu	1,868,060
3-KT	02.06.2014	Tube well ouch bazaar shahukhelHangu	15,000
13-T	09.06.2014	Drilling of trial bore PK-37	957,180
14-T	09.06.2014	Drilling of trial bore PK-37	15,000
8-T	04.06.2014	Yusuf gul s/o Imrangul Tube well at wish sabirabad	397,943
7-T	04.06.2014	Yusuf gul s/o Imrangul Tube well at wish sabirabad	15,000
		Total	3,268,183

Irregular and unauthorized advance payment to WAPDA without actual work done/non-submission of detail account occurred due to non adherence to the provisions of rules.

When pointed out in March 2016, the management replied efforts are being made for early energization of tubewell and installation of supplied machinery. Payment without work done admitted.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility against the person(s) at fault.

AP 188 (2014-15)

13.4.17 Irregular and unjustified payment to the supplier Rs.3.145 million

According to the work / supply order the contract was for the supply and installation of the pumping machinery.

During the financial year 2014-15 in Irrigation Division Charsadda an amount of Rs.3,145,000 was paid to M/S Peshawar pipes and Co. & M/S MAK Pumps Co. on account of supply and installation of pumping machinery for tube wells. The contractors supplied machinery but its installation, functionalization was not made. The contract was for supply and installation of the pumping machinery to make the tube well functional which the contractor had not done therefore, partial payment was required to have been held till the completion of the job. The full payment in absence of completion of the work was irregular and unjustified.

Irregular and wasteful expenditure occurred due to non adherence to the provision of rules and weak internal controls.

When pointed out in February 2016, the management stated that final reply would be submitted after verification of record.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends, to investigate the matter for fixing responsibility against the person(s) at fault.

APs 152 & 157 (2014-15)

13.4.18 Excess payment – Rs.47.304 million

According to para 2.58 of B&R code, payment should be made for quantities and rates mentioned in the BOQ.

During the financial year 2014-15 in Swabi Irrigation Division No.1 Swabi different works as per detail below, were awarded to contractors and payment allowed accordingly. The record showed that quantities provided in PC-I as well as BOQ were grossly exceeded and resulted in excess payment of Rs.28,593,000. It was also observed that only beneficial items were executed in excess and unbeneficial in less quantities.

AP No.	Name of work	Name of Contractor	Amount (Rs)
320	Canal patrol road along Chura minor	M/S Sahib zada Enterprises	15,367,000
328	Construction of bridge drain in PK25 District Mardan	M/S Javed Akhter	3,527,000
337	Clearance of drain in PK29 DisttMardan	M/S Gul Brothers	1,995,000
341	Excavation work, GI Wire Crates, stone filling	M/S Syed Awais Ali Shah	2,776,000
342	-do-	M/S Mir Hussain	3,108,000
340	Providing and weave GI Wire crates, stone	M/S Liaq Muhammad	1,820,000
		Total	28,593,000

In addition, during the financial year 2014-15, in Irrigation Division Mardan the contractor was paid excess payment of Rs.180,775,000 due to allowing excessive quantity of the items of work as compared to approved PC-I was prepared by consultant. **Details as per Annexure-I-4.**

The lapse occurred due to non-observance of rules and procedures, which resulted in excess payment of Rs.2,593,000.

When pointed out in March 2016, the management furnished no reply.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends recovery from the person(s) at fault.

APs 204, 320, 328, 337, 341, 342 & 340 (2014-15)

13.4.19 Excess expenditure over Technical Sanction - Rs. 20.053 million

According to Superintending Engineer letter vide No. 636/16/6-M dated 17-04-2014, no excess over and above the approved quantity as per PC-I / cost may be executed.

During the financial year 2014-15 in Irrigation Division Charsadda, Syed Mohsin Shah was awarded the work “Construction of Tangi to Amir Abad road” with the tender cost of Rs.165,769,000. The Chief Engineer also accorded Technical Sanction for Rs.165,709,000. The record showed that the contractor was allowed payment of Rs.179,314,000 upto last running bill paid vide voucher No.23-T dated 22-06-2015 which resulted in excess expenditure of Rs.13,545,000 over and above the approved tender cost and Technical Sanctioned.

In addition, during the financial year 2014-15 in Swabi Irrigation Division No.1 Swabi a work “Reh:/Imp: of Canal Petrol Road along Jamal Garhi Disty RD10000-28000 and RD33000 – 55000 in reaches was executed through contractor M/S Sarwar Construction (Pvt) Ltd. The work was finalized by making payment of Rs.54,200,000 against the tender cost of Rs.49,935,000 resulting into excess payment of Rs.5,063,000.

Moreover, during the financial year 2014-15 in CRBC Irrigation Division D.I.Khan “Repair plugging of critical damaged section of Flood Carrier Channels (FCC) in DIK package-1 with the tendered cost of Rs. 8.865 million” was awarded to Syed Mohsin Shah. Upto date payment of Rs.10,310,000 was made upto 6th running bill. It was observed that the work is still in progress but excess payment of Rs.1,445,000 was made.

Audit holds that payment was required to have been restricted to the approved tender cost as directed by the high ups but was not done, which resulted in to excess expenditure.

The lapse occurred due to non adherence to the rules and procedures and weak internal controls which resulted in excess expenditure of Rs.13,545,000.

When pointed out in February, 2016 the management stated that final reply would be submitted after verification of record.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility against the person(s) at fault.

AP 82, 147, 331 (2014-15)

13.4.20 Excess payment due to allowing higher rates -Rs.1.545 million

According to para 2.58 of B&R code, payment shall be made for quantities and rates provided in BOQ.

During the financial year 2014-15 in Irrigation Division Chitral, payment of Rs.11,445,000 was made on account of emergent nature restoration works, 5 No spurs at green Lusht left side of Mastuj. Verification of record revealed that in almost all the cases, the provision of the approved rates in the approved PC-1 was not considered and higher rates were allowed which resulted in excess payment of Rs.1,545,000 as per details at Annex-X.

The lapse occurred due to weak internal controls and resulted in excess payment of Rs.1,545,000.

Audit holds that provisions of PC-1 was required to have been observed which was not done hence resulted in excess payment of Rs.1,545,000.

When pointed out in April 2016, the management stated that neither excess over PC-I, nor T.S or on individual quantities of item of T.S beyond permissible limits has been made.

Reply is not tenable because audit had objected the higher rates than the approved PC-I.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends inquiry, fixing responsibility and recovery.

AP 247 (2014-15)

13.4.21 Wasteful expenditure on survey investigation detail design of raising of Baran Dam – Rs.18.000 million

According to Topographic Survey of the “Survey Investigation Detail Design of Raising of Baran Dam” a strip of about 30-meters wide will be required for accommodating feeder channel, side drain and service road off-taking from Tochi River near Loresa with outfall in Baran Dam(Muhammad Khel FR Bannu).

During the financial year 2014-15, in Marwat Canal Irrigation Division Bannu, Rs.18,000,000 was paid to M/s JV of BAK & AGES “Consultancy for survey raising of Baran Dam” for the Phase-I of the project.

Audit pointed out that the area where Government intends to construct educational institution, health facilities in that area, FATA Development Authority advertised an Expression of Interest related to feasibility study of establishment of industrial estate on Bannu-Miran Shah-Ghulam Khan Road at Bakka Khel FR Bannu which will definitely create complication and conflict between the layout of these development and proposed feeder channel to Baran Dam. The local office was required to have developed a consensus between the stake-holders (which was not available) and then incurred expenditure.

The lapse occurred due to weak internal controls, hence resulted in wasteful expenditure of Rs.18,000,000.

When pointed out in February 2016, no reply was furnished.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry, fix responsibility besides recovery from the person(s) at fault.

AP 127 (2014-15)

13.4.22 Wasteful expenditure on construction of tubewell - Rs.8.245 million

According to Para 10 of GFR Vol-I, each officer is expected to incur expenditure from public money in a manner as a person of ordinarily prudence would spend from his own pocket. Public money should be spent more carefully and economically in the public interest.

During the financial year 2013-14 in Irrigation Division Kohat, construction and augmentation of tube wells in Ouch Bazar Hangu, was awarded to different contractors and an aggregate expenditure of Rs.8,245,000 was incurred, but the tubewells could not be functional upto February 2015. (i.e date of audit).

Audit holds that on one hand it was wastage of the public resources while on the other hand the people of the area were deprived of the benefit. The expenditure was therefore held wasteful.

The irregularity occurred due to weak internal controls, which resulted in wasteful expenditure of Rs.8,245,000.

When pointed out in Febrarury 2015, the management replied that the scheme is physically completed at site but the machinery could not be installed However, the benefits of the project shall be available shortly to the people.

Reply is not tenable. Payment to contractors and PESCO was made in June 2014 and the tube wells were not functional till February 2015.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility against the person at fault.

APs 186 & 187 (2014-15)

13.4.23 Wasteful expenditure on rehabilitation of canal road-Rs.2.438 million and non-forfeiture of security deposit – Rs.0.701 million

According to Para 10 of GFR Vol-I, each officer is expected to incur expenditure from public money in a manner as a person of ordinarily prudence would spend from his own pocket. Public money should be spent more carefully and economically in the public interest.

During the financial year 2014-15, in Bannu Canal Irrigation Division Bannu, rehabilitation of canal patrol road was awarded at an estimated cost of Rs.4,514,000. The contractor carried out 61% work for (Rs.2,438,000) and left the remaining i.e Bitumenous prime coat (Asphalt Batch Plant hot mixed)

incomplete. So in the absence of two essential items of work the whole expenditure stands wasteful. Furthermore, the security deposit of the contractor amounting to Rs. 701,000 was not forfeited.

The lapse occurred due to weak internal controls and resulted in wasteful expenditure of Rs.2,438,000 and non forfeiture of security deposit of Rs.701,000.

It was reported to the management in February 2016. The management replied that due to non-availability of Asphalt batch plant hot mix in the District Bannu and Lakki Marwat, the remaining items of work had not been executed. The MPA has requested the Chief Minister KPK for reviewing the decision by allowing TST. However, decision was awaited.

Reply is not tenable. This item of work was included in the BOQ and despite non availability of plant in area the contractor quoted his rate for the same.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends recovery.

AP 117 (2014-15)

13.4.24 Unauthentic expenditure - Rs.20.751 million

According to Secretary to Government of K.P Irrigation Department Peshawar No. PMC/F&R/2011 dated 8.3.2011, G.I wire is required to be tested from PCSIR laboratory Peshawar before taking the work in hand. Earth compaction test should be ensured. Stone used must be tested in the authorised material testing laboratory. Concrete cylinder test for all concrete work must be arranged. The size of boulders in mass concrete shall be finches down and large size may not be used. No manual mix for concrete work shall be allowed. Use of vibrators in concrete work should be ensured and line and alignment with good work manship should be ensured in concrete work.

During the financial year 2014-15, in Marwat Canal Irrigation Division Bannu expenditure of Rs.20,751,000 was incurred on the Flood Protection Works. It was noticed that all the material including G.I wire were not only verified by XEN but were paid without a test report of PCSIR for G.I. wire and other authorised material testing laboratory for concrete as required under

standard operating procedures. The expenditure was therefore held unauthentic.

Unauthentic expenditure occurred due to weak internal controls.

It was reported to the management in February 2016. The management replied that detailed reply would be furnished after going through the record.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter and ensure observing all codal requirements before making payment.

AP 129 (2014-15)

13.4.25 Doubtful expenditure on reconnection charges - Rs.4.715 million

According to the para 13 of GFR Vol-I, every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores.

During the financial year 2014-15 in Irrigation Division Charsadda aggregate expenditure of Rs. 4,715,000 was incurred on the reconnection of the disconnected electricity connections of the different tube wells and other units. Neither reason of the disconnections was recorded nor the details of the government tubewells were provided from which it could be ascertained that the charge relates to the Government owned tube wells. In certain cases on the body of the bill the names of the owner was shown to be of some private individual therefore it could not be ascertained that as to whether it was government owned connection or otherwise. The payment on this account was doubtful and termed as loss to the public exchequer.

The lapse occurred due to weak internal controls and financial indscipline, hence resulted in doubtful expenditure of Rs.4,715,000.

When pointed out in February, 2016 the management stated that final reply would be submitted after verification of record.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing the responsibility against the person(s) at fault.

AP 158 (2014-15)

13.4.26 Unauthentic expenditure due to doubtful award of contract - Rs.7.989 million

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

During the financial year 2014-15, in Irrigation Division Chitral, Rs.7,989,000 was paid to M/s Muhammad Ajmal & Sons vide Vr. No 21-A dated 24.06.2015 in the scheme "Construction & Restoration FPWs & Channelization work along Jughoor Gole in Distt Chitral". The record further revealed that bid of Rs.8,099,000 offered by M/s Muhammad Ajmal accepted and contract awarded on 22.12.2014. It was further observed that the administrative approval was given on 17.12.2014. It may be added that much earlier of the administrative approval, tenders were floated in Press on 13 May 2014, and evaluated on 23.06.2014 and approval conveyed by the SE on 30.06.2014 while acceptance was conveyed to the contractor on 19.12.2014 i.e., six month after approval by the SE. The contractor was provided two years period to complete the work, from issue of order on 22.12.2014 to complete the task up to 25th June 2016. The contractor completed the task on 13-03.2015 within three months of issue of work order. It is further to notice that work was carried out in non working season i.e., December to March which also creates doubt about the authenticity of work. The contract was put to tender before admn approval and shown finalized in non-workable season. Therefore the expenditure is doubtful and unauthentic.

The irregularity occurred due to weak internal controls and resulted in doubtful and unauthorized expenditure of Rs.7,989,000.

When pointed out in April 2016, it was stated that expenditure is authorized neither any irregularity committed nor rules violated.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends investigation and recovery of the amount.

AP 252(2014-15)

13.4.27 Dumping of stone without proper utilization-Rs.219.064 million

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

During the financial year 2014-15, in Irrigation Division Charsadda an aggregate amount of Rs.219,064,000 was made to contractors for the “supply and dump at site without boat i/c handling within 100 M stone or boulders”. The relevant record like MBs etc was verified but neither further handling was made nor material at site accounts (MAS) for future use of the dumped stones was maintained from which it could be ascertained that the supplied stone was subsequently utilized. Furthermore, all the schemes where in the item of work was shown carried out are/ were the flood protection works wherein such kind of dumping could not be done. This state of affairs clearly depicts that huge quantity of 153,098.10 m³ stone or boulders valuing Rs.219,064,000 was not procured and thrown into a small river like Khiali or Jindi. The expenditure is held as wastefage of resources.

The lapse occurred due to non observance of the rules and procedures and weak internal controls.

When pointed out in February 2016, the management stated that final reply would be submitted after verification of record.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility and recovery of the misappropriated amount from the person(s) responsible.

AP 146 (2014-15)

13.4.28 Doubtful measurement -Rs.19.136 million

According to Para 209 and 221 of the CPW code all payment of the work done are based on the quantities of the work recorded in the measurement book. It is incumbent upon the person taking the measurement to record the quantities clearly and accurately. He will also work out and record in the MB the figure for the contents of the area. The SDO should compare the quantities in the bill with those recorded in the M.B. and see that all the rates are correctly entered and that all calculations, have been checked arithmetically.

During the financial year 2014-15, in Irrigation Division Chitral, Rs.19,136,000 was paid to M/s Niaz Muhammad & Sons on account of restoration of flood protection work along with Reshun Gole under ADP No.724. Verification of MB No 4 wherein record entries of the work done was recorded revealed that the measurement was recorded without specifying the item of work rather generalized measurement was recorded. After recording consolidated measurement it was divided into four different categories of the excavation on percentage basis as per detail at Annex-Y.

From the above illustration it would clearly be seen that an overall measurement recorded on page no 152 was divided into four categories without recording actual work done in the MB. It may be added that no specific item of work was measured therefore the entire measurement and payment so made was held doubtful and the amount of Rs.19,135,000 seems to have been misappropriated. Because the action of dividing measurement on percentage basis did not cover under any rule. On enquiry it was stated that the said excavated area has since been filled with the flood in June-July, 2015 and the contractor filed suit in the court of law for further payment, which has not yet been decided.

Audit holds that actual on spot detailed measurement was required, which was not done.

The lapse occurred due to non adherence to rules and weak internal controls and resulted in doubtful expenditure of Rs.19,136,000.

When pointed out in April 2016, it was stated that detailed reply would be furnished after detail scrutiny/verification of record please.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to conduct inquiry and fix responsibility against the person(s) at fault besides recovery.

AP 246(2014-15)

**13.4.29 Wasteful expenditure due to allowing unnecessary item of work–
Rs.6.475 million**

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

During the financial year 2014-15, in Irrigation Division Charsadda, a contract for the Flood Management of Khiali River Package-IV was awarded with the tender cost of Rs.103,032,000. The verification of record revealed that Rs.6,475,000 was paid for leveling and dressing of earth for a quantity of 52,648.26 m³ @ Rs.123 pm³. The item so claimed was in the RDs where excavation was carried out however the total excavation was for a quantity of 52,063 m³. (36,444.57 m³ soft + 15,619.10 m³ wet)

It may be added that the item of work was inclusive of disposal upto an extra lead of 500 m, therefore leveling and dressing of the excavated material which was not available at site was neither required nor possible because a quantity of 15,619.10 m³ was shown excavated in wet soil for which higher rates were claimed. Furthermore, the leveling and dressing is usually carried out in m² as evident from the work order dated 18.04.2014 issued to contractor wherein rate of only Rs.1.21 pm² was allowed which too was for dressing on slopes and ground surface. It may further be added that the item of work was neither available in the BOQ nor was required at site because it was usually allowed in the preparation of land for the construction of road. In the work like flood management it was not permissible. This clearly indicates that the leveling and dressing was neither required nor possible to be done because no excavated material was available. Thus expenditure of Rs.6,475,000 was held wasteful.

Wasteful expenditure occurred due to undue favour to contractor, non observance of provisions of TS and BOQ and weak internal controls.

When pointed out in February, 2016, it was stated that final reply would be submitted after verification of record.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to investigate the matter for fixing responsibility and recovery of the misappropriated amount from the person(s) at fault.

AP 149 (2014-15)

Chapter – 14

Local Government Department

14.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of :

- ❖ Planning and development including policy and procedure.
- ❖ Coordination work relating to the preparation of provincial annual development program relating to local government.
- ❖ Processing of all developmental schemes, program and proposals submitted by local government formations.
- ❖ Foreign Aided Projects.
- ❖ Coordination of technical assistance from abroad including training facilities, expert and advisory services and equipments.
- ❖ Appropriation and re-appropriation of developmental grants in the local government budget.

14.2 Comments on budget & accounts (variance analysis)

Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2015-16 against the total of grants/appropriation was as follows:

Non-Development

(Rs.)

Grant No. and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
17-Local Government	NC21	8,297,648,000	50	8,297,648,050	1,998,260,285	-6,299,387,765
Total		8,297,648,000	50	8,297,648,050	1,998,260,285	-6,299,387,765

Development

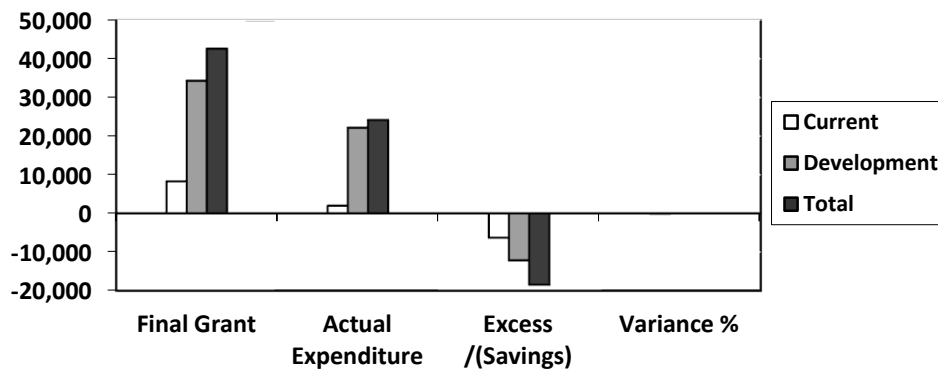
(Rs.)

Grant No. and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
51-Rural and Urban Development	NC12 & NC 22	34,299,696,000	80	34,299,696,080	22,152,309,096	-12,147,386,984
Total		34,299,696,000	80	34,299,696,080	22,152,309,096	-12,147,386,984

Overview of expenditure against the final grant

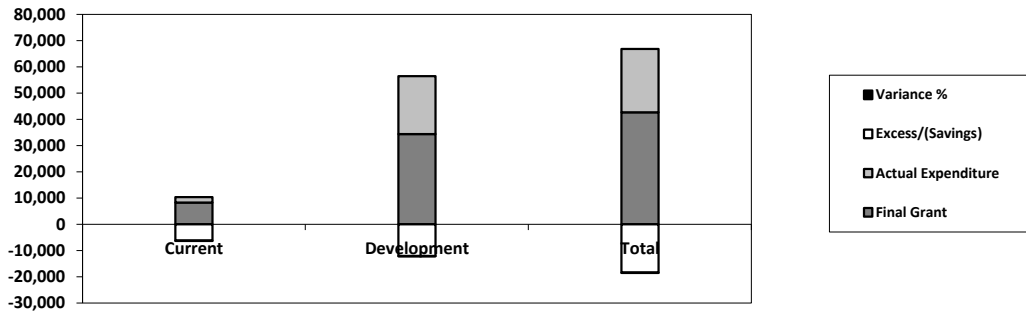
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Saving)	Variance %
Non-Development	8,297.648	1,998.260	-6,299.388	-75.917
Development	34,299.696	22,152.309	-12,147.387	-35.415
Total	42,597.344	24,150.569	-18,446.775	-43.304



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Local Government Department administering the above grant did not surrender anticipated savings of Rs.18,446.775 million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



14.3 Brief comments on the status of compliance with PAC directives:-

SNo.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
01	2001-02	Local Govt.	22	-	07	15
02	2007-08	-do-	01	-	-	01
03	2008-09	-do-	04	-	01	03
04	2009-10	-do-	02	-	01	01
05	2010-11	-do-	20	-	01	19
06	2011-12	-do-	09	-	02	07
07	2012-13	-do-	06	-	01	05

14.4 Audit Paras

14.4.1 Loss sustained by the public exchequer due to execution of substandard work - Rs.153.459 million

According to Para-89 CPWA Code read with Para 2.61-2.65 of the B&R Code, the contractor must execute the work according to the approved design, specifications, drawings in the technically sanctioned estimate and contract agreement.

During the financial year 2013-14, in the office of Project Director, Up gradation & Remodeling of Ring Road (Southern Section) PDA Portion, the contractor M/S Karcon (Pvt) Ltd executed substandard work for which payments were already made, however, payment of Rs.153,459,998 (detail below) was again made to the contractor for the execution of two items of work i.e, (i) laying additional layer of 6cm Asphaltic Base Course (ii) Asphaltic Wearing Course over the crack portion to stop ingress of water in the crack in a length of 9.78 KMs were executed through contractor M/S Karcon (Pvt) Ltd to rectify the substandard work resulting in loss of Rs.153,459,998 million to the public exchequer.

Vr No &dt	Item	Total quantity claimed	Additional Quantity 6 cm	Rate (Rs)	Cost (Rs)
120/110 24-6-2014	Asphalt Base Course	43,525.01 M ³	7,042.58 M ³	10,523.71 Per M ³	74,114,070
-do-	Asphalt Wearing Course	17,091.32 M ³	6,567.73 M ³	12,081.18	79,345,928
				Total	153,459,998

The loss occurred due to weak internal controls.

When pointed out in March 2015, the management stated that the items were executed due to design failure. The work was redesigned and the consultant was fined against which arbitration was also made. The consultant has filed suit in the court of law against the fine.

Reply is not tenable. The design prepared by the consultants and approved by the project management was faulty resulting in failure of the project and execution of substandard work.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and recover the loss sustained by the government.

AP 133 (2013-14)

14.4.2 Loss due to non-auction of materials - Rs.5.968 million

According to rate analysis of Market Rate System of 2013(MRS), the rate of the item No.6-39-b, “erecting and removing form work to concrete in any shape position” 72.68% material cost, 6.14% labour cost and 21.18% contractor profit and overhead charges.

During the financial year 2014-15, in the office of Director General PDA “up-gradation & remodeling of Ring Road (Southern Section) Project Peshawar” payments of Rs.8,211,000 were made to the contractor M/S Karcon (PVT) Ltd for an item of work “erecting and removing form work to concrete in any shape position”. Vide voucher No 32. However the used material costing Rs.5,968,000 ($8.211 \times 72.68\%$) were not auctioned resulting in loss to government.

When pointed out in March 2016, the management stated that detailed reply would be submitted after verification of record.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends that the form work material may be auctioned and the revenue deposited into government treasury.

AP 167 (2014-15)

14.4.3 Unauthorized Expenditure out of project fund – Rs.208.780 million

According to the PC-I and grant agreement of the project the grant shall be used only on the construction of the Ring Road Project.

During the financial year 2014-15, in the office of Director General PDA, Peshawar, expenditure of Rs.208,780,000 were incurred on 26 works from the project funds in violation of PC-I and grant agreement of the Project “Upgradation & Remodeling of Ring Road”. The expenditure were therefore unauthorized.

Audit holds that the payment from project fund for the other schemes were unauthorized, which may please be regularized.

The irregularity occurred due to financial indiscipline.

When pointed out in March 2016, the management stated that detailed reply would be furnished later on.

Audit requested the department repeatedly, through management letter and DO letter dated 06.12.2016, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to regularize the unauthorized expenditure.

APs 136 & 158 (2013-14 & 2014-15)

14.4.4 Unauthorized payment to the contractor on account of escalation - Rs.58.78 million and overhead charges of Rs. 6.928 million

According to Government of Khyber Pakhtunkhwa, Works & Services Department Notification No.SOG/W&S/11-129/2005 dated 30.06.2005, no escalation shall be allowed to the contractor for the extended period due to his own fault.

During the financial year 2013-14, in the office of Project Director, "Up gradation & Remodeling of Ring Road (Southern Section) Project" (PDA portion), escalation of Rs.58,780,000 was paid to the contractor M/S Karcon (Pvt) Ltd for their IPCs No. 26th to 31 which was unauthorized because the delay in the completion of work was on the part of the contractor as reported by the Associates Consultants vide letter No. KPK-U &RRRP/PDA/RI/293 dated 28.03.2012. Moreover no base price was quoted by the contractor for the purpose of escalation in the contract agreement. Moreover the PDA also deducted overhead charges of Rs.6,928,768 on the invalid payment of escalation. The unauthorized payment therefore needs recovery.

When pointed out in March 2015, the management replied that extension without penalty was recommended by the consultants and duly approved by the Director General Peshawar Development Authority. The delay was also due to law & orders situation.

The reply is not tenable. The delay was on the part of contractor as reported by the consultants.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any recovery effected till finalization of this report.

Audit recommends that fact finding inquiry be conducted and escalation paid should be recovered.

APs 134 & 137 (2013-14)

14.4.5 Unauthorized payments to the consultants - Rs.4.883 million

According to the decision of Project Steering Committee in its meeting held on 13.12.2013 conveyed to the contractor vide Director Engineering-VI PDA Peshawar letter No.09/DE-VI/PDA/2-9 dated 29.01.2014, the consultancy cost beyond 31st January 2014 will be charged to the contractor M/S Karcon (Pvt) Ltd.

During the financial year 2013-14, in the office of Project Director, “Up gradation & Remodeling of Ring Road (Southern Section) Peshawar” PDA Portion for 2013-14, consultancy charges of Rs.4,883,650 (detailed below) were paid to M/s Global Consultants out of the project funds instead of its recovery from the contractor M/s Karcon (Pvt) Ltd as per Steering Committee decision, which was unauthorized and needs recovery.

S.No	Cheque No	Date	Amount (Rs)
1.	197032	27.03.2014	979,900
2.	197034	10.04.2014	979,900
3.	197038	16.06.2014	634,013
4.	258521	16.06.2014	2,289,837
Total			4,883,650

When pointed out in March 2015, the management offered no reply.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor recovery effected till finalization of this report.

Audit recommends that recovery may be effected from the contractor or the person(s) responsible.

AP 135 (2013-14)

14.4.6 Non-imposition of liquidated damages - Rs.211.32 million

As per Clause-47.1 of the agreement, if the contractor fails to complete the work within the stipulated period, 10% penalty/liquidated damages at the contract price shall be recovered from him.

During the financial year 2014-15, in the office of Director General PDA, (Director Engineering Road-II), Project up-gradation & remodeling of Ring Road (Southern Section) Peshawar, the contractor failed to complete the work within the stipulated period from 06.12.2010 to 19.08.2012. The work is still in progress till the date of audit i.e. March 2016. Therefore penalty of Rs.211,320,000 needs recovery.

The lapse occurred due to violation of contract clause.

When pointed out in March 2016, the management stated that extension was granted by the competent authority and escalation was admissible to them.

The reply is not tenable. The contractor failed to complete the work even within the expended time.

Audit requested the department repeatedly, through management letters and DO letter, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that liquidated damages be recovered.

AP 162 (2014-15)

14.7.7 Unauthorized payment due to deviation from Technical sanction – Rs.130.800 million

According to paras 95, 56 & 58 of CPWD code, engineer is strictly prohibited to deviate from sanctioned design in the course of execution of work. Technical sanction is a guarantee that the proposals are structurally sound and that the estimates are accurately calculated and based on adequate data. Proper detailed drawing and design have been sanctioned.

During the financial year 2014-15, in the office of Director General PDA, (Director Engineering Raod-II), Project Upgradation & Remodeling of Ring Road (southern section) Peshawar, it was noticed that Rs.130,800,000

was paid in excess on certain items of work not provided in the original as well as revised PC-I as per detail given below:

(Rs)

S#	Item	Paid quantity	Revised PC-I quantity	Difference	Rate	Total
1	Asphaltic base course	46,405	38,725	7,680	10,523.71	80,822,093
2	Wearing course	18,139	14,621	3,518	12,081.18	42,501,591
3	Tack coat	579,183	433,673	144,510	35.80	5,173,458
4	Structural excavation	141,859	128,461	13,398	172.36	2,309,279
Total						130,806,421

The unauthorized payment may be regularized from the competent authority.

When pointed out in March 2016, the management stated that detailed reply will be submitted after verification of record.

Audit requested the department repeatedly, through management letter and DO letter dated 06.12.2016, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to regularize the unauthorized payment.

AP 165 (2014-15)

14.4.8 Excess payment to the consultant - Rs.30.345 million

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

During the financial year 2014-15, in the office of Director General PDA Project up-gradation & remodeling of Ring Road (Southern Section) Peshawar it was noticed that originally the cost of the schemes was approved for Rs.3,030,202,000 by ECNEC including consultancy cost of Rs.35,769,000,

later on the scope of the work was reduced to Rs.1,581,532,000, however, consultancy cost was not reduced. The consultant were paid Rs.49,205,000 against the provisions of Rs.18,860,000 resulting in excess payment of Rs.30,345,000.

When pointed out in March 2016, the management stated that detailed reply will be submitted after verification of record.

Audit requested the department repeatedly, through DO letters, for holding of the DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that detailed inquiry be conducted, fix responsibility against the person(s) at fault, besides recovery of the excess payment. Position be explained before PAC.

AP 164 (2014-15)

Chapter 15

Mines & Mineral Development Department

15.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of :

- ❖ Geological Survey
- ❖ Development of Mineral resources and regulation of mines
- ❖ Mineral Rules
- ❖ Grant and transfer of prospecting licenses and mining leases
- ❖ Import, purchase, distribution and price fixation of coal and coke.

15.2 Comments on budget & accounts (variance analysis)

Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2015-16 against the total of grants/appropriation was as follows:

Non-Development

(Rs.)

Grant No. and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
26- Mines & Mineral Development Department	NC21	503,226,000	110	503,226,110	228,736,690	-274,489,420
Total		503,226,000	110	503,226,110	228,736,690	-274,489,420

Development

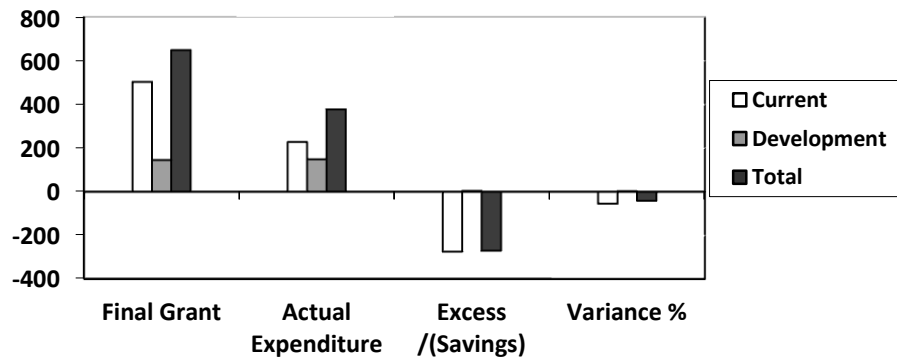
(Rs.)

Grant No. and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
26- Mines & Mineral Development Department	NC22	362,717,000	0	51,252,000	51,430,430	178,430
	NC 12	263,283,000	0	94,067,000	97,489,602	3,422,602
Total		626,000,000	0	145,319,000	148,920,032	3,601,032

Overview of expenditure against the final grant

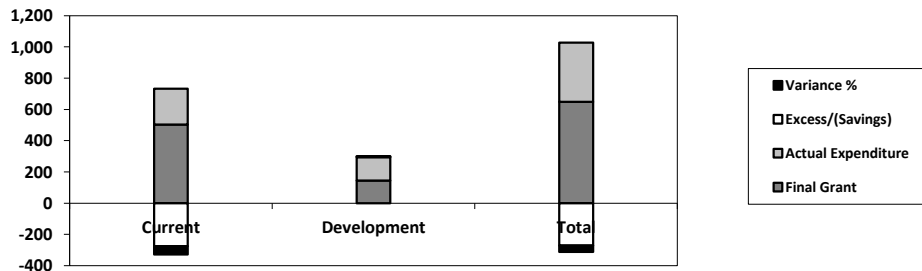
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Savings)	Variance %
Non-Development	503.226	228.737	-274.489	-54.545
Development	145.319	148.920	3.601	2.477
Total	648.545	377.657	-270.888	-41.768



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Mines & Mineral Development Department administering the above grant did not surrender anticipated savings of Rs.270.888 million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



15.3 Brief comments on the status of compliance with PAC directives:-

SNo.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
01						

15.4 Audit Paras

15.4.1 Loss due to non-recovery of royalty - Rs. 3299 million

According to rule 153 of the Mining Concession Rules 2005, a licensee or a lessee shall send monthly returns of production and dispatch of mineral to the Licensing Authority in the prescribed form on or before the 15th day of each succeeding month. In case there is no production of mineral in any month, a 'NIL' report shall be submitted with reasons thereof. According to rule 159 of the Mining Concession Rules if a lessee has under-reported mineral production, the licensing authority shall charge royalty upto ten times the notified rate on the quantity of mineral under-reported by the licensee/lessee, forfeit the security deposit and cancel the license or lease on the merit of the case.

During the financial year 2014-15, in the office of Assistant Director Mines & Mineral Development Department Mardan, it was noticed that the licensing authority granted mining lease of the plots for mining/extraction of different minerals to various contractors. The work orders to the contractors were issued and the contractors started operation. The record revealed that in 18 cases (list provided by the department) the contractors did not report any production from the date of grant of lease till the date of audit. This state of affairs put the public exchequer into loss of millions of rupee on account of non-charging of royalty, excise duty and dead rent etc.

It was calculated that in case of Nil production, if the average minimum production one ton is taken into consideration with the royalty rate of Rs. 90 per ton, with Rs.900 as ten times penalty per ton, then an approximate loss amounting to Rs.3,299,000,000 sustained by the Government. Thus, penalty of Rs.3,299,000,000 should have been imposed on the defaulters.

Loss occurred due to financial indiscipline, weak internal controls and non-observance of rules.

When pointed out in March 2016, it was stated that detailed reply would be submitted after consulting the record in accordance with Mining Concession Rules 2005.

Reply of the department is not tenable.

In the DAC meeting held in December 2016, the department stated that Rule 153 may be read with Rule 139 and not with Rule 159. The lessees are served with notices to deposit dead rent which is Rs.6000 minimum per annum or Rs.6 per acre per annum in accordance with MCR-2005. However, DAC disagreed and directed to conduct inquiry to verify the status and record be

produced for verification. However, neither inquiry was conducted nor record produced for verification till finalization of this report.

Audit recommends the implementation of DAC decision.

APs 214&220(2014-15)

15.4.2 Loss due to non-recovery of Government dues - Rs.489.695 million

According to Para-8 of the GFR Volume-I, it is the duty of the administrative department to see that the Government dues are correctly and promptly assessed, collected and paid into Govt. treasury, read with Para-23 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.

During the financial year 2013-14, in the office of Director General Mines & Mineral Development Department, Khyber Pakhtunkhwa Peshawar, it was noticed that, a sum of Rs.489,695,088 was outstanding against different lease holders on account of annual rent and mineral royalty (Annex-Z).

No timely efforts were made at the district, regional and headquarter level for the early recovery of long outstanding dues, which resulted into loss to the public exchequer. Further, record at S.No.9-12 was not produced for necessary audit check.

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

When pointed out in April 2015, the management stated that detailed reply would be furnished after consulting the record.

In the DAC meeting held in December, 2016, department replied that, as per provincial Government 2009 policy, annual rent was also levied on concessionaries, which the Frontier Mines Owner Association and others challenged in the Peshawar High Court Bench Abbottabad. The honorable court granted relief with the direction that no adverse action against the writ petitioner may be taken, so the case is subjudice. Annual rent will be recovered from the concessionaires when the case decided in favour of government. The DAC directed that record regarding outstanding Government dues be produced for verification within one week. However, no record was produced to audit for verification till finalization of this report.

Audit recommends that the outstanding amount of royalty be recovered and deposited in the public treasury. The annual rent cases be vigorously pursued for recovery, in case the honourable court decides in favour of the Government. Record at sr. 9 to 12 be produced for verification.

AP 511(2013-14)

15.4.3 Loss due to non-finalization of lease contract -Rs.38 million

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

During the financial year 2014-15, in the office of Assistant Director Mines & Mineral Development Mardan, it was noticed that local office forwarded 19 applications of different individuals to Director General during the period from 09.04.2007 to date, for allowing mining leases over an area of 2880.352 acres, which the Head Quarter did not finalize and kept pending till the date of audit due to unknown reasons. There exists no documentary evidence that these areas were in the control of local office and there are likely chances that the applicants might have started the mining work. Furthermore, they were legally not bound to pay anything to government because of non finalization and allotment, thus, public exchequer was put to sustain loss of Rs.38,000,000 approximately, presuming that the parties were doing business with least annual production of 2000 ton (19 applicants x 2000 ton = 38000 ton x 2 years = 76000 ton x @ Rs. 500 per ton = Rs.38,000,000).

Audit holds that due to non-finalization of award the government sustained a loss of Rs.38,000,000.

Loss occurred due to negligence of the departmental authorities, violation of rules, weak internal controls and financial indiscipline.

When pointed out in March 2016, it was stated that detailed reply would be submitted after consulting the record in accordance with Mining Concession Rules 2005.

In the DAC meeting held in November 2016, the department replied that para is based on assumption, the starting of mining operation without the issuance of allotment letter and work order is illegal and whenever observed is dealt with under Rule 173. The present Govt has imposed ban, therefore, all the applications for grant are lying till lifting of ban. DAC disagreed and

directed that inquiry be conducted to ascertain the reasons of delay. However, no progress was intimated till finalization of this report.

Audit recommends that DAC decision be implemented and intimate result to PAC and Audit.

APs 236& 237(2014-15)

15.4.4 Loss due to non-recovery of outstanding dues from Lucky Cement Factory – Rs.35.734 million

According to para 26 of GFR Vol-I, 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.

During the financial years 2013-14 and 2014-15, in the office of Director General Mines & Mineral Khyber Pakhtunkhwa, it was noticed that mining lease of different areas was granted to Lucky Cement Factory, with monthly rent and payment of royalty at the prescribed rates. It was however observed from the relevant file, that an amount of Rs.14,264,734 was outstanding on 30th June 2014 on account of royalty and other dues. Detail is as under: -

S.No	File No	Specie	Amount (Rs.)
1	MDW/LM/ML(47)1993	Lime stone	8,118,460
2	MDW/LM/ML(1)1993	Shale clay	4,059,849
3	MDW/LM/ML(4)2000	Shale clay	1,971,312
4	MDW/LM/ML(51)2010	Laterite	95,113
5	MDW/LM/ML(109)2013	Salica sand	20,000
Total			14,264,734

Further, it was noticed that, a sum of Rs.11,198,750 was outstanding against the defaulters on account of lease rent, and remaining auction money. No measures were taken to safeguard the public interest and thus the exchequer was put to sustain a loss of Rs.11,198,750.

It was further noticed that an amount of Rs.6,640,050 was outstanding against various lease/license holders, on account of annual rent, but not recovered despite a lapse of considerable time. Thus Government sustained a loss of Rs.6,640,050.

The scrutiny of record further revealed that Rs.3,630,750 was outstanding to be recovered on account of remaining auction money against

various allottees of the license holders. Despite lapse of considerable time, neither the amount was recovered nor their leases cancelled. Non-recovery of Rs.3,630,750 as outstanding auction money was loss to the public exchequer.

Audit holds that the outstanding amount of royalty was required to be recovered by enforcing the provisions of MCR 2005, which was not done. Thus, public exchequer sustained a loss of Rs.35,734,284

Non-recovery of outstanding amount occurred due to non-adherence to rules and weak internal controls.

When pointed out in June 2016 and April 2015, the management stated that detailed reply would be furnished after consulting the record.

In the DAC meeting held in December 2016, the department replied that in some cases the recovery was pending due to cases not yet decided by the courts. Some cases are lying before the Mines Committee/Mineral Title Committee for cancellation. Once these mining leases are cancelled, the amount deposited by the defaulters shall be forfeited. Notices for recovery have been issued to those where cases have been decided in favour of government. DAC directed that recovery should be effected and record be verified. Cases in the court be pursued vigorously. However, no progress was intimated till finalization of this report.

Audit recommends to implement DAC decision in letter and spirit.

APs 527(2013-14),548,556&555(2014-15)

15.4.5 Loss due to non-recovery of royalty on enhanced rates - Rs. 3.435 million

According to the directives of Director General Mines and Minerals Khyber Pakhtunkhwa, vide letter No 162 dated 05.01.2016, the local officer had to recover royalty for the period from 01.07.2014 to 19.07.2014 on the revised enhanced royalty rates from the license / lease holders on actual production basis by making assessment of each area in the jurisdiction of local office.

During the financial year 2014-15, in the office of Assistant Director Mines & Mineral Development Mardan, it was observed from the review of record that there were 133 license/ lease holders, who were in operation of production of different minerals; however, only 52 lease holders reported their monthly production of 38,168 ton of minerals, whereas 81 license/ lease holders have not reported the production for the month of July 2014.

Furthermore, production have neither been assessed by the local office nor recovery was made on the enhanced rates as ordered by the Director General Mines. This resulted into loss of Rs. 3,435,120 to the public exchequer.

Audit holds that the amount was required to have been worked out on the basis of actual production by the license / lease holder, which was not done.

Loss occurred due to non-adherence to the orders of high ups, provisions of rules and weak internal controls.

When pointed out in March 2016, it was replied that detailed reply would be submitted after consulting the record in accordance with Mining Concession Rules 2005.

Reply of the department is not tenable.

In the DAC meeting held in December 2016, the department replied that notices have been served to the lessees and the outstanding amount would be recovered soon. DAC directed for recovery to be finalized within one month and that progress be intimated to Audit, however the recovery status has not been intimated to Audit till finalization of this report.

Audit recommends that the outstanding amount be recovered and fix responsibility. Further, the amount of 81 license/ lease holders may also be worked out for recovery on the same lines.

AP 215(2014-15)

15.4.6 Loss due to non-imposition of penalty for delay in payment – Rs.1.52 million

According to clause-4(a) of the Standard Contract Agreement (Mines & Mineral Act 2005) executed each year with the contractor for collection of royalty, in case the contractor fail to deposit the due monthly installment upto 7th day of a month, a penalty @ Rs.1,000 per day will be imposed for the defaulted period starting from 8th day of the same month. If there is persistent, default on the part of contractor to pay the due installment for two months the contract will be cancelled with forfeiture of the security. The outstanding dues will be recovered as arrears of land revenue if not paid in normal course.

During the financial year 2014-15, in the office of Director General Mines & Mineral Khyber Pakhtunkhwa, it was noticed that contract for the collection of royalty of all Seven Divisions, for the period from 1st July 2014 to

30th June 2015, was awarded to different contractors. Letter was issued to all successful bidders, for signing Contract Agreement and was further directed to deposit the dues according to the prescribed schedule of deposits. The record showed that the contractors did not deposit the amount according to the prescribed schedule and delayed. Therefore, they were liable for imposition of penalty @ Rs.1,000 per day. However, neither penalty amounting to Rs.1,521,000 was imposed nor any action taken against the contractors.

Loss occurred due to non-adherence to rules and weak internal controls.

Loss was pointed out in June 2016, the management furnished no reply.

In the DAC meeting held in December 2016, the department replied that the Royalty rate was enhanced, which the contractors challenged in Peshawar High Court, while court decided the case in favour of the Government. Recovery case is under process. DAC decided to recover the amount. However, no progress was intimated till finalization of this report.

Audit recommends that the amount be recovered.

AP 542(2014-15)

15.4.7 Non-recovery of royalty from contractors - Rs. 343.200 million

According to the Condition No. 06 of the NIT published in news paper for the auction of royalty contract, if the Federal or Provincial Government has imposed any tax or enhanced the rates of royalty the contractor will be liable to pay the enhanced rates. Provincial Cabinet in its meeting held on 14.06.2014, revised and enhanced the rate of royalty and were circulated to all concerned vide letter dated 19.07.2014.

During the financial year 2014-15, in the office of Director General Mines & Mineral, Pakhtunkhwa, it was noticed that contract for the collection of royalty of all Seven Divisions, for the period from 1st July 2014 to 30th June 2015, was put to auction and was awarded to different contractors. The contractors were informed accordingly to deposit the difference of proportionate amount of royalty of Rs. 343,200,398 but the contractors failed to deposit it. The detail is as under:

Name of Division	Name of contractor	Due amount (Rs)
Peshawar Division	Mr. Habibullah Khan	45,468,023
Mardan Division	Haji Zabita Khan	69,506,514
Abbott Abad Division	Haji Amanullah Khan	108,014,108
Malakand Division	Muzaffar Hussain	75,569,936
DIKhan Division	Ahmad Jan	44,641,817
Total		343,200,398

Furthermore, an inspection committee was deputed to visit the check posts of the contractors for verification of the record of royalty on 3rd & 4th March 2015. It was reported by the committee that the contractors were collecting royalty on the revised notified rate; therefore, royalty should also have been paid according to the enhanced rate.

Audit holds that the royalty was required to be recovered from the contractors on the revised enhanced rate, by enforcing the provisions of MCR 2005, which was not done and the public exchequer was put to sustain a loss of Rs.343,200,398.

Non-recovery occurred due to non-adherence to rules and weak internal controls.

When pointed out in June 2016, the management furnished no reply.

In the DAC meeting held in December 2016, the department replied that payment notices, at the enhanced rate, were served to the royalty contractors of the five divisions. However, Mr.Matiullah and others challenged the enhanced rate in Peshawar High Court D.I.Khan Bench, who suspended the enhanced notification and the case is subjudice. Similarly, M/S Frontier Mines Owner Association filed writ petition against the enhanced rate in Peshawar High Court Peshawar, the court decided in favour of the Government, but, contractor went to the Supreme Court Islamabad against the decision of Peshawar High Court. The department further stated that the outstanding dues case is under process of recovery. The DAC directed that recovery to be made and challans and statements be produced to Audit for verification, however no documentary evidence was produced till finalization of this report.

Audit recommends that the amount be recovered at the enhanced rate.

APs 536, 537 & 558(2014-15)

15.4.8 Non-recovery of security, withholding & professional tax from contractors on enhanced rates-Rs. 45.123 million

According to income tax ordinance, 10% withholding tax is recoverable from the royalty contractors. Provincial Cabinet in its meeting held on 14.06.2014, revised and enhanced the rate of royalty and were circulated to all concerned vide letter dated 19.07.2014. Para 26 of GFR Vol-I, requires 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.

During the financial year 2014-15, in the office of Director General Mines & Mineral, Pakhtunkhwa, it was noticed that contract for the collection of royalty of all Seven Divisions, for the period from 1st July 2014 to 30th June 2015, was put to auction and was awarded to different contractors. The record showed that Provincial Cabinet in its meeting held on 14.06.2014 enhanced the rate of royalty and were notified and circulated to all concerned vide letter dated 19.07.2014. The contractors were informed accordingly to deposit difference of 10 % security, 10 % withholding and professional tax of the amount of proportionate royalty. The contractors failed to deposit Rs. 45,123,790 and the amount remained unrecovered. Details is as under:

(Rs)

Name of Division	Name of contractor	10 % security	10 % withholding tax	Professional tax
Peshawar Division	Mr.Habibullah Khan	2,979,119	2,979,119	30,000
Mardan Division	Haji Zabita Khan	4,554,150	4,554,150	30,000
Abbottabad Division	Haji Amanullah Khan	7,077,213	7,077,213	30,000
Malakand Division	Muzaffar Hussain	4,951,433	4,951,433	30,000
DIKhan Division	Ahmad Jan	2,924,980	2,924,980	30,000
Total		22,486,895	22,486,895	150,000

Non-recovery of outstanding amount from contractors occurred due to non-adherence to rules and weak internal controls.

When pointed out in June 2016, the management furnished no reply.

In the DAC meeting held in December 2016, the department replied that the enhanced royalty rates were challenged by royalty contractors in the court, and the enhancement notification was suspended by the court. Now Peshawar High Court decided the case in favour of Government. The proportionate amount of 10% security, 10% withholding tax and professional tax is under process for recovery from different ex-royalty contractors for the year 2014-15. DAC directed that the amount be recovered under intimation to Audit. However, recovery has not been made till finalization of this report.

Audit recommends that recovery be expedited under intimation to audit.

AP 559(2014-15)

**15.4.9 Non-recovery of fine assessed due to illegal excavation-
Rs.44.383 million**

According to rule 173 of the Mineral Concession Rules 2005 regarding Unauthorized mining, if any person starts prospecting or mining any mineral outside the area granted to him under a license or a lease or in any area for which he has not obtained a license or a lease, he shall be punishable by a court of competent jurisdiction, with imprisonment for a term not less than three (3) months, which may extend to three years and/or with a minimum fine of Rs.100,000 which may extend to Rs.1,000,000 or with both. The Licensing Authority shall appoint a technical committee to assess the losses incurred due to obstruction, hindrance, closure of the prospecting exploration or mining operations caused by any person(s) and proceed to recover the assessed losses from such person(s), which in default shall be recovered as arrears of land revenue.

During the financial year 2014-15, in the office of Assistant Director Mines & Mineral Development Mardan, it was noticed from the review of relevant mineral files, of the following persons, that they were involved in illegal excavation and unauthorized mining in Districts Mardan and Swabi. Accordingly, the competent authority constituted a committee for the assessment of illegal excavation and unauthorized mining and according to the assessment report submitted by the committee, an amount of Rs.44,383,875 was recoverable from the said person(s). The record showed that the report of assessment committee was submitted during 2007, 2008, May 2009 and July 2014, but till date of audit, neither the amount was recovered nor any action

was taken against the defaulters. Thus, the amount of Rs.44,383,875 remains unrecovered.

S.No.	Name of the Contractor	Amount to be recovered (Rs.)
1	M/s Zakir Hussain and Azam Khan (AP 226)	5,974,000
2	Muhammad Taifur Khan (AP 225)	10,999,000
3	Syedul-Ibrar (AP 224)	12,727,000
4	M/S Azam Khan Contractor (AP 227)	12,861,375
5	M/S Sultan Muhammad (AP 541)	1,822,500
Total		44,383,875

Non-recovery of fine occurred due to non-adherence to rules, favor to the contractors and weak internal controls.

When pointed out in March 2016, the management replied that detailed reply would be submitted after consulting the record in accordance with Mining Concession Rules 2005.

In the DAC meeting held in November 2016, the department replied that action has been taken as per MCR-2005, FIR was registered and assessment has been made against the party, and notices have been issued to the party for recovery, but the party has filed a civil suit against the department, and the case is subjudice. DAC directed that recovery be made in one month and orders of the Court be produced. However, no progress has been intimated till finalization of this report.

Audit recommends that DAC decision be implemented.

APs 226,225,224,227&541(2014-15)

15.4.10 Non-recovery of outstanding government dues - Rs. 5.005 million

In accordance with the Assistant Director Mines & Minerals Swat Office letter No.72/MDiv/SWT/ML-Lime Stone/27/12 dated 07.01.2015, recovery of Rs.2,303,000 as auction money should be made from the defaulter.

According to rule 138 & 153 of the Mining Concession Rules 2005, if at any time but not less than six months after the grant of the lease, or its renewal it is found that the lessee is not working in accordance with the approved development scheme, the Licensing Authority may impose a fine of five thousand rupees and shall direct the lessee in writing to rectify the

violations within six months and a licensee or a lessee shall send monthly returns of production and dispatch of mineral to the Licensing Authority in the prescribed form on or before the 15th day of each succeeding month. In case there is no production of mineral in any month, a 'NIL' report shall be submitted with reasons thereof. Provided that if the lessee fails to rectify the violations without cogent reasons within the time limit fixed by the Licensing Authority, the lease may be cancelled.

During the financial year 2013-14, in the office of Director General Mines & Mineral Development department, Khyber Pakhtunkhwa Peshawar, it was noticed that, mines lease for lime stone over an area of 50.950 acre, was allotted through auction @ Rs.3,110,000 to Muhammad Zahir, for a period of 5 years, with effect from 13.09.2012 to 12.09.2017. The lease holder did not deposit the balance amount of auction i.e. Rs.2,302,500.

During the financial year 2014-15, in the office of Assistant Director Mines & Mineral Development Mardan, it was noticed that the licensing authority while issuing the renewal order vide letter dated 12.07.2013 and 28.06.2013 to the lease of plot No.166&(167)99 Palo Dheri, clearly mentioned that lessee will have to deposit the outstanding dues of Rs.1,564,000 which was not deposited. Thus, Rs.1,564,000 remained recoverable.

It was further noticed that the licensing authority assigned mining lease of the Plot No (116) 87 Palo Dheri, the contractor for mining/ extraction of marble. It was noticed that the contractor neither deposited the dead rent, annual rent of Rs.564,617, nor reported monthly production reports.

Similarly, it was further noticed that eight prospecting licensees have also not deposited the outstanding amount of Rs.547,000 into Government Treasury, thus the lessee failed to deposit Rs.5,005,617. Detail is as under:

Lease No./Name	Recoverable/outstanding (Rs.)
Muhammad Zahir Shah (AP 517 2013-14)	2,330,000
MDW/MR/ML-Dolomite 166&167 Palo Dheri (APs 216&217 2014-15)	1,564,000
MDW/MR/ML-Dolomite(116)77 Palo Dheri (AP 236 2014-15)	564,617
Eight Prospecting Licensees (AP 237 2014-15)	547,000
Total	5,005,617

Non-recovery of outstanding government dues and non-submission of Monthly Production Reports occurred due to undue favor to contractor, financial indiscipline and weak internal controls.

When pointed out in April & March 2016, it was stated that detailed reply would be submitted after consulting the record in accordance with Mining Concession Rules 2005.

In the DAC meeting held in November 2016, the department submitted a lengthy reply. However, DAC disagreed and directed to recover the outstanding amount within one month under intimation to audit, No progress was intimated till finalization of this report.

Audit recommends to recover the amount besides fixing responsibility against the person(s) at fault.

APs 216,217,236,237&517(2014-15)

15.4.11 Unauthentic restoration of license and irregular mineral operation – Rs.3.42 million

According to rules 146 & 147 of the Mining Concession Rules 2005, a licensee or a lessee shall, within sixty days of the issue of the license or a lease, cause the granted area to be demarcated on ground according to the survey data and submit a certificate on the prescribed form signed by a Registered Surveyor of having carried out the said boundary demarcation. On receipt of the certificate, the Licensing Authority may cause boundary demarcation to be checked and corrected on payment of fee to be notified by Government. A licensee or a lessee may get his area demarcated officially, after paying such fee as may be notified by the Licensing Authority from time to time. A licensee or a lessee shall not commence prospecting or mining operations unless he has submitted the demarcation certificate to the Licensing Authority and it has been approved. The licensee or the lessee shall, at his own expense, erect and at all times maintain boundary marks and pillars standing not less than one meter above the surface of the ground.

During the financial year 2014-15, in the office of Director General Mines & Mineral, Khyber Pakhtunkhwa, it was noticed that the M/S Sultan Muhammad the holder of prospecting license, case No.67(2005) was involved in illegal mining outside his authorized jurisdiction for which he was issued

Show Cause Notice on 29.01.2008 on the basis of inspection report of MDO. His mining operation was suspended and later on cancelled due to unsatisfactory reply. The Secretary Industries on appeal preferred by the accused, decided for in-depth probe and proper survey. However, neither the case was further probed into nor detailed survey carried out and even the fine of Rs.1,822,500 imposed on account of illegal mining was still undecided and pending in the court of law, his license was restored. Thus irregular and unauthorized restoration of license was made and the party was allowed illegal mining for a quantity of 3424 m.ton valuing Rs.3,424,000, if Rs.1,000/- per ton is considered. The restoration of license, without in-depth probe was unauthorized.

Audit holds that the restoration of the cancelled prospecting license was required to have been allowed after in depth probe and proper survey as ordered by the competent authority.

Unauthentic restoration of license and irregular mineral operation occurred due to undue favour to the license holder and weak internal controls.

In the DAC meeting held in December 2016, the department replied that in the inspection report, the surveyor pointed out that the party, Mr.Sultan Muhammad, developed tunnels outside his granted area and within the granted area of M/S Pakistan National Chemicals and M/S Phoenix Chemical Pvt Ltd. The suspension order was set aside and mining operation was restored. His prospecting license was cancelled and was blacklisted due to persistent violations. The black listing order was set-aside and prospecting lease was converted into mining lease by Appellate Authority. DAC directed that in-depth inquiry be conducted and survey reports be produced. However, no inquiry and survey report was produced till finalization of this report.

Audit recommends that inquiry be conducted, responsibility fixed besides recovery from the concerned.

AP 540(2014-15)

15.4.12 Illegal operation and production of minerals valuing- Rs.211.848 million

According to rules 146 & 147 of the Mining Concession Rules 2005, a licensee or a lessee shall, within sixty days of the issue of the license or a lease, cause the granted area to be demarcated on ground according to the survey data and submit a certificate on the prescribed form signed by a Registered

Surveyor of having carried out the said boundary demarcation. On receipt of the certificate, the Licensing Authority may cause boundary demarcation to be checked and corrected on payment of fee to be notified by Government. A licensee or a lessee may get his area demarcated officially, after paying such fee as may be notified by the Licensing Authority from time to time. A licensee or a lessee shall not commence prospecting or mining operations unless he has submitted the demarcation certificate to the Licensing Authority and it has been approved. The licensee or the lessee shall, at his own expense, erect and at all times maintain boundary marks and pillars standing not less than one meter above the surface of the ground.

During the financial year 2014-15, in the office of Assistant Director Mines & Mineral Development Mardan, it was noticed that the licensing authority granted mining lease of the Plot No (166) 99 and (167) 99 Palo Dheri vide file No MDW/MR/ML-Dolomite(166) 99, over an area of 90 acres revised to 91.744 acre and 166.91 acres respectively for mining/extraction of marble. The work order to the contractor was issued on 25.11.1999. In the final renewal order issued vide letter dated 12.07.2013, for the period from 22.09.2013 to 21.09.2018, it was clearly mentioned that lessee has not yet erected the boundary pillars and will have to deposit fine of Rs. 3000 in this behalf. The AD local was further directed that the party will erect the boundary pillars to be verified by the AD and report to this effect be submitted to the high ups. The lessee has neither erected the boundary pillars nor reported by the AD local to the high ups, despite the fact that an overall production of 243,311 ton and 180,385 tons was reported by the contractor upto 11/2015 and 8/2015, This resulted in an unauthorized production of minerals valuing Rs.121,655,500 (243,311 ton x Rs.500 per ton approximately) and Rs.90,192,500 (180,385 ton x Rs.500 per ton) respectively.

Audit holds that non construction of the boundary pillars is a serious issue and was required to have been constructed in time for prevention of illegal mining and safeguarding the public interest, but, these were not constructed, which resulted into illegal mining of Rs.211,848,000/-

Illegal operation and non-erection of boundary pillars occurred due to undue favor to the contractor, non-adherence to provision of MCR and weak internal controls.

When pointed out in March 2016, it was stated that detailed reply would be submitted after consulting the record in accordance with Mining Concession Rules 2005.

In the DAC meeting held in November 2016, the department replied that the party was fined for Rs.3,000 for non-erection of boundary pillars, which was deposited. DAC directed that an Inter-Departmental committee be constituted and a fact-finding inquiry be conducted. However, the inquiry has not been conducted till finalization of this report.

Audit recommends that DAC directives be implemented, responsibility be fixed against the person(s) at fault, and the loss sustained by the Govt be made good.

APs 231 & 232(2014-15)

15.4.13 Illegal and unauthorized sale of mineral produce-Rs. 165 million

- According to Mining Concession Rules 2005 the word,
- **“exploration”** means search for minerals, and includes the determination of its extent and economic value and evaluation;
 - **“exploration operation”** means any operation carried out in connection with exploration including access to the licensed areas, geological mapping and the collection of surface/sub-surface mineral sample for the purpose of mineralogical examination, assaying, and the test work but such work shall not include commercial mineral extraction or marketing.

During the financial year 2014-15, in the office of Director General Mines & Mineral, Pakhtunkhwa, it was noticed that exploration license over an area of 162.96 Sq. Km near village Tashkar Dornil, Parisan District Chitral, was awarded to M/S Tuny Pak Minerals Pvt. Ltd, for a period of 3 years vide No. 9566/MDW/CDN-6(269)/2011/(L/S) dated 07-08-2012.

The lab result, conducted on 25-07-2012, showed that a sample of 500 M.ton was brought out of which 15 ton of chip channel was scrutinized and the lab authorities found composite sample collected for R & D purpose through Eyro-metallurgical process, which would be undertaken at China for extraction of Antimony metal. However, the facility was not available at Mineral Testing Laboratory (MTL) Peshawar. The contractor carried the sample of 500 M.Ton to China and solded in the Chinese market in violation of MCR 2015 and without any consent or approval of the provincial government of Khyber Pakhtunkhwa regarding sale.

According to the terms of the approval of license, the holder could use the metal for exploration purpose and could not sell even in local market. The

license holder has admitted, vide his letter dated 25.09.2013, the export of the metal to China, where it was sold out. He sold the metal in international market of china in violation of rules and gained handsome amount of Rs.165,000,000 (500 M.Ton @ US \$ 3300 per M.Ton). Thus, due to this illegal sale government sustained a loss of Rs.165,000,000.

Illegal and unauthentic transportation of mineral to china occurred due to violation of clauses of the allotment letter, undue favor to license holder and weak internal controls.

When pointed out in June 2016, management furnished no reply.

In the DAC meeting held in December 2016, the department replied that M/S Tunky Pak Minerals (Pvt) Ltd, sold out 413 ton of Antimony in China in violation of Mining Concession Rules 2005, recovery notice for US \$206,546 was issued and license was cancelled. The case of the company is also under inquiry with NAB Authorities. The company filed an appeal before the Appellate Authority (the secretary Minerals Development Department) which was rejected. Party filed writ petition before Peshawar High Court against the decision of Appellate Authority. The court remanded the case to Appellate Authority where the decision is awaited. The company also filed the case before the Senior Civil Judge. DAC directed for recovery and pursue the case in the court of law. No progress was intimated till finalization of this report.

Audit recommends that DAC decision be implemented vigorously.

AP 535(2014-15)

15.4.14 Non-constructing Boundary Pillars by contractors in allotted area of leases -

According to rules 146 & 147 of the Mining Concession Rules 2005, a licensee or a lessee shall, within sixty days of the issue of the license or a lease, cause the granted area to be demarcated on ground according to the survey data and submit a certificate on the prescribed form signed by a Registered Surveyor of having carried out the said boundary demarcation. On receipt of the certificate, the Licensing Authority may cause boundary demarcation to be checked and corrected on payment of fee to be notified by Government. A licensee or a lessee may get his area demarcated officially, after paying such fee as may be notified by the Licensing Authority from time to time. A licensee or a lessee shall not commence prospecting or mining operations unless he has submitted the demarcation certificate to the Licensing Authority

and it has been approved. A boundary dispute in respect of the licensed or leased area shall be referred to the Licensing Authority whose decision shall be final.

During the financial year 2014-15, in the office of Assistant Director Mines & Mineral Development Mardan, it was noticed that different prospecting licenses and mining leases were awarded to the contractors, who did their operation during the period of contract i.e. upto June 2015. The contractors had a production of 6,194,389 ton (only Mardan district), of different minerals worth million of rupees, but boundary pillars were not constructed by majority of the lessees. Most of the contractors violated the jurisdiction and did illegal mining outside the areas allotted to them.

Audit holds that non-construction of the boundary pillars is a serious issue and was required to have been constructed on time for prevention of illegal mining and safeguarding the public interest. Non-construction of pillars resulted into illegal mining worth millions of rupees.

The issue of non-erection of boundary pillars occurred due to non-adherence to the provisions of rules/ orders of the authority and weak internal controls as well as undue favor to contractors.

When pointed out in March 2016, it was stated that detailed reply would be submitted after consulting the record in accordance with Mining Concession Rules 2005.

In the DAC meeting held in Nov 2016, the department replied that for illegal mining, fine imposed at the time of renewal, and that the fine imposed has been recovered. Further, amendments have been made in the Mines and Minerals Development and Regulation Ordinance 2016, and the meager fine has been increased manifold to compel licensees/lessees to erect boundary pillars. Further, the production mentioned was made from the granted area, non-erection is violation of Rule 146 & 147 and it never means that production was illegal. DAC disagreed and directed that an Inter-Departmental committee be constituted and a fact-finding inquiry be conducted. However, the inquiry has not been conducted till finalization of this report.

Audit recommends the DAC directives be implemented, responsibility be fixed against the person(s) responsible.

AP 230(2014-15)

15.4.15 Unauthentic and wasteful expenditure on the feasibility study - Rs.27.28 million

According to para 10 of GFR Vol-I, each officer is expected to incur expenditure from public money in a manner as a person of ordinary prudence would spend from his own pocket. Public money should be spent more carefully and economically in the public interest.

During the financial year 2014-15, in the office of Director General Mines & Mineral, Pakhtunkhwa, it was noticed that contract of consultancy was awarded, with completion period of only 30 months, starting from July 2012 to 2014 to Director Excellence Geology Department University of Peshawar under a Development Scheme “Regional Geochemical Exploration for precious metal in southern part of Pakhtunkhwa”. However, the project was not completed by the consultant despite lapse of considerable time. During the period from 2011-12 to 2014-15, an overall expenditure of Rs.27,280,000 was incurred, out of which Rs.25,498,000 was paid to consultant, but the study has neither been completed by consultant nor any fruitful result shown. Thus on one hand resulted in wastage of the public resources and on the other the objectives of the study could not be achieved. This means that the entire expenditure of Rs.27,280,572 including Rs.25,498,000 paid to consultant, was wasted as no fruitful result achieved. The details are as under.

(Rs)

Particulars	Year 2011-12	Year 2012-13	Year 2013-14	Year 2014-15	Total
Funds released	3,144,000	12,000,000	18,444,000	13,369,000	46,957,000
Expenditure	271,342	10,933,642	10,850,000	5,225,588	27,280,572
Total expenditure					27,280,572

Audit holds that the study was required to have been completed within stipulated period of time which was not done.

Wasteful expenditure on the feasibility study occurred due to non-adherence to rules, financial indiscipline and weak internal controls.

In the DAC meeting held in December 2016, the department replied that 5 gold potential zones were identified in the course of this project, and that was a huge discovery of its own kind. The aim of this project was to generate a geo-chemical data base in GIS, which will be helpful in future to attract investors in the exploration and mining sector of Khyber Pakhtunkhwa. Currently this data base is functional and providing information to interested

investors. DAC directed that inquiry be conducted by DG Mines & Minerals Development department to ascertain the facts within 15 days under intimation to Audit. However, the inquiry was not conducted till finalization of this report.

Audit recommends that DAC decision be implemented.

AP 543(2014-15)

Chapter-16

Provincial Housing Authority

16.1 Introduction

As per Rules of Business 1985 (amended to-date), the department has been assigned the business of:

- ❖ Administration of NWFP Provincial Housing Authority Act, 2005.
- ❖ Planning and execution of schemes under “Housing for all” and “Housing for Government Employees” and other Housing Schemes from time to time.
- ❖ Coordinating, Development Control and Policies with other Government agencies including Local Areas Authorities and Cantonment Boards.
- ❖ Formulation of Policies and Control with regard to Urban Growth and Development.
- ❖ Area Development Schemes and New Townships.
- ❖ Housing Loans and Investments.
- ❖ Preparation of schemes for approval of PDWP, CDWP and ECNEC etc
- ❖ Execution of works as deposit works.
- ❖ Service matters, except those entrusted to Establishment and Administration Department.

16.2 Comments on budget and accounts (variance analysis)

Summary of the Appropriation Accounts:

The Summarized position of actual expenditure 2015-16 against the total of our grants/appropriation was as follows:

Non-Development

						(Rs.)
Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
41-Housing	NC21	35,346,000	10	35,346,010	22,388,975	-12,957,035
Total		35,346,000	10	35,346,010	22,388,975	-12,957,035

Development

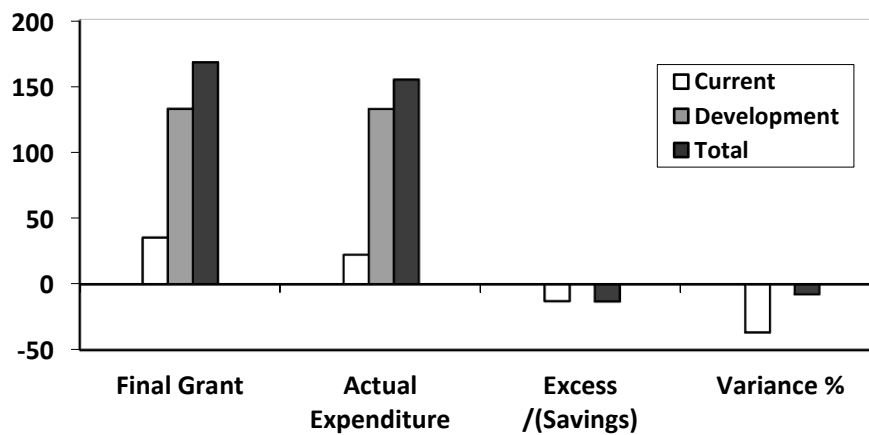
(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Expenditure	Excess/(Savings)
Housing Department	NC22	0	0	0	0	0
Housing Department	NC12	956,000,000	0	133,079,000	132,968,003	-110,997
Total		956,000,000	0	133,079,000	132,968,003	-110,997

Overview of expenditure against the final grant

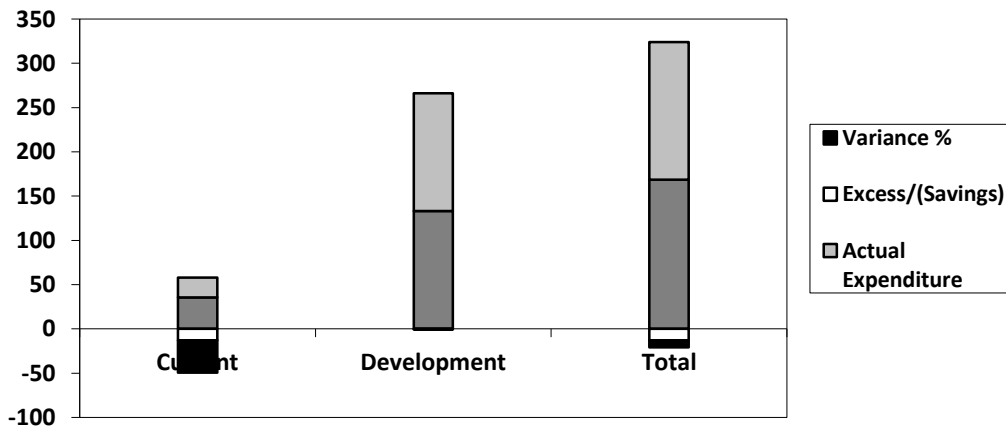
(Rs.)

Grant Type	Final Grant	Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	35.346	22.389	-12.957	-36.657
Development	133.079	132.968	-0.111	-0.083
Total	168.425	155.357	-13.068	-7.758



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Provincial Housing Authority administering the above grant did not surrender anticipated savings of Rs.13.068 million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



16.3 Brief comments on the status of compliance with PAC directives:-

SNo.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
01	2001-02	PP&H	40	-	17	23

16.4 Audit Paras

16.4.1 Loss to the government due to non-advertisement of consultancy contract – Rs.17.400 million

According to Section-2 of the Procurement Rules 2003 read with para 144 of GFR Vol-I and para 2.61 of the B&R Code, in giving out works on contract, tenders must be invited in the most open, public manners and transparently by the advertisement in the local English and Urdu newspapers through the Director Information.

During the financial year 2014-15, in the office of Director General Provincial Housing Authority Peshawar, consultancy for the preparation of Drawing, Design and Supervision was assigned to M/S Pervez Iqbal Consultant for Rs.10,480,000. He completed the task of preparation of drawing, design, PC-1 and left 15% of Rs.10,480,000 of Supervision Charges.

The PC-I was prepared on MRS 2013 and the cost was increased from Rs.840,000,000 to Rs.1,115,000,000. Later on the supervision of the said scheme was assigned to the same consultant M/S Pervez Iqbal Consultant at Rs.27,886,000 without any advertisement. This resulted into loss of Rs.17,406,000 to the government which needs recovery.

When pointed out in April 2016, the department stated that detailed reply would be furnished after consulting the record.

Audit requested the department repeatedly, through management letter and DO letter dated 06.12.2016, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that the matter may be investigated, responsibility be fixed besides effecting recovery.

AP 436 (2013-14)

16.4.2 Loss to public exchequer due to showing available earth as brought from borrow pit excavation - Rs.199.552 million

According to clause-11 of the contract agreement and PC-I of the scheme, work shall be executed strictly in accordance with specifications, designs, drawings and within the approved tendered cost.

During financial year 2015-16, in the office of the Director General, Provincial Housing Authority Peshawar, a work “Construction of Roads at Jalozi, Sector C&E” was awarded to three contractors. According to the approved PC-I and contract agreement, the earth available from excavation in common material shall be used in formation of embankment. However, the available earth was not used and the contractors were allowed to bring 393,049.56 M³ earth from outside borrow pits at higher rates. This resulted in loss of Rs.186,724,436 to public exchequer as detailed below:

Voucher No. & date	Quantity M ³	Rate P.M ³	Amount Paid	Less excavation	Loss
35 13.07.2016	173,399.55	556.56	96,507,254	5,885,148	90,622,106
54 26.02.2016	206,971.06	618.40	127,990,904	39,729,234	88,261,670
15 05.04.2016	12,678.95	618.40	7,840,660	0	7,840,660
Total	393,049.56		232,338,818	45,614,382	186,724,436

2. Feasibility studies, drawing/designs and master plans were prepared through consultants M/s EPAC Consultants Peshawar duly approved by the Provincial Housing Authority for which payment of Rs.7,189,000 million was made to the consultant. Therefore, the payment to the contractors should have been made as per approved design and drawings which was not done.
3. There was no provision for formation of embankment from borrow excavation in the original PC-1 & BOQ floated with tenders but this item of work was executed. Moreover Technical Sanction was also not accorded by the competent authority.

Similarly, in the work “Jerma Housing Scheme Kohat SH: Road and Sewerage system”, 23,981 m³ earth was obtained from excavation which was required to be used in formation of embankment but the same was not used and the contractor was allowed to bring 23,981 m³ earth @ Rs.534.92 for “Formation of embankment from borrow excavation” which resulted loss of Rs.12,828,060 to the Government exchequer.

The matter was reported to the management in April & December 2016. The management stated that in case of loss of Rs.186,724,436, joint investigation was carried out and FIR also lodged and in case of loss of Rs.12,828,060, no reply was furnished.

The matter was reported to the Government in April & December 2016 followed by DO letter to arrange DAC meeting but with no response.

Audit recommends to investigate the matter, fix responsibility and recover the loss.

APs 382 (2014-15) and 61, 62 & 63 (2015-16)

16.4.3 Loss due to less realization of cost of tender form– Rs. 1.850 million

According to Government of Khyber Pakhtunkhwa Finance Department Notification No BO (Res) FD/1-55/2011 dated 01.07.2011, cost of tender form at the rate of 0.05 % of the bid cost to be realized from the bidders.

During the financial year 2012-13, in the office of Director General Provincial Housing Authority Peshawar, it was noticed that different works were put to tender during the period from 14.09.2011 to 28.02.2013 and tender cost @ 0.03% of the estimated value of the work was realized from contractors despite the fact that the Government of Khyber Pakhtunkhwa has fixed the rate of 0.05% of the estimated cost as cost of tender form. The less realization of cost of tender form from the contractors resulted into loss of Rs.1,850,000 to the public exchequer.

Audit holds that loss was occurred due to weak financial management and violation of the rules.

When pointed out in January 2014, the management stated that no such notification has been received during the period.

In the DAC meeting held in March 2016, the management furnished the previous reply. DAC did not agree and directed that amount be recovered from the contractors. However, no progress was intimated till finalization of this report.

Audit recommends to implement the DAC decision.

AP 381 (2012-13)

16.4.4 Loss to the authority due to less recovery of plot charges -Rs. 3.289 million

According to S. No 10 (ix) of the Broacher for the housing scheme at Mulazai Peshawar, if for any reason the allottee surrender the plot to the authority, 10 % of the total cost of the plot shall be forfeited and the balance amount refunded.

During financial years 2011-12 and 2012-13, in the office of the Director General Provincial Housing Authority Peshawar, the allottees of the plots in the Mulazai housing schemes have surrendered their plots and were refunded the amount deposited for the purchase of plots by deducting only Rs.5,000 per allottee instead of 10% of the total cost of the plot resulting into loss of Rs.3,289,000 to the public exchequer which needs recovery.

Audit holds that loss was occurred due to non observance of the rules and procedures and financial indiscipline.

When pointed out in January 2014, the management stated that comprehensive case was submitted to Secretary Housing and as per his guidance, deductions were made.

In DAC meeting held in March 2016, the chair directed to recover the amount from defaulters. No further progress was intimated till finalization of this report.

Audit recommends that recovery may be made and deposited into government treasury.

AP 383 & 384 (2012-13)

16.4.5 Overpayment due to incorrect rates – Rs.4.242 million

According to item No.03-06-b of CSR-2009, the rate for the item of work “ earth filling in lawn including dressing and compaction borrowed” is Rs.93.60 per m³.

During the financial year 2014-15, in the office of Director General Provincial Housing Authority, the contractor M/S Jamal Badshah & Brothers was paid for the item of earth fill in lawn including dressing/compaction borrowed @ Rs.367.54 p.m³ instead of CSR – 2009 rate of 93.6 PM³ for 11,758 M³ which caused an overpayment of Rs.4,241,580 detail below which needs recovery.

S#	Item of work	Paid rate P.M ³	Required rate (3-6-b)	Diff	Quantity M ³	Amount (Rs)
1	Earth fill in lawn including dressing/compaction borrowed	367.54	93.60	273.84	11,758	3,219,811
				Add Area Factor 3%		96,594
						3,316,405
				Add 28.50% above		945,175
				Total Rs.		4,241,580

When pointed out in April, 2016, the department stated that reply would be furnished after consulting the record.

The matter was reported in May, 2016 through management letter followed by DO letter for arranging DAC meeting. No progress was intimated till finalization of this report.

Audit recommends that recovery of overpayment may be made and deposited into Government Treasury and position explained before PAC.

AP 385 (2014-15)

16.4.6 Loss due to payment at higher rate – Rs.1.380 million

According to the approved PC-1, the rate for the item of work, construction of main hole was approved @ Rs.3,500 per main hole.

During the financial year 2014-15, in the office of Director General Provincial Housing Authority Peshawar, in the scheme “Completion of Balance Work at Nasafa Payan SH: External works, rate of Rs.3,500 for the item of work “construction of 154 main holes” was approved in the PC-I. However, higher rates were approved and the contractor M/S I.K Marwat & Co. was paid @ Rs.12,500 per main hole which resulted into loss of Rs.1,386,000 to the government as per detail given below:

Paid rate	PC-I rate	Difference	Quantity	Loss Total Rs
12,500	3,500	9,000	154	1,386,000

When pointed out in April, 2016, the department stated that reply would be given after consulting the record.

Audit requested the department repeatedly, through management letters and DO letter for holding of DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to recover the overpayment and fix responsibility against the person(s) at fault.

AP 391 (2014-15)

16.4.7 Unauthorized payments not provided in the PC-I/BOQ – Rs.32.833 million

According to clause-11 of the contract agreement and PC-I of the scheme, work shall be executed strictly in accordance with specifications, designs, drawings and within the approved tendered cost.

During the financial year 2014-15, in the office of Director General Housing Authority Peshawar, expenditure of Rs.30,260,359 was incurred on the Scheme “Nasafa Payan Block (E&F)” through contractor M/s Sabz Ali Khan & Co. but comparison of BOQ, PC-I items with the final bill revealed that 107 items paid in the final bill were totally different from those provided in the PC-I and BOQ. The expenditure was therefore unauthorized.

Similarly Rs.2,572,661 was paid to contractor M/S I.K Marwat & Co. in the final bill for those items which were not provided in the revised PC-I and BOQ of the scheme “Completion of balance work at NASAPA Payan” (External Works) as per detail given below, which was unauthorized.

S#	Name of items	Paid Qty M ³	PC-I	Difference M ³	Rate PM ³	Amount (Rs)
1	Back filling around the pipe	3634	0	3634	62.95	228,760
2	Roadway excavation	2629	0	2629	245.96	646,629
3	Stone soling	982	0	982	1536.00	1,508,352
4	Sand filling	212	0	212	891.13	188,920
					Total	2,572,661

When pointed out in April, 2016, the department furnished no reply.

Audit requested the department repeatedly, through management letter and DO letter dated 06.12.2016, for holding of DAC meeting, however neither

DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends that the matter may be investigated and the unauthorized expenditure be regularized.

AP 378 & 393 (2014-15)

16.4.8 Unauthorized payment of escalation – Rs.4.440 million

According to the revised PC-I, revised administrative approval and technical sanction, there existed no provision for the payment of escalation the contractor.

During the financial year 2014-15, in the office of Director General Provincial Housing Authority Peshawar, the work “Completion of balance work at Nasafa Payan” was awarded to the contractor M/S Sabz Ali Khan with completion period of one year (12 months). The contractor failed to complete the work within stipulated period of 12 months and delayed the work for four years.

There existed no provision for the payment of escalation in the revised PC-I, revised administrative approval and technical sanction, even then payment of Rs.4,440,000 was made to the contractor on account of escalation which was unauthorized and needs recovery.

When pointed out in April 2016, the management stated that detailed reply would be furnished after consulting the record.

Audit requested the department repeatedly, through management letter and DO letter dated 06.12.2016, for holding of DAC meeting, however neither DAC meeting was convened nor any progress intimated till finalization of this report.

Audit recommends to recover the escalation amount from the concerned and position be explained before PAC.

AP 395(2014-15)

16.4.9 Non imposition of penalty – Rs. 33.299 million

According to clause-II of the contract agreement, 10% penalty of the contract amount should be imposed on the contractor for non-completion of the work within the stipulated time.

During the financial year 2014-15, in the office of Director General Provincial Housing Authority Peshawar, the work “Completion of Balance work at Nasapa Payan and Jerma scheme” was awarded to different contractors with completion period of 12 months.

All the work were delayed upto 04 years and extensions were granted from time to time by Director General Provincial Housing Authority who was empowered to accord extension in time limit not exceeding one half of the original time. Therefore, penalty of Rs.33,299,000 may be imposed as per annex-AA.

When pointed out in April, 2016, the department stated that reply would be furnished after consulting the record.

Audit requested the department repeatedly, through management letters and DO letter for holding of DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends that penalty alongwith escalation may be recovered and deposited into Government Treasury.

AP 381 & 388 (2014-15)

16.4.10 Unauthentic payment – Rs.47.026 million

According to Section 14 of the Auditor General’s Ordinance 2001, no information nor any book or other documents, to which the Auditor General has a statutory right of access, may be withheld from the Director General Audit.

During the financial year 2014-15, in the office of Director General Provincial Housing Authority Peshawar, Rs.47,026,000 was paid to Land Acquisition Collector out of assignment accounts for the purchase of Land of Housing Scheme in Swat, vide cheque No.A404288 dated 13.03.2014, the following documents were not provided to audit for verification.

- i. Fardh & Sketch map of the land
- ii. Feasibility Report of Communication & Works Department or Consultants.
- iii. Cost of Land Assessment/Reasonability Certificate by the Revenue Department.
- iv. Agreement deed with the owner of land
- v. Section 4 under Land Revenue Act 1884
- vi. Land Award Statement

- vii. Mutation Deed
- viii. Actual payees Receipt of Individuals/owners of land

When pointed out in April 2016, the management stated that detailed reply would be furnished after consulting the record.

Audit requested the department repeatedly, through management letter and DO letter dated 06.12.2016, for holding of the DAC meeting, however DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter and fix responsibility against the person(s) at fault.

AP 430 (2014-15)

Chapter – 17

Social Welfare Department

17.1 Introduction

As per Rules of Business 1985 (amended to-date), the Social welfare Department has been assigned the business of :

- ❖ Planning and co-ordination in the fields of Social Welfare.
- ❖ Charitable endowments.
- ❖ Standards of social work and education.
- ❖ Training and education of disabled.
- ❖ Custody, protection, treatment and rehabilitation of children involved in crimes, setting up and improvement of juvenile courts.
- ❖ Matters relating to formulation of public policies and laws to meet their special needs of women, ensuring that women's interests and needs are adequately represented in public policy formulation by various organs and agencies of Government.
- ❖ Registration of and assistance to women's organizations.
- ❖ Promotion and undertaking of projects for providing special facilities for women.
- ❖ Promotion and undertaking of research on the conditions and problems of women.

17.2 Comments on budget & accounts (variance analysis)

Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2015-16 against the total of grants/appropriation was as follows:

Non-Development

(Rs.)

Grant No. and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
32-Social Welfare	NC21	551,187,000	30	551,187,030	248,810,432	-302,376,407
33-Zakat and Ushr	NC21	193,841,000	70	193,841,070	155,989,224	-37,851,846
Total		745,028,000	100	745,028,100	404,799,656	-340,228,253

Development

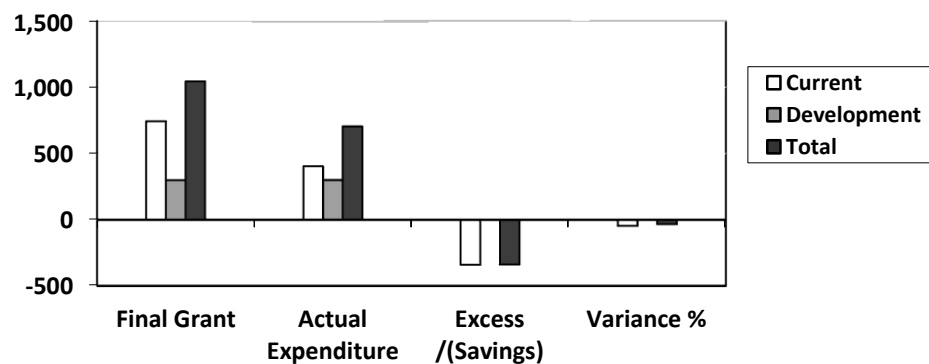
(Rs.)

Grant No. and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
Social Welfare & Women Development	NC22	187,000,000	0	53,825,000	55,121,068	1,296,068
Social Welfare	NC12	336,000,000	0	245,772,000	245,768,969	-3,031
Total		523,000,000	0	299,597,000	300,890,037	1,293,037

Overview of expenditure against the final grant

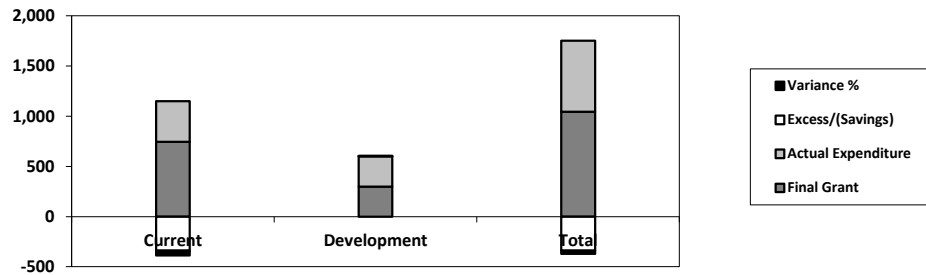
(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Saving)	Variance %
Non-Development	745.028	404.799	-340.228	-45.666
Development	299.597	300.890	1.293	0.431
Total	1044.625	705.689	-338.935	-32.445



Anticipated savings were not surrendered and lapsed

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30th June of each year in any case. The rule operates to enable government to be informed of expected savings in time to allow it to divert funding to where ever needed and to remain abreast of changes in circumstances that necessitate the change in pattern of expenditure and address the situation. In contravention, the Social Welfare Department administering the above grant did not surrender anticipated savings of Rs.338.935 million thus preventing the government from utilizing the funds elsewhere and the considerable amount lapsed. The position of savings as well as percentage variance is shown in the following graphs.



17.3 Brief comments on the status of compliance with PAC directives:-

Sno	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial Compliance	Nil compliance
1	Nil	Social Welfare	Nil	Nil	Nil	Nil

17.4 Audit Paras

17.4.1 Unnecessary drawl on account of stipend to senior citizens - Rs.12.000 million

According to Rule 290 of Central Treasury Rules, no money should be drawn from Government Exchequer unless it is required for immediate disbursement. It is not permissible to draw money from Treasury in anticipation of demand or prevent lapse of budget grant. Para 7 of GFR Vol-I says that money may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Finance.

During the financial year 2014-15, in the office of Director Social Welfare Peshawar, it was noticed that local office has drawn in June 2015 Rs.12,000,000 on account of stipends to Senior Citizens of 06-Districts. Instead of utilization of money for the purpose for which it was meant, the amount was drawn and deposited in National Bank of Pakistan, Ashraf Road Branch Peshawar. The amount is still lying in the Bank due to which Government funds blocked unnecessarily. Opening of bank account was also not approved by the Finance Department, which is very serious lapse on the part of management.

Audit holds that the irregularity occurred due to financial indiscipline and weak internal controls.

When pointed out in May 2016, the management stated that reply would be furnished later on.

In the DAC meeting held in November 2016, the department replied that the amount was not drawn unnecessarily, all home work was done. Data compiled by notified committee and after doing the needful, funds were drawn for disbursement. The DAC directed to refer the case to Finance Department for clarification and get approval for opening of bank account. However, no further progress was intimated till finalization of this report.

Audit recommends that the department may investigate the matter and fix responsibility against the person(s) at fault.

AP 601 (2014-15)

17.4.2 Excess payment than approved budget allocation - Rs.11.010 million

According to Para 106 of GFR Vol-I, disbursing officer may not on his own authority authorize any payment in excess of the funds placed at his disposal. In addition Para 7 of GFR Vol-I says that money may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Finance.

During the financial year 2014-15, in the office of Director Social Welfare Peshawar, it was noticed that Finance Department placed grant in aid of Rs.39,600,000 at the disposal of local office as financial assistance for Disable Persons which was drawn as per detail given below:-

(Rs.)

S.No	Cheque No.	Date	Total Cheque Amount	Amount for Disable Person
1	1140340	30.03.2015	3,280,000	19,800,000
2	1104019	11.03.2015	3,280,000	19,800,000
Total				39,600,000

The amount drawn was kept in the Commercial Bank under A/C No.002626-5 at University Town Branch without any approval of the competent authority. Opening of the said bank account was also not authorized by the Finance Department.

Later on Provincial Council for Rehabilitation of Disable Person distributed the financial assistance amount among 10,122 applicants @Rs.5,000 per applicant of 25 districts, which comes to Rs.50,610,000. Hence, a sum of Rs.11,010,000 (Rs.50,610,000 – Rs.39,600,000) was paid in excess than provision, which was unauthorized.

Audit holds that the irregularity occurred due to financial indiscipline and weak internal controls.

When pointed out in May 2016, the management stated that reply would be furnished later on.

In the DAC meeting held in November 2016, the department replied that the amount was kept in the bank in accordance with rule 30 of the North West Frontier Province Disabled Persons Employment and Rehabilitation Rules 1981. As far as excess payment is concerned, all sums paid by the establishment under section 11, grants made by the Federal/Provincial/ Local

bodies and donation by private individuals. The DAC directed that justification of excess payment and approval of Finance Department may be shown to Audit. The opening of unauthorized bank accounts without the approval of Finance Department may also be justified. No further progress was intimated till finalization of this report.

Audit recommends that approval of Finance Department for opening of unauthorized bank account and excess over allocation be justified. If there is no approval then inquiry be conducted and responsibility be fixed.

AP 596 (2014-15)

17.4.3 Un-authorized opening of bank accounts involving - Rs.93.600 million

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

During the financial year 2014-15, in the office of Director Social Welfare Peshawar, it was noticed that Finance Department released Rs.20,000,000, Rs.65,600,000 and Rs.8,000,000 as grant-in-aid. The local office drew the above funds and transferred to the following bank accounts:

S. No	Amount(Rs)	Deposited in Bank/ Account No.
1	20,000,000	NBP University Town Branch, Peshawar (002626-5)
2	65,600,000	NBP University Town Branch, Peshawar (002626-5)
3	8,000,000	Habib Bank Limited, University Town, Peshawar (1249-01)

It is further pointed out that the following bank accounts are opened and operated by Director Social Welfare, which needs clarification whether NOC was obtained from Finance Department or not:

S. No	Bank Account Number	Bank Name & Branch
1	4311-1	NBP, University Town Branch, Peshawar
2	002626-5	NBP University Town Branch, Peshawar
3	4096745916	NBP, Ashraf Road, Peshawar
4	1249-01	Habib Bank, University Town, Peshawar

It is further noted that Rs.93,600,000 released as grant in aid were deposited in undesignated account. All these accounts were unauthorizedly opened and the deposit of money was also unauthorized.

Audit holds that the irregularity occurred due to financial indiscipline and non-adherence to rules and procedures.

When pointed out in May 2016, the management stated that reply would be furnished later on.

In the DAC meeting held in November 2016, the department replied that record was taken into custody by the Ehtesab Commission, Khyber Pakhtunkhwa. In the absence of the record, purchase and procurements could not be made till 30.06.2015. Furthermore, the amount was deposited in the Schedule Bank in accordance with rule 30 of the North West Frontier Province disabled persons (Employment and Rehabilitation) Rules 1991. The designated account was allowed by Finance Department. The DAC directed to refer the case to Finance Department for clarification. Thus the matter regarding opening of unauthorized bank accounts was brought into the notice of Finance Department. They informed that account No.4311-1 was sanctioned/ Allowed while the other three bank accounts i.e. account No.2626-5, 409674916 and 1249-01 were opened without approval of the Finance Department.

Audit recommends to conduct inquiry and fix responsibility against the person(s) who opened unauthorized account.

APs 598, 599 & 602 (2014-15)

**MEMORANDUM FOR DEPARTMENTAL ACCOUNTS COMMITTEE
(MFDAC)**

S. No.	AP No.	Year	Department	Amount	Subject
1.	213	2014-15	H & TA	1.254	Unauthorized retention of cash
2.	122	2015-16	H & TA	2.019	Loss due to allowing payment for dismantled work
3.	130	2015-16	H & TA	1.025	Unauthorized payment as non BOQ item without approval of variation order.
4.	210	2015-16	H & TA	2.026	Suspected misappropriation of revenue
5.	211	2015-16	H & TA	1.517	Suspected misappropriation of receipts.
6.	212	2015-16	H & TA	0	Irregular execution of contract for fine collection
7.	213	2015-16	H & TA	1.700	Non clearance "Challans" involving fine
8.	215	2015-16	H & TA	1.190	Irregular payment of pay etc. of detailed officers
9.	216	2015-16	H & TA	2.294	Irregular expenditure from Govt. revenue.
10.	390	2015-16	H & TA	2.585	Overpayment of Police Guard pay and allowances to State Bank Peshawar.
11.	368	2015-16	H & TA	1.038	Loss due to excess issue of POL
12.	85	2014-15	Irrigation	1.374	Loss due to allowing higher rates
13.	86	2014-15	Irrigation	1.310	Doubtful expenditure from MR fund
14.	215	2014-15	Irrigation	0	Irregular appointment of staff
15.	305	2014-15	Irrigation	1.500	Suspected misappropriation of trees
16.	311	2014-15	Irrigation	1.942	Un-necessary retention of Govt. revenue
17.	329	2014-15	Irrigation	1.184	Loss due to ignoring the lowest rate
18.	335	2014-15	Irrigation	0	Irregular appointment from BPS-1 to 4
19.	338	2014-15	Irrigation	1.135	Overpayment
20.	339	2014-15	Irrigation	1.112	Loss due to unauthorized payment on non BOQ item

21.	215	2013-14	Education	0.200	Excess payment due to payment at higher rates
22.	230	2013-14	Education	0.829	Non-recovery of outstanding dues
23.	449	2013-14	Education	0.96	Un-authorized drawl of project allowance
24.	450	2013-14	Education	0.722	Irregular and unauthorized purchase of tyres.
25.	456	2013-14	Education	0.300	Overpayment of conveyance allowance
26.	457	2013-14	Education	0.215	Suspected misappropriation of pay and allowances
27.	458	2013-14	Education	0.212	Non imposition of penalty
28.	459	2013-14	Education	0.195	Overpayment in refund of admission
29.	462	2013-14	Education	0.131	Overpayment on account of deputation allowance
30.	505	2013-14	Education	1.336	Uneconomical expenditure on catering service.
31.	508	2013-14	Education	0.832	In fractious expenditure on 100 years old bricks.
32.	37	2014-15	Education	1.060	Un-necessary purchase of equipment
33.	45	2014-15	Education	0.717	Unauthorized drawl of conveyance allowance
34.	48	2014-15	Education	0.933	Loss due to issue of supply order on revised rate.
35.	69	2014-15	Education	1.418	Un-necessary purchase of equipment
36.	83	2014-15	Education	0.594	Loss due to ignoring the permissible limit
37.	311	2014-15	Education	0.987	Doubtful expenditure on POL
38.	312	2014-15	Education	0.416	Non-recovery of outstanding dues
39.	313	2014-15	Education	0.177	Non-recovery of outstanding dues
40.	314	2014-15	Education	0.226	Loss due to non payment of generator charges.
41.	315	2014-15	Education	0.183	Loss due to unnecessary retention of receipt.
42.	317	2014-15	Education	0.814	Unnecessary retention of registration fee.
43.	47	2014-16	Education	0.844	Loss due to non-recovery of dismantled items
44.	391	2012-13	C&W	1.507	Non-deduction of income tax

45.	544	2013-14	C&W	0	Misappropriation of 46 Kanal Land
46.	120	2014-15	C&W	1.129	Loss due to issue of machinery old higher rates
47.	946	2014-15	Health	0.693	Loss due to purchase medicine at Higher rate.
48.	66	2015-16	Health	1.107	Suspected misappropriation of hospital receipt
49.	210	2015-16	Health	1.368	Non-deposit of ambulance charges
50.	381	2015-16	Health	1.536	Loss due to consumption of Hospital electricity by staff

4.4.2

Annex-B

S.#	Vr No. & dt	Package No	Item of work	Quantity executed	Rates accepted & allowed	MRS 2013 +10% contr: profit	Loss
1	1-HK dated 06-04-2016 (1 st R/Bill)	1 (KM 1-12)	Roadway excavation in surplus/unsuitable common material (03-59-a)	13500 M3	Rs.700 per M3	Rs.259.08 +10%= Rs.285 per M3	415x 13500=5,602,500
			Roadway Excavation in surplus/unsuitable common rock material (03-59-c)	5800 M3	Rs.700 per M3	Rs.462.06 +10%= Rs.508 per M3	192x 5800= 1,113,600
			Excavation in hard rock grade/disposal & dress with design section (03-12-a)	5149.6915 M3	Rs.150 per M3	Rs.300.03 +10%= Rs.330 per M3	180x 5149.6915 =(-) 975,544
						Total	5,740,556
2	15-SH dated 22-03-2016 (1 st R/Bill)	2 (KM 13-24)	Roadway excavation in surplus/unsuitable common material (03-59-a)	11700 M3	Rs.700 per M3	Rs.259.08 +10%= Rs.285 per M3	415x 11700= 4,855,500
			Roadway Excavation in surplus/unsuitable common rock material (03-59-c)	2300 M3	Rs.600 per M3	Rs.462.06 +10%= Rs.508 per M3	92x2300= 211,600
			Excavation in hard rock Grade-IV disposal and dressing with design section(03-12-d)	4300 M3	Rs.300 per M3	Rs.500.335 Per M3	200x4300 =(-) Rs.861,444
						Total	Rs.4,205,659
3	1-HK dated 03-08-2016 (1 st R/Bill)	III (KM 24-35.225)	Roadway excavation in surplus/unsuitable common material (03-59-a)	5730.638 M3	Rs.700 Per M3	Rs.259.08 +10%= Rs.285 per M3	415x 5730.638= 2,378,215
			Roadway Excavation in surplus/unsuitable common rock material (03-59-c)	3900 M3	-do-	Rs.462.06 +10%= Rs.508 per M3	192x3900= 748,800
			Excavation in hard rock Grade-IV disposal and dressing with design section(03-12-d)	4539 M3	Rs.200 per M3	Rs.500.335 Per M3	300.335x 4539= Rs.1,363,221
						Total	Rs.1,763,794
						G.Total	Rs11,710,009

Annex-C

4.4.9

(Rs. in million)

S.No.	AP No.	Name of Work	Contract Cost	Actual Expenditure	Excess
1	368/ 2013-14	Constn. of BTR from Bagi Qamar to Vill: Kundal Ph:III 56 KM. SH: Constn. of Hathala Giloti (6Km) Phase-II. D.I.Khan	58.642	115.177	56.535
2	369/ 2013-14	1. Constn. of BTR from Bagi Qamar to Vill: Kundal Ph:III 56 KM. SH: Constn. of Hathala Giloti (6Km) Phase-II. 2. Construction of Hathala Kulachi section length 20 Km package 4 (KM 15 to 20 = 6 km) D.I.Khan	77.633	98.740	21.107
3	370/ 2013-14	1. Constn. of BTR from Bagi Qamar to Vill: Kundal Ph:III 56 KM. SH: Constn. of Hathala Giloti (6Km) Phase-II. 2. Construction of Hathala Kulachi section length 06 Km package 4 (KM 15 to 20 = 6 km) D.I.Khan	77.633	98.740	21.107
4	371/ 2013-14	1. Constn. of BTR from Bagi Qamar to Vill: Kundal Ph:III 56 KM. SH: Constn. of Hathala Giloti (6Km) Phase-II. 2. SH construction of Hathala Giloti Section length 16 KM package III (Km12 to 16 = 5 Km) D.I.Khan	61.789	79.078	17.289
5	372/ 2013-14	1. Constn. of BTR from Bagi Qamar to Vill: Kundal Ph:III 56 KM. SH: Constn. of Hathala Giloti (6Km) Phase-II. 2. SH construction of Hathala Giloti Section package II (Km 6- 11 = 6 km) D.I.Khan	58.819	120.807	61.988
6	50/ 2014-15	Construction of road from Garangi to Sher Killi of Pajjagi road Peshawar.	76.603	248.803	172.20
7	53/ 2014-15	Construction of Road from Markaz to Faqir Killi i/c bridge. Peshawar	75.684	115.528	39.844
		Total			390.07

Annex-D**4.4.12**

S.No	Work	Amount
1	AOM&R Chail Shinko Bashigram Road	Rs.992,711
2	-do-	Rs.1,615,224
3	AOM&R R/Wall at Shinko Emergent work	Rs.474,429
4	Emergent nature of work(not readable)	Rs.802,664
5	Preparation of Helipad for Dr.Amjad Ali arrival to Ghalegay ground dated 04-3-2016	Rs.12,120
6	AOM&R to Kalil Kandow Road Emergency nature of work	Rs.203,157
7	AOM&R to Surba Road Emergency nature of work	Rs.227,681
8	-do-	Rs.255,841
9	AOM&R to Parona Road Emergency nature of work	Rs.174,521
10	Jambil Parona Road	Rs.244,870
11	AOM&R to Kalil Kandow Road Emergency nature of work	Rs.267,426
12	AOM&R near steel bridge remaining wall Chail Road Emergency nature of work	Rs.632,464
13	Retaining Wall opposite side of Police station Mingora	Rs.917,024
14	AOM&R R/Wall at Dadhara Park Emergent nature of work	Rs.693,387
15	AOM&R Kass Drushkhela Malak Abad Road Emergent work	Rs.1,393,655
16	R/Wall near to Faiz Abad bridge Emergent work	Rs.315,394
17	AOM&R to Kabal Khem Dara Road	Rs.888,119
	Total	Rs.10,110,687

Annex-E

4.4.16

S#	Name of scheme	Name of contractor	Running bill	V.No. & date	Rate of premium applied	Admissible rate of premium	Excess Rate	Cost of work done	Amount of overpayment
1	GHS Sangolai	M/S Iqbal Cons: Co	12 th	39-PU 26.06.14	0.28	0.20	0.08	12,228,304	978,264
2	GHSS Zamindara	M/S Bashir Ahmad & Sons	13 th	12-PU 12.06.14	0.28	0.20	0.08	16,989,639	1,359,171
3	GGPS Kass Khas	M/S Nadar Shah	3 rd	8-P 06.06.14	0.30	0.20	0.10	2,473,691	247,360
4	GPS Mirgam	M/S Bahre Karam & Sons	3 rd		0.28	0.20	0.08	1,982,422	158,594
5	GGHS Ganori	M/S Shoaib Cont: Co	10 th	28-PU 25.06.14	0.30	0.20	0.10	11,538,906	1,153,891
6	GPS Dapoor	M/S Bahri Karam & Sons	3 rd	7-PU 11.10.13	0.28	0.20	0.08	1,685,565	134,845
7	GGPS Mangra Sakhra	Muhammad Tahir Khan	3 rd	26-PU 19.12.12	0.28	0.20	0.08	1,985,348	158,828
Total									4,190,953

Annex-F

5.4.1

Month	No of appointments	Monthly salary	No of months	Gross amount (Rs)
May-15	11	340256	14	4,763,584
Jun-15	1	40682	13	528,866
Jul-15	0	0	12	0
Aug-15	5	466547	11	5,132,017
Sep-15	96	4011357	10	40,113,570
Oct-15	26	1064296	9	9,578,664
Nov-15	124	4522240	8	36,177,920
Dec-15	129	3074706	7	21,522,942
Jan-16	208	3811925	6	22,871,550
Feb-16	0	0	5	0
Mar-16	16	1600060	4	6,400,240
Apr-16	7	685335	3	2,056,005
May-16	8	529168	2	1,058,336
Jun-16	10	374750	1	374,750
	641			
Total				150,578,444

Annex-G

5.4.5

(Rs)

S#	Name of DEO	Total issue shown	actual issued	Difference	Rate	Amount	page No. of Stock register	Remarks
1.	DEO (M) Bannu	65	55	10	35,420	354,200	7/8	Total 2527 PC Tablets were purchased for distribution amongst DEO (M) (F) in 25 Districts of Khyber Pakhtunkhwa
2.	DEO (F) Charsadda	49	46	03	-do-	106,260	22/23	
3.	DEO (M) DIKhan	142	132	10	-do-	354,200	25-29	
4.	DEO (F) Haripur	42	02	40	-do-	1,416,800	46	
5.	DEO (M) Karak	60	04	56	-do-	1,983,520	48	
6.	DEO (F) Karak	18	02	16	-do-	566,720	51	
7.	DEO (M) Kohat	66	02	64	-do-	2,266,880	52	
8.	DEO (F) Kohat	34	02	32	-do-	1,133,440	55	

9.	DEO (M) Kohistan	20	04	16	-do-	566,720	57	
10	DEO (F) Mardan	122	22	100	-do-	3,542,000	77	
11	DEO (M) Shangla	30	06	24	-do-	850,080	93	
Total		648	277	371	35,420	13,140,820		

Annex-H

5.4.15

(Rs)

Property detail	Land/shops	Per year income	Outstanding arrears
Harichand District Charsadda	583 Jreb agri land	2,405,458	9,621,791
Rai Mahal District Charsadda	338 Jreb Agri land	1,394,588	7,160,272
Tarnab District Charsadda	168 Jreb Agri land	693,168	629,773
Islmia club building Khyber Bazar	221 shops	5,969,268	10,185,263
Sabzi Mandi Charsadda	143 shops	5,743,872	707,475
College House charsadda	44 shops	645,312	349,941
Charsadda Mosque	25 shops	287,592	299,745
			28,954,260

Annex-I

5.4.46

Cheque #	Date	Name of construction building/ work	Contractor	Tender cost (Rs)
06445373	29.06.2016	Library & 2 Hostels Package-II	M/s Ismail Const	423.489
0504799	27.05.2016	Main Gate & fenced boundary wall	M/s Liaqat Ali	34.088
42850971	17.07.2015	I academic block Package-1A	M/s Abdullah	337.548
06445378	29.06.2016	Academic block Package IB	M/s Astron	605.349
06445372	29.06.2016	Civic and residential facilities Pack-III	M/s Raje Adalat	451.120
Direct paid	06.06.2016	Admin, auditorium, mosque & UCW Package-IV	M/s Zahir Shah	402.670
06445371	29.06.2016	External development works Package-V	Zahir Shah	298.881
0504899	28.06.2016	1 academic block Package A	Zahir Shah	329.600
0504800	27.05.2016	University college building A&B Package-C	Sahil builders	213.850
05036529	11.04.2016	1 hostel and examination block Package-B	Sahil builders	157.470
		Museum and medical centre Package D	Zahir Shah	132.660
		Land scape work Package H	Mumtaz Ali	203.050
		Construction of sport complex	-	20.350
Total				3610.125

Annex-J

5.4.59

(Rs)

S.No	Name of District	No. of cases of double drawl	TA Paid	Implementation cost	Total amount
1.	Battagram	22	257,200	741,598	998,798
2.	Kohat	67	760,800	2,258,503	3,019,303
3.	Buner	45	567,600	1,516,905	2,084,505
4.	Charsadda	40	436,800	1,348,360	1,785,160
5.	Haripur	30	347,400	1,011,270	1,385,670
6.	Lakki Marwat	117	1,472,800	3,943,953	5,416,753
7.	Karak	53	569,200	1,786,577	2,355,777
8.	Lower Dir	73	828,000	2,460,757	3,288,757
9.	Malakand	166	1,938,000	5,595,694	7,533,694
10.	Nowshera	36	458,800	1,213,524	1,672,324
11.	Peshawar	21	246,000	707,889	953,889
12.	Torghar	02	16,000	67,418	83,418
Total		672	7,898,600	22,652,448	30,578,048

6.4.3

Annex-K

(Rs)

Month	Total Generation in kwh (export)	Amount claimed @ Rs 1 per unit	Agreed Unit tariff Rate	Amount Required to be claimed @ 4.8159 PU	Difference
07/2014	4208040	4208040	4.8159	20265499.83	16057459.83
08/2014	6728040	6728040	4.8159	32401567.83	25673527.83
09/2014	6909120	6909120	4.8159	33273631.00	26364511
10/2014	5349960	5349960	4.8159	25764872.36	20414912.36
11/2014	5002200	5002200	4.8159	24090094.98	19087894.98
12/2014	4729680	4729680	4.8159	22777665.91	18047985.91
01/2015	1349640	1349640	4.8159	6499731.27	5150091.27
02/2015	0	0	4.8159	0.0	0.0
03/2015	987120	987120	4.8159	4753871.20	3766751.2
04/2015	3297240	3297240	4.8159	15879178.11	12581938.11
05/2015	5535360	5535360	4.8159	26657740.22	21122380.22
06/2015	4254840	4254840	4.8159	20490883.95	16236043.95
Total	48,351,240	48,351,240		232,854,736.71	184,503,496.66

Annex-L

6.4.10

Amount claimed			Paid amounts	
Date of claim	Month of claim	Amount claimed	Month of payment	Amount paid
04-08-2014	07/2014	248,917,554	07/2014	171,000,000
02-09-2014	08/2014	247,214,304	08/2014	335,000,000
01-10-2014	09/2014	237,330,432	09/2014	335,000,000
05-11-2014	10/2014	188,476,816	10/2014	235,000,000
02-12-2014	11/2014	152,685,784	11/2014	249,000,000
02-01-2015	12/2015	99,165,981	12/2015	163,000,000
03-02-2015	01/2015	143,878,025	01/2015	241,000,000
02-03-2015	02/2015	109,683,165	02/2015	50,000,000
02-04-2015	03/2015	230,776,184	03/2015	149,047,838
04-05-2015	04/2015	241,471,932	04/2015	133,000,000
02-06-2015	05/2015	248,897,054	05/2015	129,500,000
02-07-2015	06/2015	238,296,432	06/2015	287000,000
		2,386,793,663		2,477,547,838

Annex-M

6.4.11

(Rs)

Month	Total Generation in kwh (export)	Amount claimed @ Rs. one per unit	Amount paid			Outstanding / Less paid
			Ch No	Date	Amount	
07/2014	4208040	4208040	2904630	31.10.14	10824390	111690
08/2014	6728040	6728040				
09/2014	6909120	6909120	296221291	28.12.14	6811729	97391
10/2014	5349960	5349960	32083877	24.04.15	10317925	34235
11/2014	5002200	5002200				
12/2014	4729680	4729680	33684950	22.06.15	6104912	-25592
01/2015	1349640	1349640				
03/2015	987120	987120	33166431	30.07.15	2413707	1870653
04/2015	3297240	3297240				
05/2015	5535360	5535360	3526027	20.10.15	9564948	225252
06/2015	4254840	4254840				
Total	48351240	48351240			46037611	2313629

Annex-N**6.4.18**

(Rs)

Voucher No.	Date	Bus Charges	Vehicle Charges	Total
15	24.07.2014	100,000	150,000	250,000
52	29.08.2014	100,000	150,000	250,000
35	30.09.2014	100,000	150,000	250,000
19	30.10.2014	100,000	150,000	250,000
29	27.11.2014	100,000	150,000	250,000
21	13.01.2014	100,000	150,000	250,000
40	30.01.2015	100,000	150,000	250,000
1	02.03.2015	100,000	150,000	250,000
25	06.04.2015	100,000	150,000	250,000
1	05.05.2015	100,000	150,000	250,000
Nil	01.06.2015	100,000	150,000	250,000
Total				2,750,000

Annex-O

9.4.5

S.No	Name of PRC	Months	Quantity sold (kg)	Rate allowed	Rate fixed	Difference	Total (Rs)
1	Gang	7/2013	10433	27.50	28.12	0.62	6,468
2	Darosh	8/2013 9/2013	11900	55.62	61.87	6.25	36,937
3	Ayun	8/2013	18400	27.50	28.12	0.62	11,408
4	Bamburate	8/2013 9/2013	63500	55.62	61.87	6.25	119,530
5	Sussom	9/2013 8/2013 9/2013	22304	27.50	125 33.75 125	16.25	25,094
6	Shoghore	7/2013 -do- 9/2013 -do-	4 bags 404 kg 15 bags 1588 kg	120 27.50 120 28.12	125 33.75 125 33.75	5 6.25 5 5.63	11,585
7	Kosht	7/2013 8/2013	16258 11851	27.50 27.50	28.12 28.12	0.62 0.62	17,428
8	Gokhlai	7/2013 8/2013 9/2013	27429 14836 51302	27.50 27.50 28.12	28.12 28.12 33.50	0.62 0.62 5.63	313,794
9	Kuragh	7/2013 8/2013 9/2013	5383 15544 24783	27.50 27.50 28.12	28.12 28.12 33.75	0.62 0.62 5.63	152,502
10	Terich	7/2013 8/2013 9/2013	58424 179074 73617	27.50 27.50 28.12	28.12 28.12 33.75	0.62 0.62 5.63	561,712
11	Booni	7/2013 8/2013 9/2013	27100 21800 10000	27.50 27.50 28.12	28.12 28.12 33.75	0.62 0.62 5.63	86,618
12	Mastuj	7/2013 8/2013 9/2013	13302 16998 8445	27.50 27.50 28.12	28.12 28.12 33.75	0.62 0.62 5.63	66,330
13	Madalast	7/2013 8/2013 9/2013	2115 4530 15595	27.50 27.50 28.12	28.12 28.12 33.75	0.62 0.62 5.63	103,700
14	Torkoh	7/2013 8/2013 9/2013 -do-	29400 39515 33332 334 bags	27.50 27.50 28.12 120	28.12 28.12 33.75 125	0.62 0.62 5.63 5	230,386
15	Yarkhoon	7/2013 8/2013 9/2013 9/2013	38808 58871 91152 912	27.50 27.50 28.12 120	28.12 28.12 33.75 125	0.62 0.62 5.63 5	517,745
16	Chitral	7/2013 8/2013 9/2013	4300 4800 3500	27.50 27.50 27.50	Recovery made and credited into bank vide TC-2 dated 19.09.2013		0
17	Laspur	7/2013 8/2013 9/2013	13000 26500 42738	27.50 27.50 27.50	Difference credited into treasury vide TC-3 dated 19.09.2013		0
18	Khot	7/2013 8/2013 9/2013	90418 344274 404119	27.50 27.50 28.12	28.12 28.12 33.75	0.62 0.62 5.63	25,44,698
19	Rech	7/2013 8/2013 9/2013	85000 78316 187218	27.50 27.50 28.12	28.12 28.12 33.75	0.62 0.62 5.63	11,05,692
							2,311,663

10.4.11

Annex-P

S#	AP #	Item	Suppliers	Lowest Rate	Paid Highest Rate	Difference	Quantity	Amount (Rs)
1	510	Endotrachial	MS Paradise Expert Co	1995	3200	1205	150	180750
2	511	IV Stands	-do-	900	3600	2700	180	486000
3	512	Biometry machine for IOL calculation	Latif Bros	499500	815500	316000	2	632000
4	513	Slit lamp	Sudais Ent	624000	860000	236000	4	944000
5	515	Cystoscope with light source	Paradise export	2100000	2800000	700000	4	2800000
6	516	Operation microscope	Latif bro	1047000	2131000	1084000	4	4336000
7	517	Automatic film processor	Paradise export	1073000	2000000	927000	15	139050000
8	522	Oesophagoscope rigid	Surgiquips	81200	2200000	2118000	1	2118000
9	530	200KVA generator	Sherazi trading	3600000	4167974	56797	1	567974
10	531	10KV generator	-do-	710000	1032750	322750	2	645500
11	533	Oxygen Concentrator	MEDCO	90450	110000	19550	32	625600
	-do-	-do-	Paradise	94450	129000	38550	4	154200
12	534	Various items	-do-	-	-	-	-	969340
13	540	-do-	MEDCO	-	-	-	-	27200000
14	564	Oxygen concentrator	-do-	110000	129000	20000	4	80000
								180789364

10.4.17

(Rs.)

S #	Category of employees	No of employees	House subsidy per month per official drawn	Entitlement / approved ceiling for month	Difference	Loss
1.	Professors B-21	14	24,385	17,069	7,316	1,229,088
2.	-do- B-22	11	20,260	14,182	6,078	802,296
3.	Associate Prof B-19	16	16,055	11,238	4,817	924,864
4.	Assistant Prof B-18	16	12,310	8,617	3,693	709,056
5.	Senior Lec B-18	05	12,310	8,617	3,693	221,580
6.	Lecturer B-17	27	12,310	8,617	3,693	1,196,532
7.	Various officials B-16	09	9305	6,513	2,792	301,536
8.	Various officials B-14	12	9,305	6,513	2,792	402,048
9.	B-12	02	7,360	5,152	2,208	52,992
10.	B-11	10	7,360	5,152	2,208	264,960
11.	B-9,8&7	51	5,035	3,524	1,511	924,732
12.	B-6,5&3	26	3,310	2,317	993	309,816
13.	B-2	30	2,260	1,582	678	244,080
Total						7,583,580

Annex-R**10.4.40**

(Rs.)

S#	Month	Doctors share paid 25%	Share due 15%	Difference
1	July, 2015	361,566	216,940	144,626
2	August, 2015	708,495	422,937	285,558
3	Sep 2015	520,181	312,109	208,072
4	Oct 2015	464,724	278,834	185,890
5	Nov 2015	482,402	289,441	192,961
6	Dec 2015	520,544	312,326	208,218
7	Jan 2016	569,574	341,744	227,830
8	Feb 2015	549,871	329,923	219,948
9	Mar 2016	642,182	385,309	256,873
10	April 2016	699,766	419,860	279,906
11	May 2016	790,029	474,017	316,012
13	June 2016	600,747	360,448	240,229
Total		6,910,081	4,143,888	2,766,123

11.4.12

a) Traffic fine

S.No	Month	Total transactions	Amount (Rs)
1	Jul 2015	23910	239,100
2	Aug 2015	43582	435,820
3	Sep 2015	40738	407,380
4	Oct 2015	45686	456,860
5	Nov 2015	63296	632,960
6	Dec 2015	59216	592,160
7	Jan 2015	66664	999,960
8	Feb 2015	81716	1,225,740
9	Mar 2015	90001	1,350,015
10	Apr 2016	110628	1,650,420
11	May 2016	115600	1,734,000
12	June 2016	50698	760,470
Total		791735	10,484,885

b) Driving license

S.No	Month	Total transactions	Amount (Rs)
1	Jul 2015	6294	62,940
2	Aug 2015	11509	115,090
3	Sep 2015	10495	104,950
4	Oct 2015	9898	98,980
5	Nov 2015	10344	103,440
6	Dec 2015	9573	95,730
7	Jan 2015	10094	151,410
8	Feb 2015	12873	194,595
9	Mar 2015	11772	176,580
10	Apr 2016	8486	127,290
11	May 2016	8577	128,655
12	June 2016	5577	83,655
Total		115492	1,443,315

Annex-T**11.4.30**

(Rs)

S.No.	Date	Time of food	Total	Rate	Amount
1	28.5.15	Lunch	13946	200	2,789,200
2	28.5.15	Dinner	13946	200	2,789,200
3	29.5.15	Lunch	13946	200	2,789,200
4	29.5.15	Dinner	13946	200	2,789,200
5	30.5.15	Lunch	13946	200	2,789,200
6	30.5.15	Dinner	13946	200	2,789,200
7	29.5.15	Break fast	13946	50	697,300
8	29.5.15	02 No. Juices per person	13946	50	697,300
9	30.5.15	Break fast	13946	50	697,300
10.	30.5.15	02 No. Juices per person	13946	50	697,300
11	31.5.15	Break fast	13946	50	697,300
12	31.5.15	02 No. Juices per person	13946	50	697,300
					20,919,000

Annex-U**12.4.6**

S.No	SME Name	File No.	Amount
01	Hayat Marble Swat	SWT-283	906,000
02	Maaz Marble hangu	HGV-7140	960,000
03	Roman Compute	HGV-4487	500,000
04	Waziristan steel	HGV-3421	2,000,000
05	Haroon Tea store	LMT-8531	1,600,000
06	Taj Muhammad karyan	LMT-8535	1,440,000
07	Habib Indus Motors	DIK-2240	664,000
08	Kabir Medical store	HGU-7602	1,600,000
09	Shah Mobile	HGU-7154	1,200,000
10	Book land stationery	HGU-8492	1,200,000
11	Rehman Mobile	HGU-6776	500,000
12	Qazi glass House	HGU-6881	1,800,000
	Total		14,370,000

Annex-V**12.4.7**

S.No	Business Name	Amount (Rs)
01	Abid Mobile Hangu	960,000
02	Maaz Mobile Hangu	960,000
03	Pak Mobile Hangu	960,000
04	Moon Computer Hangu	1,200,000
05	Sky Computer Hangu	1,200,000
06	Sadiq Mobile Zone Pezu Laki Marwat	1,280,000
07	Jan Mobile Centre Pezu Laki Marwat	1,400,000
08	Super Asia Electronics Pezu	2,000,000
09	Arif Electronics Pezu	1,600,000
10	Sami Dental Clinic Pezu	1,440,000
11	Zia Surgical Centre Peshawar	900,000
12	Dawn Riffat Public School Karak	1,000,000
13	Shaheen Childern Academy Karak	1,000,000
14	Hotels at Balakot	19,560,000
15	Sarir Mining Co.	1,920,000
16	Taimur Mining Co.	2,000,000
	Total	39,380,000

13.4.6

(a)

S.No.	Voucher Number	Date	Amount (Rs)
1.	76-G	15.06.2015	4,983,679
2.	35-S	12.06.2015	2,616,406
3.	4-S	08.04.2014	2,430,881
4.	33-G	08.06.2015	364,689
5.	41-G	10.06.2015	527,253
6.	83-S	25.06.2015	405,853
7.	16-S	04.06.2015	207,318
8.	150-G	22.06.2015	364,840
9.	30-G	08.06.2015	583,833
10.	16-G	02.06.2015	401,086
11.	55-G	19.06.2015	171,938
12.	14-S	01.12.2014	208,183
13.	148	22.06.2015	570,122
14.	-	-	224,746
15.	83-S	25.06.2015	400,150
16.	50-G	19.06.2015	108,745
17.	40-S	12.06.2015	252,064
Total			14,821,787

(b)

S.No.	Voucher Number	Date	Amount (Rs)
1.	92-M	24.06.2015	310,462
2.	1-M	01.06.2015	614,020
3.	6-d	14.04.2015	535,758
4.	30-M	26.12.2014	1,048,503
5.	65-M	23.06.2015	1,732,427
6.	9-D	25.08.2015	366,588
7.	27-M	26.01.2015	1,524,360
8.	26-M	26.01.2015	2,666,773
Total			8,798,891

Annex-X**13.4.20**

Item	Rate paid	Rate as per PC-1	Difference	Qty	Amount (Rs)
Excavation in shingle Grave...	490	429.14	60.86	6415.74	390,461.94
PCC 1:3:6, in mass Concrete less form	4525	3926.07	598.93	641.65	384,303.43
Providing & Wave GI Wire netting	499.94	428.15	71.79	364.16	26,143.05
Supply & Stone filling of GI Wire..	455.95	394.59	61.36	5002.02	306,923.95
Supply filling of GI Wire crates	2101.13	1827.18	273.95	744.76	2,04027
Supply & Fill bricks in G I wire crates..	1162.54	1014.75	147.79	1117.16	165,105.08
Excavation in shingle or gravel...	291.21	0	291.21	232.76	67,782.04
Total					1,544,746.49

13.4.28

Item of work	%age	Quantity	Rate	Amount (Rs)
Excavation in shingle or gravel formation and rock not requiring blasting undressed 50m lead dry.	30%	12339.43	291.21 PM ³	3,593,365
Excavation in shingle or gravel formation and rock not requiring blasting undressed 50m lead wet	20%	8226.28	337.18 PM ³	2,773,737
Excavation in shingle or gravel formation and rock not requiring blasting undressed 50m lead flowing water	20%	8226.28	500 PM ³	4,113,140
Rock excavation dressing and disposal upto 50m medium hard rock requiring occasional blasting	30% with add item	18043.27	479.70 PM ³	8,655,357
Total				19,135,599

Annex-Z

15.4.2

S.No.	District/ Division	Annual Rent	Royalty	Total Amount (Rs.)
1	Chitral		21,780,720	21,780,720
2	Swat		235,120,412	235,120,412
3	Buner	10,380,535	12,671,240	23,061,775
4	Dir Lower	833,860		833,860
5	Kohat	108,102,555		108,102,555
6	D.I.Khan	21,840,367		21,840,367
7	Mardan	55,755,190		55,755,190
8	Swabi	23,200,209		23,200,209
Total		220,112,716	269,572,372	489,695,088
9	Peshawar	Detail record was not provided		
10	Hazara			
11	Malakand			
12	Shangla			

Annex-AA

16.4.9

(Rs. in million)

S#	Name of Scheme (Block)	Date of Commencement	Date of Original Completion	Actual Completion Date	E/Cost	Penalty @ 10%
1	A&B	27.09.2010	29.09.2011	30.06.2015	18.00	1.800
2	C&D	27.09.2010	29.09.2011	30.06.2015	17.0	1.700
3	E&F	04.04.2011	04.04.2012	30.06.2015	25.33	2.533
4	G1&G6	24.12.2011	24.12.2012	30.06.2015	23.90	2.390
5	I-J	17.12.2011	17.12.2012	30.06.2015	18.42	1.842
6	H&K	17.12.2011	17.12.2012	30.06.2015	17.53	1.753
7	Overhead	04.04.2011	04.04.2012	30.06.2015	14.592	1.459
8	External work	27.09.2010	27.09.2011	30.06.2015	20.00	2.00
9	Mosque	17.12.2011	17.12.2012	30.06.2015	9.240	0.924
10	External Gas Pipeline	04.04.2011	04.04.2012	30.06.2015	10.33	1.033
11	Jerma: Kohat Internal Dev:	04.2012	04.2013	03 years	35.781	3.578
12	Housing Scheme Jerma Tube Well	04.2012	04.2013	03 years	35.335	3.533
13	Jerma Road & Sewerage System	05.2012	05.2013	03 years	87.543	8.754
		Total				33.299