



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
GOVERNMENT OF  
KHYBER PAKHTUNKHWA  
AUDIT YEAR 2018-19**

**AUDITOR GENERAL OF PAKISTAN**

## ABBREVIATIONS & ACRONYMS

ADF	Agricultural Development Fund
ADP	Annual Developmental Program
BKU	Bacha Khan University
BOK	Bank of Khyber
BOQ	Bill of Quantity
BOS	Bureau of Statistics
BRT	Bus Rapid Transit
BTAP	Billions Tree Afforestation Project
C&W	Communication & Works
CCPO	Capital City Police Office
CM	Chief Minister
COC	Clauses of Contract
CPNE	Council of Pakistan Newspaper Editors
CPO	Central Police Office
CPPA	Central Power Purchase Agency
CPWA	Central Public Works Account
CPWD	Central Public Works Department
CRBC	Chasma Right Bank Canal
CSR	Composite Schedule Rate
CTR	Central Treasury Rule
DAC	Departmental Accounts Committee
DFO	Divisional Forest Officer
DG	Director General
DGHS	Director General Health Services
DHQ	District Headquarter Hospital
DIG	Deputy Inspector General
DPO	District Police Officer
DPR	Disable Persons Relief
FBR	Federal Board of Revenue
FPW	Flood Protection Work
GDP	Gross Domestic Product
GDP	Gross Domestic Product
GFR	General Financial Rule
GIS	Geological Information System
GPS	Global Positioning System
HC	Head Constable
HDF	Hydel Development Fund
HPA	Health Professional Allowance
HPP	Hydro Power Project
ICU	Islamia College University

IPC	Interim Payment Certificate
IT	Income Tax
KP	Khyber Pakhtunkhwa
KPRA	Khyber Pakhtunkhwa Revenue Authority
KUST	Kohat University of Science and Technology
MCC	Medicines Coordination Committee
MD	Managing Director
MDTF	Multi Donor Trust Fund
MIS	Management Information System
MOU	Memorandum of Understanding
MRS	Market Rates System
MTI	Medical Teaching Institution
MVE	Motor Vehicle Examiner
NEPRA	National Electric Power Regularity Authority
DPO	District Police Office
NIT	Notice Inviting Tender
NLC	National Logistic Cell
OPD	Out Patient Department
P & D	Planning and Development
PAC	Public Accounts Committee
PC-1	Planning Commission Proforma-I
PCC	Plane Cement Concrete
PDA	Peshawar Development Authority
PEDO	Pakhtunkhwa Energy Development Organization
PESCO	Peshawar Electric Supply Company
PHE	Public Health Engineering
PIU	Project Implementation Unit
PKHA	Pakhtunkhwa Highway Authority
PLS	Profit /Loss Saving A/c
PPA	Power Purchase Agreement
PRAL	Pakistan Revenue Automation (Pvt) Limited
RD	Road Distance
ROW	Right of Way
RRM	Random Rubble masonry
RTO	Regional Tax Offices
SBBWU	Shaheed Benazir Bhutto Women University
SDFO	Sub-Divisional Forest Officer
SNGPL	Sui Northern Gas Pipe Line
SSP	Senior Superintendent of Police
ST	Sales Tax
SU	Swabi University
TDC	Tobacco Development Cess

TMA	Town / Tehsil Municipal Administration
TPU	Transport Planning and Traffic Engineering Unit
UET	University of Engineering and Technology
UOH	University of Hazara Mansehra
UOP	University of Peshawar
UOS	University of Swat
UST	University of Science and Technology Bannu
VC's	Village Councils
w.e.f	With Effect From
W.S.S	Water Supply Schemes
WAPDA	Water and Power Development Authority

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## **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 2017-18 and the accounts of some formations for previous financial years. The Directorate General Audit Khyber Pakhtunkhwa conducted audit during 2018-19 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-A of the Audit Report. The audit observations listed in the Annexure-A 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.

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

**Islamabad**  
**Dated:**

## **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 31 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 106 officers and other staff resulting in 19173 man days. The annual budget of this Directorate General was Rs.125.535 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 Revenue Receipts Audit Report has been published separately.

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

Out of total expenditure of the Provincial Government for the financial year 2017-18, auditable expenditure under the jurisdiction of Director General Audit Khyber Pakhtunkhwa was Rs.371.890 billion covering 31 PAOs and 1404 formations. Out of this, Director General Audit Khyber Pakhtunkhwa audited an expenditure of Rs. 56.444 billion which, in terms of percentage is 15.17% of auditable expenditure.

### **b. Recoveries at the instance of audit:**

Recovery of Rs. 3,632.188 million was pointed out. The recovery of Rs.784.613 million was effected during the year 2017-18 and up to the time of compilation of report.

### **c. Audit Methodology:**

The audit year 2017-18 witnessed intensive application of desk audit techniques in the office of 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 of 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**

- ❖ Payment through Drawing and Disbursing Officer has been stopped by most of the departments and is now done through respective Vendor No/ Bank Accounts.
- ❖ Recovery of Federal taxes including With-holding tax and Capital Gain taxes are now being ensured by most of the Departments.
- ❖ Upon intervention/ pointation of Audit, recovery of Government revenue under the head, renewal of route permit fee, bus stand fee and goods forwarding agencies fee etc in Transport Department has been streamlined and ensured.
- ❖ The universities are now keeping their funds in profit earning investments, which will strengthen their financial health.
- ❖ Universities Syndicate used to increase CSR rates in civil works without approval from Government. Upon pointation of Audit, PAC issued directions to stop this practice, which may save millions of rupees for Government exchequer.

#### **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-production of record
- ❖ 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 avoid misuse of financial delegated powers
- ❖ 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:**

- ❖ Expenditure in excess of final grant of Rs.1,601.30 million was noticed in 1 case<sup>1</sup>.
- ❖ Blockage of government receipts of Rs.15.00 million was noticed in 1 case<sup>2</sup>.
- ❖ Difference between book and bank figures of Rs.21,048.00 million was noticed in 1 case<sup>3</sup>.
- ❖ Doubtful expenditure of Rs.40.076 million was noticed in 3 cases<sup>4</sup>.
- ❖ Fictitious and Fraudulent expenditure of Rs.9.969 million was noticed in 3 case<sup>5</sup>.
- ❖ Irregular expenditure of Rs.920.093 million was noticed in 7 cases<sup>6</sup>.
- ❖ Loss of Rs.475.999 million was noticed in 15 cases<sup>7</sup>.



- ❖ Misappropriation of receipt / issuance of driving licenses of Rs.12.119 million was noticed in 2 cases<sup>8</sup>.
- ❖ Missing vehicles of Rs.7.918 million was noticed in 1 case<sup>9</sup>.
- ❖ Non-achievement of project objectives of Rs.199.946 million in 1 case<sup>10</sup>.
- ❖ Non-consolidation of TMA, VCs / NCs expenditure of Rs.7578.00 million was noticed in 1 case<sup>11</sup>.
- ❖ Non-deduction / non-deposit/ less deposit of Rs.1,322.215 million was noticed in 31 cases<sup>12</sup>.
- ❖ Non-forfeiture of earnest money of Rs.3.258 million was noticed in 1 case<sup>13</sup>.
- ❖ Non-production of record of Rs.33.66 million was noticed in 14 cases<sup>14</sup>.
- ❖ Non-recovery of Rs.1887.66 million was noticed in 29 cases<sup>15</sup>.
- ❖ Non-utilization of available material of Rs.10.324 million was noticed in 1 case<sup>16</sup>.
- ❖ Overpayment of Rs.419.055 million was noticed in 13 cases<sup>17</sup>.
- ❖ Unauthentic / Unauthorized expenditure of Rs.2,467.273 million was noticed in 19 cases<sup>18</sup>.
- ❖ Wasteful expenditure of Rs.53.67 million was noticed in 2 cases<sup>19</sup>.

Para 1	1.1.1																			
Para 2	9.4.23																			
Para 3	1.1.3																			
Para 4	10.4.9	9.4.27	6.4.5																	
Para 5	12.4.11	12.4.14	12.4.12																	
Para 6	9.4.13	9.4.11	9.4.8	11.4.2	11.4.3	4.4.5	17.4.8													
Para 7	6.4.1	4.4.3	6.4.2	4.4.1	4.4.4	7.4.3	12.4.1	13.4.1	4.4.2	7.4.1	12.4.3	7.4.2	9.4.2	14.4.1	12.4.2					
Para 8	9.4.1	10.4.1																		
Para 9	17.4.12																			
Para 10	15.4.2																			
Para 11	1.1.2																			
Para 12	12.4.4	13.4.6	10.4.4	4.4.9	16.4.2	4.4.10	10.4.3	9.4.5	9.4.7	12.4.5	4.4.8	17.4.5	8.4.4	6.4.3	17.4.2	6.4.5	13.4.8	10.4.7	7.4.6	17.4.11
	9.4.24	9.4.26	14.4.6	17.4.10	10.4.8	2.4.1	9.4.25	4.4.11	14.4.7	6.4.6	9.4.19									
Para 13	12.4.13																			
Para 14	17.4.1	8.4.1																		
Para 15	17.4.4	14.4.5	14.4.3	9.4.4	13.4.2	13.4.7	6.4.4	17.4.3	5.4.1	7.4.5	4.4.12	9.4.6	14.4.4	14.4.2	10.4.2	3.4.4	5.4.3	13.4.4	13.4.10	13.4.11
	17.4.7	2.4.3	5.4.2	13.4.5	13.4.3	16.4.1	17.4.6	13.4.9	2.4.2											
Para 16	12.4.10																			
Para 17	7.4.7	12.4.9	15.4.1	9.4.17	4.4.6	4.4.7	12.4.6	12.4.8	9.4.18	9.4.3	7.4.4	12.4.7	8.4.3							
Para 18	5.4.6	9.4.22	3.4.1	8.4.2	9.4.15	9.4.12	10.4.5	3.4.2	11.4.1	9.4.14	17.4.9	9.4.16	5.4.4	5.4.5	9.4.10	2.4.1	10.4.6	9.4.9	3.4.3	
Para 19	9.4.21	9.4.20																		

Audit paras for the audit year 2018-19, involving procedural violations including internal control weaknesses and irregularities not considered worth reporting to the PAC are included in Annexure-A.

**f. Recommendations**

- ❖ The departments should ensure adherence to the provisions of GFR, Procurement Rules and other Government Instructions.
- ❖ PAOs should promptly investigate cases of embezzlements/frauds.
- ❖ The PAOs should strengthen the internal control mechanism to prevent losses and recurrence of similar nature of irregularities.
- ❖ 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.
- ❖ Reconciliation of expenditure needs to be carried out regularly by the departments with respective Accounts Offices.
- ❖ The PAOs should ensure production of auditable record to audit in respect of cases relating to non production of record pointed out by audit and take disciplinary action in terms of section 14 (3) of Auditor General's Ordinance, 2001.
- ❖ 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.
- ❖ The PAOs should ensure holding of DAC meetings regularly.
- ❖ Department needs to comply with the Public Procurement Rules for procurement of goods and services.

## SUMMARY TABLES & CHARTS

**Table 1 Audit Work Statistics**

S.No	Description	No.	Budget (Rs. in billion)
1	Total entities in Audit jurisdiction (PAOs)	31	8.711
2	Total formations in audit jurisdiction	1404	363.179
3	Total entities audited (PAOs)	24	4.336
4	Total formations audited	54	52.108
5	Audit and inspection reports	78	56.444
6	Special audit reports	1	5.770
7	Performance audit reports	1	0
8	Special studies	2	66.599
9	Other reports	2*	0

\* Evaluation of Health Policy on the control and prevention of Dengue Fever

\* Forensic Audit on 06 accounts of Bacha Khan Medical Complex Swabi

**Table 2 Audit observations classified by category**

S.No	Description	Amount (Rs. in million)
1	Unsound asset management	86.912
2	Weak financial management	5,255.576
3	Weak internal controls relating to financial management	24,675.39
4	Others	8,087.659
<b>Total</b>		<b>38,105.537</b>

**Table 3 Outcome statistics****(Rs. in million)**

S#	Description	Expenditure on acquiring physical assets (procurement)	Civil work	Receipts	Others	Total current year	Total last year
1	Outlays audited	188.561	9,005.555	-	47,250.216	56,444.334	40,318.952
2	Amount placed under audit observation/ irregularities of audit	61.588	7.756	3,632.188	34,404	38,105.54	23,291.020
3	Recoveries pointed out at the instance of Audit				3,632.188	3,654.835	8,256.039
4	Recoveries accepted/ established at the instance of Audit					3,654.835	8,258.441
5	Recoveries realized at the instance of audit					784.613	276.954

**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	2,089.418
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	71.557
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	7578
4	Weaknesses of internal control systems.	24,675.39
5	Recoveries and overpayments, representing cases of established overpayment or misappropriation of public money.	3,632.188
6	Non-production of record	33.66
7	Others, including cases of accidents, negligence etc.	25.324
<b>Total</b>		<b>38,105.537</b>

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

**Table 5 Cost Benefit**

<b>S.No</b>	<b>Description</b>	<b>Rs.in million</b>
1	Outlays audited	56,444.334
2	Expenditure on audit	125.535
3	Recoveries realized at the instance of audit	784.613
4	Cost Benefit Ratio	1:6.250

## **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 Expenditure in excess of final grant - Rs 1,601.298 million**

Para-88 of GFR Vol-I, provides that the authority administering a grant is ultimately responsible for watching the progress of expenditure in public service under its control and for keeping the expenditure within the grant.

During review of the Appropriation Accounts of the Government of Khyber Pakhtunkhwa for the Financial Year 2017-18, it was noticed that expenditure amounting to Rs 1.601 billion was incurred in excess of final grant/allocation as details given in Annexure-B.

Audit is of the view that expenditure in excess of the final grants needs budgetary checks in SAP System in order to restrict the payments within the limit of final grants.

The lapses occurred due to weak internal control.

When reported to the management in 12/2018 it was stated that under para 91 of the GFR volume-I, administering the grant is the primary responsibility of the Principal Accounting Officer and the Department will explain its position before the PAC.

In the DAC meeting held on 08.01.2019, it was decided that the matter should be taken up with the PAO and Finance Department for regularization.

Audit recommends the implementation of DAC decision.

AP (AP/FI-01) 2017-18

### **1.1.2 Non-consolidation of TMA, VCs / NCs expenditure - Rs.7,578.00 million**

According to the Local Government Act 2013 Chapter II – 5. Constitution of Local Government - subject to the other provisions of this Act, Local government constituted under the Act shall be:- (a) A City District government. (b) A Tehsil Municipal Administration. (c) A Village Council for a village in the rural areas. (d) A Neighborhood Council for neighborhood in areas with urban characteristics.

During the review of Financial Statements of Government of Khyber Pakhtunkhwa for the year 2017-18 submitted by the Accountant General Khyber Pakhtunkhwa, it was noticed that the Provincial Government released Grants amounting to Rs. 164,993.00 million as per Note No.25 of the Financial Statement “Grants, Subsidies and writ off loans to Districts Government, TMAs, VCs / NCs (Village Councils & Neighborhood Councils).

It was further revealed that against release of total grant Rs. 164,993.00 million a sum of Rs.144,889.00 million was released to local / Distt Govt. Out of release to local Govt. a sum of Rs.137,311.00 million has already been consolidated and the remaining balance of Rs. 7,578.00 million pertained to TMA and VCs/NCs have not yet been consolidated in the financial statement.

The lapses occurred due to weak internal control.

When reported to the management in 12/2018 it was stated that the accounts of the TMA and VCs/NCs are being maintained by the Government of Khyber Pakhtunkhwa which has been requested time and again to provide the accounts of the TMAs and VCs/NCs for consolidation. So far data up to 31.12.2018 has been provided to this office. The observation has already been forwarded to the Finance Department Khyber Pakhtunkhwa vide letter No. FS&QAC/2017-18/Action Plan/Vol-II/682 dated 03.10.2018 for necessary action. Moreover, the approved format of Financial Statement for Provisional and District Government provides no provision for consolidation of TMAs and VCs/NCs. Proposed amendments have already been forwarded to CGA with a copy to DG District Audit Khyber Pakhtunkhwa for approval.

The reply is not acceptable because expenditure consolidation of TMAs, VCs / NCs was not done as per Act.

In the DAC meeting held on 08.01.2019, it was decided that para stand till the final decision of the Finance Department Khyber Pakhtunkhwa, CGA and Auditor General of Pakistan.

Audit recommends the implementation of DAC decision.

AP (AP/FI-02) 2017-18

**1.1.3 Difference between book and bank figures due to non-reconciliation - Rs. 21,048.00 million**

According to the APPM chapter 6 (6.5.3.8) the delegated officer in the office of the Accountant General shall reconcile with the SBP Consolidate Monthly Report, sent by the SBP-HQ to the AG Consolidated Monthly Report prepared by his/her office.

During review of Finance Accounts, it was pointed out that there is difference between Book and Bank balances amounting to Rs. 21,048.00 million at the end of financial year 2017-18, which needs justification as detailed below:

**(Rs.in Million)**

	<b>Book Balance</b>	<b>Bank Balance</b>	<b>Difference</b>
Provincial	16,940	8,768	8,173
District	12,875	0	12,875
		<b>Total</b>	<b>21,048</b>

The difference between Book and Bank is brought to notice for justification.

The lapses occurred due to weak internal control.

When reported to the management in 12/2018 it was stated that the accounts was decreased by Rs. 2.00 billion and further decreasing due to timely reconciliation by the AG office.

In the DAC meeting held on 08.01.2019, it was decided that relevant record for Rs. 2.00 billion may be shown to audit for verification and the balance difference should be reconciled within one month under intimation to audit.

Audit recommends implementation of DAC decision.

AP (AP/FI-03) 2017-18



## **Chapter – 2**

### **Administration Department**

#### **2.1 Introduction**

As per Rules of Business 1985, 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.

## 2.2 Comments on budget and accounts (variance analysis)

### Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2017-18 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	4,082,007,000	80	4,082,007,080	2,829,957,941	(1,252,049,139)
2-General Administration	NC24	575,046,000	50	575,046,050	538,981,375	(36,064,675)
<b>Total</b>		<b>4,657,053,000</b>	<b>130</b>	<b>4,657,053,130</b>	<b>3,368,939,316</b>	<b>(1,288,113,814)</b>

#### Development

(Rs.)

Grant # 50 and Name of Department	Grant Type	Original Grant	Supplementary Grant/Re-appropriation	Final Grant	Total Actual Expenditure	Excess / (Savings)
Establishment, Services, General Administration	NC22	85,000,000	0	5,956,000	5,954,779	(1,221)
	NC22	101,527,000	0	70,946,000	73,369,082	2,423,082
	NC22	109,801,000	0	53,264,000	52,532,620	(731,380)
	NC22	175,998,000	0	4,430,168,000	4,435,344,679	5,176,679
	NC12	10,002,000	0	2,500,000	2,500,000	0
<b>Total</b>		<b>482,328,000</b>	<b>0</b>	<b>4,562,834,000</b>	<b>4,569,701,160</b>	<b>6,867,160</b>

## Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	4,657.053	3,368.939	(1,288.113)	27.66
Development	4,562.834	4,569.701	6.867	0.15
<b>Total</b>	<b>9,219.887</b>	<b>7,938.64</b>	<b>(1,281.246)</b>	<b>13.89</b>

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30<sup>th</sup> 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 Administration Department administering the above grant did not surrender anticipated excess of Rs.1281.246 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:-

SNo.	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1	2001-02	Establishment & Administration	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	2008-09	-do-	14	05	-	09
7	2009-10	-do-	32	09	-	23
8	2010-11	-do-	25	08	-	17
9	2011-12	-do-	20	08	-	12
10	2012-13	-do-	08	06	-	02
11	2013-14	-do-	12	06	-	06

## **2.4 Audit Paras**

- 2.4.1 1. Un-authorized retention of government money in private bank account Rs. 315.00 million**
- 2. Non-transfer of interest - Rs 6.160 million**

According to Rule 290 of CTR, no money should be drawn from treasury unless required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demand or to prevent lapse of budget grant read with letter No.2/3-(F/L) FD/2007-08/Vol-IX dated Peshawar the 10<sup>th</sup> February 2014 read with Khyber Pakhtunkhwa Finance Department letter No. 213-(F/L)FD/2007-08/Vol-IX dated 10-02-2014 which states that the interest earned be immediately transferred to government treasury.

During the financial year 2017-18, in the office of Secretary Administration Department, Khyber Pakhtunkhwa Peshawar, it was noticed that Rs. 315,000,000 were drawn from government treasury for overhauling of MI-171 helicopter in December 2017 and February 2018 and kept the same in Bank of Khyber Account No.CDA-12080-00-6 without its utilization for the last 2 years. Moreover, the profit of Rs. 6,159,704 earned on the balance lying in the account was also not transferred to government treasury.

The lapse occurred due to weak financial management.

When pointed out in September 2018, it was stated that reply will be furnished after consulting the record.

Audit requested the department concerned for holding DAC meeting on 10.10.2018. DAC meeting was not convened till finalization of this report.

Audit recommends investigation in the matter fixing responsibility for retention of Government funds in commercial bank, besides non deposit of profit earned in the relevant head of account.

AP 73 & 91 (2017-18)

### **2.4.2 Non-recovery on account of loss/damages to government vehicles - Rs. 2.720 million**

According to Administration Department (Transport Section) letters No. SOT (AD) 1-80/2011 dated 03-10-2017 and SO (Transport)/AD/1-80/2011 dated: 05-07-2018, recovery of Rs.2720200/- was ordered by the inquiry committee incurred on the repair of Govt vehicles on account of loss caused due to accidents.

During the financial year 2017-18, in the office of Secretary Administration department, Khyber Pakhtunkhwa Peshawar, it was noticed that loss of Rs. 2,720,200/- was sustained by Govt due to accident of Government vehicles.

S.No.	Vehicle No.	Allottee	Loss/damages (Rs)
01	AA-4283	Mr. Arshid Khan Umarzai	940,200
02	AA-4280	Syed Muhammad Ishtiaq Urmar	930,000
03	AA-4279	Mian Jamshid Ud Din Kaka Khel	850,000
<b>Total</b>			<b>2,720,200</b>

Audit observed that loss was not recovered from individuals till the date of audit which needs recovery and deposit into government treasury.

The lapse occurred due to weak financial controls.

When pointed out in September 2018, it was stated that reply will be furnished after consulting the record.

Audit requested the department concerned for holding DAC meeting on 10.10.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery from the person (s) at fault.

AP 81 (2017-18)

#### **2.4.3 Non-recovery of rent of cafeteria, civil secretariat - Rs. 1.190 million**

According to Administration Department's letter No. EO(Admn)183-M/V-3 dated; 07-03-2018, the contract of Cafeteria Civil Secretariat Peshawar was awarded to M/S Taj Sons Government Contractors & General Order Supplies Service at a monthly rent of Rs. 210,000/-.

During the financial year 2017-18, in the office of Secretary Administration Department, Khyber Pakhtunkhwa Peshawar, it was observed that the contractor failed to deposit rent of Rs.1,190,000 from 3/18 to 7/18 (210,000 \* 5) till the date of audit i.e. August 2018. No action on the part of department was shown to audit against the contractor for recovery.

The lapse occurred due to extending undue favor to the contractor.

When pointed out in September 2018, it was stated that reply will be furnished after consulting the record.

Audit requested the department concerned for holding DAC meeting on 10.10.2018. DAC meeting was not convened till finalization of this report.

Audits recommend recovery of rent and its deposit into Government Treasury.

AP 86 (2017-18)

## Chapter - 3

### Agriculture Department

#### 3.1 Introduction

As per Rules of Business 1985, 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.

#### 3.2 Comments on budget and accounts (variance analysis)

##### Summary of the Appropriation Accounts:

A summary of grants/appropriations and actual expenditure in FY 2017-18 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	2,729,544,000	320	2,729,544,320	1,728,435,609	(1,001,108,711)
<b>Total</b>		<b>2,729,544,000</b>	<b>320</b>	<b>2,729,544,320</b>	<b>1,728,435,609</b>	<b>(1,001,108,711)</b>

## Development

(Rs.)

Grant # 50 (Prov) NC12 & 22 and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
Agriculture	NC22	2,295,139,000	10	1,632,310,000	1,633,062,956	752,956
	NC12	80,000,000	0	9,000,000	4,000,000	5,000,000
<b>Total</b>		<b>2,375,139,000</b>	<b>10</b>	<b>1,641,310,000</b>	<b>1,637,062,956</b>	<b>5,752,956</b>

## Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	2,729.544	1,728.436	(1,001.107)	36.67
Development	1,641.310	1,637.063	(5.753)	0.35
<b>Total</b>	<b>4,370.854</b>	<b>3,365.499</b>	<b>(1,006.86)</b>	<b>23.04</b>

Para 95 of GFR Vol-I states that all anticipated saving should be surrendered immediately but not later than 30<sup>th</sup> 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.1,006.86 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:-

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	005	-	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	04	-	09
9.	2010-11	-do-	33	17	-	16
10.	2011-12	-do-	07	07	-	-
11.	2012-13	-do-	02	-	-	02
12.	2013-14	-do-	17	06	-	11
13.	2014-15	-do-	15	05	-	10



### 3.4 Audit Paras

#### 3.4.1 Unauthorized and irregular expenditure on purchase of date plants - Rs. 29.730 million

According to Supply Order dated 10.10.2015, the competent authority approved the offered rate of Rs.3520/- per plant with the condition that 40% of the expenditure will met out of the farmer's shares.

During Financial Year 2016-17, the accounts record of Directorate General Agriculture Extension Khyber Pakhtunkhwa Peshawar, revealed that a sum of Rs 17.838 million was drawn from the Government Account of District Director Agriculture, DIKhan and shown paid to M/S Rasool Khan, Government contractor on account of supply of date plants as 60% Government share and Rs. 11.892 million was shown as 40% farmers share which was not recovered. Detailed below:

(Amount in Rs.)

<b>Cheque No &amp; Date</b>	<b>Amount 60%</b>	<b>Farmer share 40%</b>	<b>Total</b>
1326003 dt. 17.11.2016	5,575,680	3,717,120	9,292,800
1326225 dt. 01.12.2016	3,672,768	2,448,512	6,121,280
1429280 dt. 21.03.2017	3,298,944	2,199,296	5,498,240
1429281 dt. 21.03.2017	291,540	194,360	485,900
1429281 dt. 21.03.2017	4,999,104	3,332,736	8,331,840
<b>Total</b>	<b>17,838,036</b>	<b>11,892,024</b>	<b>29,730,060</b>

In addition audit also observed the following irregularities:

- 1) The supplier was required to be registered with the Seed certification and registration Department which was not registered.
- 2) Call deposit of Rs. 200,000/- was not found on record.
- 3) Contact agreement was not executed with the supplier M/S Rasool Khan & Sons on judicial stamp paper.
- 4) Performance guarantee @ 10% not retained.
- 5) Monitoring reports were not available on the record.

The lapse occurred due to weak internal control and financial mismanagement.

When pointed in April 2018, it was stated that detail reply will be furnished later on.

Audit requested the department concerned for holding DAC meeting on 17.05.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery beside inquiry into the matter.

AP 118 (2016-17)

### **3.4.2 Unauthorized expenditure through DDO - Rs 3.786 million**

Para-157(2) of CTR provides that payment should be made to the suppliers in cheque instead of cash.

During Financial Year 2016-17, the accounts record of Directorate General Agriculture Extension Khyber Pakhtunkhwa Peshawar, revealed that the District Director Agriculture DI Khan incurred an expenditure of Rs 3.786 million through DDO instead of cross cheque to the suppliers and contractors etc. (Annex-C).

The lapse occurred due to weak internal controls and financial mismanagement.

When pointed out in April 2018, the Department stated that reply will be furnished later on.

Audit requested the department concerned for holding DAC meeting on 17.05.2018 followed by reminder on 02.10.2018. DAC meeting was not convened till finalization of this report.

Audit recommends inquiry into the matter and fixing responsibility on person(s) at fault.

AP 120 (2016-17)

### **3.4.3 Unauthorized retention of interest – Rs.96.393 million**

The Finance department letter No 2/3-(F/L)FD/2007-08 Vol-IX dated 02.06.2015 requires that all bank accounts opened in commercial banks may be converted in to PLS mode and the profit earned be deposited in Government Treasury.

During Financial Year 2017-18, the accounts record of Directorate General Agriculture Extension Khyber Pakhtunkhwa Peshawar, revealed that DG Agriculture Extension is operating ADF Bank Account No.

01141490007511 with Faysal Bank Peshawar. In the said account Rs.96.393 million was earned as interest during the past five years which was not deposited into Government Treasury.

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

When pointed out the Department replied that in this regard it is stated that ADF is providing quality seed to growers at their door steps on subsidized rates and running its activities on no profit basis. In order to meet the overhead expenses, ADF needs funds to meet its expenditure. ADF is not receiving any budget/ financial support from Government as well as from any other source and is fulfilling its requirement from the interest being paid by the bank as per decision of the program Steering Committee. The reply was not convincing, as Finance Department instructions do not mention any exception for the ADF.

Audit requested the department concerned for holding DAC meeting on 17.05.2018. DAC meeting was not convened till finalization of this report.

Audit recommends deposit of interest accrued into Government account.

AP 24 (2017-18)

#### **3.4.4 Non-recovery of penalty from supplier - Rs.5.184 million**

According to Directorate of Agriculture Engineering Khyber Pakhtunkhwa letter No.2892-2902/DAE/Accounts/2/67/Vol-III/Part-II dated 27/03/2018, the sub offices were directed to recover the penalties from the supplier.

During Financial Year 2017-18, the accounts record of Directorate General Agriculture Extension Khyber Pakhtunkhwa Peshawar, revealed that bid for the supply under the scheme “provision of pumping machinery for productivity enhancement in Khyber Pakhtunkhwa” was awarded to the Firm MS. MAK Pumps Company Pvt. Ltd. The supplier failed to provide the solar pumping machineries to the field offices of the Agriculture Directorate within the stipulated period of time i.e 30 days. However, penalty of Rs.5,184,091 was not recovered from the supplier as detailed below:-

<b>S.No.</b>	<b>Name of Office</b>	<b>Amount. (Rs)</b>
1	Assistant Agriculture Engineer Bannu	2,512,121
2	Assistant Agriculture Engineer D.I.Khan	490,283
3	Assistant Agriculture Engineer Tarnab Peshawar	350,028
4	Assistant Agriculture Engineer Malakand at Batkhela	1,058,434
5	Assistant Agriculture Engineer swat	366,840
6	Assistant Agriculture Engineer Kohat	406,383
	<b>Total</b>	<b>5,184,091</b>

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

When pointed out April 2018, the Management stated that detail reply will be given later on.

Audit requested the department concerned for holding DAC meeting on 08.05.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery from the supplier.

AP 78 (2016-17)

## Chapter – 4

### Communication & Works Department

#### 4.1 Introduction

As per Rules of Business 1985, 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 2017-18 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	2,886,780,000	90	2,886,780,090	2,655,767,153	(231,012,937)
15-Roads, Highways, Bridges, Buildings and Structure (Repair)	NC21	3,713,487,000	0	3,713,487,000	2,518,881,086	(1,194,605,914)
	NC24	4,015,000	0	4,015,000	0	(4,015,000)
	<b>Total</b>	<b>6,604,282,000</b>	<b>90</b>	<b>6,604,282,090</b>	<b>5,174,648,239</b>	<b>(1,429,633,851)</b>

## Development

(Rs.)

Grant # 50 (Prov) NC12 and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
Grant No. 56		13,730,009,000	6,028,217,100	19,758,226,100	19,936,844,379	178,618,279
Building & structure	NC12	5,999,353,000	0	3,687,554,000	3,520,182,114	(167,371,886)
Building & structure	NC22	542,581,000	20	226,971,020	228,438,768	1,467,748
<b>Total</b>		<b>20,271,943,000</b>	<b>6,028,217,120</b>	<b>23,672,751,120</b>	<b>23,685,465,261</b>	<b>12,714,141</b>

## Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Savings)	Variance %
Non Development	6,604.282	5,174.648	(1,429.633)	21.65
Development	23,672.751	23,685.465	12.714	0.05
<b>Total</b>	<b>30,277.033</b>	<b>28,860.113</b>	<b>(1,416.919)</b>	<b>4.68</b>

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.1,416.919 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	09	-	06
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	26	-	12
10.	2011-12	-do-	07	06	-	01
11.	2012-13	-do-	10	05	-	05
12.	2013-14	-do-	30	09	-	21

#### **4.4 Audit Paras**

##### **4.4.1 Loss due to non-deduction of sales tax from contractors - Rs.19.11 million**

According to Khyber Pakhtunkhwa Revenue Authority Sales Tax on Services Special Procedure (Withholding) Regulation 2015, Notified vide Notification No. F-16(4)KPR/Notification/ WH/1383 dated 31-08-2015, 5% Sales Tax is applicable on Construction Services.

During the financial year 2015-16, in the office of Executive Engineer Provincial Building Maintenance Cell Peshawar, it was noticed that a sum of Rs.382,204,495/- was paid to the contractors on account of repair/maintenance and construction works. However, Sales Tax at the rate of 5% was not deducted from the payments in violation of the above Khyber Pakhtunkhwa Revenue Authority Regulation. This caused a loss of Rs. 19,110,225/- to the government.

Audit held that non deduction of Sales Tax occurred due to non adherence to the provisions of rules and weak internal controls.

When pointed out in June 2017, the management stated that detailed reply will be furnished after record verification.

Audit requested for holding DAC meeting on 21.06.2017 and subsequent reminders on 30.05.2018 and 02.10.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery of Rs. 19.11 million.

AP 108 (2015-16)

##### **4.4.2 Loss due to non-recovery of taxes and DPR charges - Rs.8.992 million**

According to KPRA letter No.F-5(2) KPRA/W. Reg/2015-16/244 dt:21-07-2016 Sale Tax @15% should be recovered from the Service providers. Finance Act of the Provincial Govt, provides that Professional Tax & DPR at prescribed rates should be recovered.

During the financial years 2016-17 & 2017-18, in the following formation, it was observed, that the payment of Rs.59,451,865 were made to the Consultants firms for services rendered during the year. However, the

following taxes/funds were not deducted from claims of the consultant which resulted in loss of Rs. 8,991,673/- to government treasury.

(Amount in Rs.)

Formation	Consultant	Amount	Sale Tax	Professional Tax	DPR	Total
Highway Division Peshawar	AA Associates	9,603,900	1,440,585	18,000	19,208	<b>1,477,793</b>
-do-	M/S SAK JV	2,240,744	336,112	7,000	4,481	<b>347,593</b>
-do-	D :Mgt Cons:	3,602,221	540,333	18,000	7,204	<b>565,537</b>
C&W Swabi	Shaz Consultant	19,005,000	2,850,750	-	-	<b>2,850,750</b>
-do-	Pepac Consultant	25,000,000	3,750,000	-	-	<b>3,750,000</b>
	<b>Total</b>	<b>59,451,865</b>	<b>8,917,780</b>	<b>43,000</b>	<b>30,893</b>	<b>8,991,673</b>

The loss so sustained by Govt. need justification and needs recovery.

The irregularity occurred due to violation of rules.

When pointed out in 01/2018, it was stated that reply will be given after scrutiny of record.

Audit requested the department concerned for holding DAC meeting vide letter dated 08.02.2018 followed by reminder dated 30.05.2018 and 24.09.2018. DAC meeting was not convened till finalization of this report.

Audit recommends fixing of responsibility and recovery from defaulters.

AP 81 & 50 (2016-17 & 2017-18)

#### **4.4.3 Loss due to non-adjustment/ deduction of materials obtained from dismantling work – Rs.6.668 million**

According to Para 3.10(2)(c) of the West Pakistan Buildings & Roads, Department Code, when buildings are to be dismantled, a demolition statement must include cost of the material to be obtained from dismantling for adjustment and deductions.

During the financial year 2017-18, audit of the accounts of the Executive Engineer, C&W Division Abbottabad, it was observed that the contract for reconstruction of building for Govt: College of Management Sciences (Boys) Abbottabad was awarded to Tahir Rehman & Brothers at the



estimated cost of Rs.197,861,010. An amount of Rs.6,667,967 was paid to the contractor on account of dismantling of existing building including Office Lab, Class Rooms, Students hostel, Classes block etc. However, neither whereabouts of dismantled materials was known nor adjustment/ deduction for the dismantled materials was made from contractor's bill.

The irregularity occurred due to mishandling of the dismantled materials, which resulted in loss to the government.

When pointed out, it was stated by the management that the detail reply will be submitted after consulting the relevant record.

The department was requested for arranging DAC meeting on 01-01-2019 which was not convened till finalization of this report.

Audit recommends to conduct the enquiry to recover the loss/ value of materials obtained from dismantling work.

AP 66(2017-18)

#### **4.4.4 Loss due to non-deduction of shrinkage from embankment - Rs.5.228 million**

According to instruction No.2(b) to Chapter 03 Earthwork (Excavation& Embankment) of the MRS, a deduction @ 6% for shrinkage/settlement from the bank measurement when the earth work is done by machine, should be made.

During the financial year 2016-17, in office of Executive Engineer Highway Division Peshawar, it was observed that the contractors executed the item of work, formation of embankment from borrow pit excavation in various roads and were paid Rs.87,132,251/- accordingly. However, 6% deduction on account of shrinkage/settlement amounting to Rs.5,227,935/- ( $87132251 * 6%$ ) was not made hence resulted in loss to Govt.

The irregularity occurred due to weak internal controls.

When pointed out in January 2018, it was stated that reply will be given after scrutiny of record.

Audit requested that department concerned for holding DAC meeting on 8/02/2018 followed by reminder 30/05/2018 and 02/10/2018. DAC meeting was not convened till finalization of this report.

Audit recommends fixing responsibility and recovery of amount.

AP 75 (2016-17)

#### **4.4.5 Irregular payment from government funds - Rs. 21.754 million**

According to minutes of the meeting of the Rate Advisory Committee held on 16.03.2016, the work “Construction of Dormitories for support staff at Khyber Pakhtunkhwa House Islamabad (ADP No.102/100427 (2015-16) was retendered on the risk and cost of the original contractor i.e M/s Parcon Associates.

During the financial years 2015-17 in office of the XEN Provincial Building Construction Division No. I Peshawar, it was noticed that payment of Rs.21.754 million was made to the M/S Wajid Ali (second contractor) from the government fund instead of retention money of the M/S Parcon Associates, the defaulter contractor. Thus the payment of Rs. 21.754 million so made is held irregular.

The lapse occurred due to weak internal controls.

When pointed out in June 2018, it was stated that reply would be given later on.

Audit requested the department concerned for holding DAC meeting on dated 13.08.2018. DAC meeting was not convened till finalization of this report.

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

AP 117 (2015-17)

#### **4.4.6 Overpayment on account of carriage of asphaltic material – Rs.43.383 million**

According to S.No.16-12-b of the Market Rate System 2013 the rate of item of work, “Asphaltic Wearing Course (Asphalt Batch Plant Hot Mixed)” includes transport/carriage under the sub head of “equipment” and contractor’s overhead and profit to the site.

During the financial years 2016-17 & 2017-18, it was noticed that in the following offices, an amount of Rs.43,382,760 were paid to the contractors on account of carriage of Asphalt from plant to work site which was unauthorized and hence resulted in overpayment.

S. No.	Scheme	Financial Year	Carriage paid (Rs.)
1.	Executive Engineer High way Division Swat	2016-17	41,339,000
2.	Executive Engineer, C&W Division Abbottabad	2017-18	2,043,760
	<b>Total</b>		<b>43,382,760</b>

The lapse occurred due to weak internal controls.

When pointed out in December 2017 & December 2018, it was stated that reply would be furnished after consultation of record.

Audit requested the department concerned for holding DAC meeting on 02.01.2018 followed by reminder on 30.05.2018 and 02.10.2018. DAC meeting was not convened till finalization of this report.

Audit recommends to recover the amount.

AP 37 & 83 (2016-17 & 2017-18)

#### 4.4.7 Overpayment on account of clearing & grubbing - Rs.1.399 million

According to note provided to item No.03-05-a of the Market Rates System 2013, the rate of formation of embankment includes clearing and grubbing where necessary.

During the financial year 2016-17, in office of Executive Engineer Highway Division Peshawar, it was observed that expenditure of Rs.39.950 million was incurred on the formation of embankment and Rs.1.399 million on clearing and grubbing in these roads as detailed below :-

(Amount in Rs.)

Vr. No & date	Contractor	Expenditure on Embankment	Qty. of Clearing and Grubbing	Rate Per M <sup>2</sup>	Overpaid Amount
88-R-1 / 14.6.2017	M/S Malik M Tariq	1,960,671	1166	10	11,660
104-R-1 / 20.6.2017	M/S J&B Contr:	2,238,849	9471.25	16	151,540
20-R-1 / 9.9.2016	M/S Siraj Ul Haq	832,409	9760	19.09	186,318
10-R-1 / 15.3.2017	M/S Wajid Ali	2,977,068	5483.27	25	137,082
85-R-II / 22.6.2017	M/S Nasrullah Jan	7,292,427	23198.88	4.66	108,107
86-R-II / 22.6.2017	M/S Hashtnagir	12,788,394	27239.92	20.9	569,314
20-R-11 / 23.5.2017	M/S Shafi Khan	349,563	1087.5	18	19,575
43-R-II / 12.6.17	M/S S. Mohsin Shah	10,678,547	1593.98	18.43	29,377
11-R-1 / 8.12.2016	M/S Siraj ul Haq	832,415	9760	20.52	186496
<b>Total</b>		<b>39,950,343</b>			<b>1,399,469</b>

The overpayment occurred due to violation of rules.

When pointed out in January 2018, it was stated that reply will be given after scrutiny of record.

Audit requested the department concerned for holding DAC meeting on 08.02.2018 followed by reminder on 30.05.2018 and 02.10.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 77 (2016-17)

#### 4.4.8 Non-deduction of rebate from contractors - Rs 23.433 Million

According to the MD PKHA work orders No. PKHA/C.C/No. 241/2015, dated 01.09.2016, No. PKHA/C.C/No. 244/2015 and No. PKHA/C.C/No. 248/2015, rebate @ 10%, 8.75% & 5.47% shall be deducted from contractor's bills.

During the Financial Year 2016-17, in the office of the Managing Director Pakhtunkhwa Highway Authority, it was noticed that various contractors were awarded road works on rebate rates (10%, 8.75% & 5.47%) however the same rebates was not deducted resulting in overpayment of Rs.23.433 million to the contractors as detailed below:

(Amount in Rs)

S#	Name of Contractor	Vr: #, date & bill #	Work name	Expenditure	Rebate % (Not deducted)	Over paid Amount
1	M/S Fazal Karim	892, 21.06.17 (12 <sup>th</sup> RB)	Const: of road from Dir Upper to Sheringal and Patrak	164,732,357	10%	16,473,235
		224 (13 <sup>th</sup> RB)		14,883,928	10%	1,488,293
2	M/S New Khan Builders	834, 08.06.17 (5 <sup>th</sup> RB)	Improvement of 25 KM left over portion of Chukyitan Barawal Shahi Road (KM 1-8)	37,575,088	8.75%	3,278,820
3	M/S A M & Co.	736, 10.05.17 (3 <sup>rd</sup> RB)	Improvement of 25 KM left over portion of Chukyitan Barawal Shahi Road (KM 8-16)	40,084,940	5.47%	2,192,646
<b>Total</b>				<b>257,276,313</b>		<b>23,432,994</b>

The lapse occurred due to weak internal and managerial controls.

When pointed out in July 2018, the management stated that reply will be submitted after consulting the original record.

Audit requested the department concerned for holding DAC meeting on 30.05.2018 followed by reminder on 02.10.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 156, 202 & 203(2016-17)

#### **4.4.9 Non deduction of DPR fund - Rs 4.285 Million**

According to Directorate of Social Welfare & Women Development Department Peshawar letter No.DPR/Pub/PCRDP/559-63 dated 18-05-2012 and Section-11 of the Disable Person (Employment and Rehabilitation Ordinance 1981 and Rules 1991), the deduction of DPR Fund for rehabilitation of disable persons from the bills/payment @ Rs. 2000/- each per million shall be made and deposit it in the head of account No. G-12218 "fund for rehabilitation of disabled persons".

During the Financial Year 2016-17 in the office of the Managing Director Pakhtunkhwa Highway Authority, it was noticed that a total payment of Rs.2,142.310 million was made to the contractors. However, Disabled Persons Fund @ 2000 per one million was not deducted from contractors bills amounting to Rs.4.285 million.

The lapse occurred due to weak internal controls.

When pointed out in August 2018, the management stated that reply will be submitted after consulting the original record.

Audit requested the department concerned for holding DAC meeting on 30.05.2018 followed by reminder on 02.10.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 159 (2016-17)

#### **4.4.10 Non-deduction of government taxes, duties and DPR charges from consultants - Rs.2.885 million**

According to Section-2 Sub Section-12 of the Khyber Pakhtunkhwa Finance Act 2013, Service Sale Tax @15% should be recovered from the Services providers.

Stamp duty @ 1% should be recovered on procurement of material and store according to Government of NWFP Finance Department letter No.15796-889 stamps-240 dated 29.06.2002.

According to Directorate of Social Welfare & Women Development Department Peshawar letter No.DPR/Pub/PCRD/559-63 dated 18-05-2012 and Section-11 of the Disable Person (Employment and Rehabilitation Ordinance 1981 and Rules 1991), the deduction of DPR Fund for rehabilitation of disable persons from the bills/payment @ Rs. 2000/- each per million shall be made and deposit it in the head of account No. G-12218 "fund for rehabilitation of disabled persons".

During the Financial Year 2015-16, in the office of Project Director, "Up-gradation and Rehabilitation of road from Chakdara to Madyan on the right bank of River Swat", MDTF assisted, a sum of Rs.18,470,000/- was paid to the following firms on account of Consultancy Services however, Service Sale Tax, Stamp Duty, Professional Tax and DPR charges amounting to Rs.2,884,540/- were not recovered as required under the rules, detailed below:-

**(Amount in Rs.)**

S.No.	Name of Firm	Amount Paid	Sales Tax@15%	Stamp Duty	Professional Tax	DPR
1	Associate Consultant Engineers(ACE)	14,820,000	2,223,000	18,750	25,000	29,640
2	Partners in development(PID)	1,720,000	258,000	6,250	7,000	3,440
3	NEC Consultant	1,150,000	172,500	6,250	7,000	2,300
4	Engr. Muzaffar Aziz	780,000	117,000	1,850	5,000	1,560
	<b>Total:</b>	<b>18,470,000</b>	<b>2,770,500</b>	<b>33,100</b>	<b>44,000</b>	<b>36,940</b>
	<b>G.Total</b>					<b>2,884,540</b>

The lapse occurred due to weak financial controls.

When pointed out in December, 2016 the department stated that the said payment had been made before March 2016 hence the Sale tax was not leviable upon the invoices of the Service Provider Consultants as the order on this account had been effective from 29-03-2016. However the stamp duty / professional tax etc were recovered from the Consultants. The reply was evasive as the Finance Act, 2013 was applicable w.e.f 2015.

In the DAC meeting held on 25-06-2018, the department repeated their previous reply however, DAC did not agree and directed to stand the Para till complete/full recovery of government dues. As the Regulations of Khyber

Pakhtunkhwa Sales Tax on Services Special Procedure (Withholding) 2015 was notified by the Khyber Pakhtunkhwa Revenue Authority on 31.8.2015.

Audit recommends full recovery from the person(s) at fault.

AP 39 (2015-16) FAP

**4.4.11 Less deposit of Toll Tax of bridges/Plazas and non imposition of 1% penalty on late deposit - Rs 25.252 million**

According to the work orders No. 1/2016-17/Toll Tender, dated 30.3.16, Toll Tax shall be collected/deposited on monthly basis and 1% penalty of the value of monthly installment due for each day multiply by number of days shall be imposed on late deposit as required vide clause-4(a) of the work orders.

During the Financial Year 2016-17 in the office of the Managing Director Pakhtunkhwa Highway Authority, it was noticed that Toll Tax of Rs 25.252 million including 1% penalty was less deposited by the contractors as tabulated below:

(Amount in Rs.)

S#	Name of Contractor	Name of Toll Plaza	Toll Tax & 1% penalty due	Toll Tax & penalty deposited	Less deposited
1	M/S Khan & Co. (1% penalty)	DIK-Darya Khan (S-8)	20,228,406	0	20,228,406
2	M/S Wajid Ali (1-12/2016)	Barian-Nathiagali(S-5)	4,511,400	3,685,000	826,400
3	M/S wajid Ali (1-6/2017)		3,450,810	3,175,500	275,310
4	M/S Khawaja Waqar Associates	DIK-Chashma (S-11) Tajazai-Lakki-	20,687,876	18,994,000	1,693,876
5	M/S Mutabar Khan	Daratang	17,288,176	15,060,565	2,227,611
<b>Total</b>			<b>66,166,668</b>	<b>40,915,065</b>	<b>25,251,603</b>

The lapse occurred due to weak internal and financial controls.

When pointed out in July 2018, the management stated that reply will be submitted after consulting the original record.

Audit requested the department concerned for holding DAC meeting on 30.05.2018 followed by reminder on 02.10.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 157, 184,185, 186 & 187 (2016-17)

#### **4.4.12 Non-recovery of Government dues on account of Right of Way (ROW) - Rs 4.939 million**

Para 28 of GFR Vol-I provides that no amount due to Govt. should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of the competent authority for their adjustment must be sought.

During the Financial Year 2016-17, in the office of the Managing Director PKHA revealed that Rs 4.939 million on account of Right of Way was lying outstanding against the owners of Petrol Pumps and CNG stations as detailed below:

<b>S#</b>	<b>Name of agency</b>	<b>Right of Way (ROW) outstanding dues Rs</b>
1	Caltex Pakistan Ltd	1,793,000
2	Attock Petroleum Ltd	637,000
3	Pakistan State Oil	2,508,500
<b>Total</b>		<b>4,938,500</b>

The lapse occurred due to weak internal controls.

When pointed out in August 2018, the management stated that reply will be submitted after consulting the original record.

Audit requested the department concerned for holding DAC meeting on 30.05.2018 followed by reminder on 02.10.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 192 (2016-17)



## Chapter – 5

### Education Department

#### 5.1 Introduction

As per Rules of Business 1985, 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 2017-18 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	11,993,800,000	400	11,993,800,400	8,683,105,108	(3,310,695,292)
46-elementary & Secondary Education	NC21	4,534,186,000	260	4,534,186,260	2,989,383,395	(1,544,802,865)
	<b>Total</b>	<b>16,527,986,000</b>	<b>660</b>	<b>16,527,986,660</b>	<b>11,672,488,503</b>	<b>(4,855,498,157)</b>

## Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/(Savings)
53-Education & Training	NC12&22	2,320,0019,000	60	20,320,019,060	12,169,739,587	(8,150,279,473)
	<b>Total</b>	<b>20,320,019,000</b>	<b>60</b>	<b>20,320,019,060</b>	<b>12,169,739,587</b>	<b>(8,150,279,473)</b>

Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	16,527.987	11,672.488	(4,855.498)	29.38
Development	20,320.019	12,169.739	(8,150.279)	40.11
<b>Total</b>	<b>36,848.006</b>	<b>23,842.227</b>	<b>(13,005.777)</b>	<b>35.29</b>

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30<sup>th</sup> 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.13,005.77 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	10	-	06
3.	2003-04	-do-	06	03	-	03
4.	2004-05	-do-	22	10	-	12
5.	2005-06	-do-	13	07	-	06
6.	2007-08	-do-	10	06	-	04
7.	2008-09	-do-	06	02	-	04
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
12.	2013-14	-do-	19	09	-	10
13.	2014-15	-do-	19	04	-	15

## 5.4 Audit Paras

### 5.4.1 Non-recovery of expenses and liquidated damages from the defaulter scholars -Rs.537.183 million

According to the contract governing the scholarship, “the scholar shall return to Pakistan immediately after the completion of the approved course for which he/she was sent abroad, and shall serve in Pakistan his/her parent department for a period of five year as may be prescribed. In case of failure to return and serve in Pakistan the scholar should pay penalty and the compensation as prescribed and assessed by the University”.

During the financial year 2016-17, in various universities of Khyber Pakhtunkhwa, 68 Numbers of scholars were sent for higher studies in England and foreign universities. These scholars were required to report back and join the University after completion of their MS and PhDs. However, the following number of awardees did not join their Universities, after the planned dates have already been elapsed, in violation of indemnity bonds/ Contract Agreement.

S.No	University	No of Scholars	Rs. in million
1	Shaheed Benazir Bhutto Women University Peshawar	5	32.345
2	Islamia College University Peshawar	2	24.854
3	University of Peshawar	9	54.632
5	KUST Kohat	15	92.347
6	UET Peshawar	37	333.005
	<b>Total</b>	<b>68</b>	<b>537.183</b>

The amount of Rs. 537.183 million was required to have been recovered from the concerned or from their guarantors, however, no recovery was made.

The loss occurred due to weak internal controls.

In DAC meetings with the management of University of Peshawar, Islamia College University, Shaheed Benazir Bhutto Women University Peshawar and Kohat University of Science and Technology it was decided that legal Suit will be filed against the defaulters and their guarantors for recovery of the amount and will be accordingly intimated to audit. However, management of UET Peshawar was requested for convening of DAC meeting on 27.07.2018 followed by reminder on 29.08.2018 but was not convened till finalization of this report.

Audit recommends recovery of the total amount.

AP 633, 474, 277 & 750 (2016-17)

#### 5.4.2 Non-recovery of rental charges of Post Mall - Rs 72.175 Million

According to the Treasurer University of Peshawar letter No. 991/Tr.12, dated 12.8.2012 and No.956/Tr.12, dated 15.8.2012 followed by reminder No.70/DS, dated 13.10.2017, monthly rent at prescribed rate shall be collected from Post Mall and deposited in University Account.

During the Financial Year 2016-17, in the Office of the Vice Chancellor University of Peshawar, it was revealed that rental charges of Post Office amounting to Rs 72.175 million was not recovered since 1/2001, as detailed below:

(Amount in Rs.)

S#	Rent PM assessed by Director (Works)	Period	Total rent due	Rent deposited	Balance rent	10% increase Per Annum	Total outstanding rent
1	306,232	1/2001 to 9/2012	43,178,712	0	43,178,712	4,317,871	47,496,583
2	336,855	10/2012 to 9/2013	4,042,260	0	4,042,260	Inclusive in monthly rent	4,042,260
3	370,540	10/2013 to 9/2014	4,446,480	0	4,446,480		4,446,480
4	407,594	10/2014 to 9/2015	4,891,128	0	4,891,128		4,891,128
5	448,353	10/2015 to 9/2016	5,380,236	0	5,380,236		5,380,236
6	4,931,188	10/2017 to 9/2017	5,918,256	0	5,918,256		5,918,256
<b>Total</b>			<b>67,857,072</b>	<b>0</b>	<b>67,857,072</b>		<b>4,317,871</b>

The loss occurred due to weak financial controls.

When pointed out in March 2018, management stated that the audit observation will be communicated to the concerned Department/institution for appropriate reply.

In the DAC meeting held on 24-12-2018, the university management stated that the area was given by VC to the Post office as rent free against providing services to the community. DAC did not agree with the departmental reply and directed for recovery.

Audit recommends recovery of rental charges.

AP 276 (2016-17)

#### 5.4.3 Non-recovery of rent - Rs.15.894 million

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

During the financial year 2016-17, in the office of Vice Chancellor Islamia College University, Peshawar, it was noticed that commercial properties,

435 Shops/Flats located at Khyber Bazar, Peshawar and at main Bazar Charsadda were given on lease since long at very nominal monthly rent. The revenue statement indicated that an amount of Rs. 15,894,120/- was outstanding against various tenants/occupants. However, the same could not be recovered by University management till date of Audit.

The lapse occurred due to weak internal controls and financial mismanagement.

When pointed out in March/April, 2018 it was stated that the issue was placed before the Board several times, honoraria of 1% of the total recovery was also approved for revenue staff of District Charsadda. The list of defaulters has already been sent to DG NAB and Ehtisab Commission Peshawar. A police squad has been deputed for recovery. The recovery process has been expedited.

In the DAC meeting held on 25-09-2018, it was decided that full amount should be recovered within one month. However, no progress was intimated till finalization of this report.

Audit recommends that an appropriate honoraria for police may also be included to ensure recovery.

AP 460 (2016-17)

#### **5.4.4 Unauthorized payment on account of Conveyance Allowance - Rs.32.902 million**

According to Finance Division, O.M No.F-1(1) imp/1/77dated: 28-04-1977 read with the decision taken by the Honorable Peshawar High Court, that no conveyance allowance be allowed to those incumbents provided government residential accommodation with in the Office/University Campus premises.

During the financial year 2016-17, in various Universities of Khyber Pakhtunkhwa, Government accommodations were provided to employees within the campus. They were also paid conveyance allowance in violation of the Court decision and Finance Department instructions.

<b>S.No</b>	<b>University</b>	<b>Amount (Rs. in million)</b>
1	Islamia College University, Peshawar	16.807
2	Hazara University, Mansehra	1.738
3	Abdul Wali Khan University, Mardan	14.357
	<b>Total</b>	<b>32.902</b>

The lapse occurred due to weak internal controls.

When pointed out in April, 2018, the department stated that reply will be furnished later on.

In the DAC meetings held on 10.01.2019 with the management of Abdul Wali Khan University, Mardan, Islamia College University Peshawar and Hazara University Manserha, it was decided to recover the overpaid amount.

Audit recommends recovery.

AP 457,104, 689, 702 & 703 (2016-17)

#### **5.4.5 Unauthorized payment on account of study leave - Rs.9.738 million**

As per Islamia college University statutes 2016, study leave may be granted on half pay for a period not exceeding 730 days in case of Higher studies up to Ms/M.Phil and 1400 days in case of PhD.

During the financial year 2016-17, in the Islamia College University, Peshawar, it was noticed that 20 lecturers were granted study leave for a period of 03 to 04 years each but were paid full pay amounting to Rs. 19,476,880 instead of half pay. This resulted into unauthorized payment of Rs. 9,738,440 which needs recovery.

The lapse occurred due to weak internal controls and financial mismanagement.

When pointed out, it was stated that study leave was granted on full pay according to rules of the University of Peshawar being followed by Islamia College Peshawar till the promulgation of its own statutes. After promulgation of its own statutes, study leave has been granted on half pay.

In the DAC meeting held on 25-09-2018, the DAC decided that the study leave is admissible on half pay; the excess amount paid should be recovered. However, no progress was intimated till finalization of this report.

Audit recommends for recovery of the amount paid in excess of the admissibility.

AP 467 (2016-17)

#### 5.4.6 Unauthentic drawl on account of renovation work at Common Rooms - Rs 1.800 Million

According to Rule 290 of CTR, no money shall be drawn from the treasury unless it is requires for immediately disbursement.

During the Financial Year 2016-17, in the Office of the Vice Chancellor University of Peshawar, it was revealed that Rs 1.800 million was drawn from the hostel's fund for the renovation of common rooms. Audit held that the relevant documents viz NIT, contract agreement, vouchers, stock and issue etc record were neither available nor produced to Audit for verification in the absence of which the work done is held as unauthentic. Detailed below:

Amount in Rs.

S#	Hostel's name	Cheque No.	Date	Amount drawn	Bank
1	Rehman Baba	44586387	10.6.16	200,000	HBL campus Br
2	Benazir Girls	25457624	10.6.16	200,000	NBP campus Br
3	Abdul Qadeer Khan	37454077	13.6.16	200,000	NBP campus Br
4	Engr: Saadat Mand	69752056	9.6.16	200,000	NBP campus Br
5	Alama Iqbal	7749663	9.6.16	200,000	UBL campus Br
6	New Traibal Girls	323994	10.6.16	200,000	NBP campus Br
7	Abdul Ali Kahn	06800500	10.6.16	200,000	HBL campus Br
8	Pareshan Khattak	54044072	23.6.16	200,000	HBL campus Br
9	Khushal Khan Khattak	03316012	22.6.16	200,000	HBL campus Br
<b>Total</b>				<b>1,800,000</b>	

The lapse occurred due to weak internal controls.

When pointed out in March, 2018, the management stated that detail reply will be submitted later on.

In the DAC meeting held on 24.12.2018, the management failed to produced supporting documents and stated that no record is available. The DAC directed that recovery should be made from the then provost.

Audit recommends recovery besides action against the person(s).

AP 335 (2016-17)

## **Chapter – 6**

### **Energy & Power**

#### **6.1 Introduction**

As per Rules of Business 1985, 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 Khyber Pakhtunkhwa.
- ❖ 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 Khyber Pakhtunkhwa and cooperation with such companies and organizations undertaking such ventures in Khyber Pakhtunkhwa.
- ❖ Matters relating to extension of gas by SNGPL in Khyber Pakhtunkhwa.
- ❖ 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 2017-18 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-Enrgy & Power	NC21	90,574,000	6,599,000	97,173,000	61,064,761	(36,108,539)
<b>Total</b>		<b>90,574,000</b>	<b>6,599,000</b>	<b>97,173,000</b>	<b>61,064,761</b>	<b>(36,108,539)</b>

#### Development

(Rs.)

Grant # 55 (Prov) NC12 & 22 and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
Energy & Power	NC22	39,958,000	0	40,000,000	43,162,062	3,162,062
	NC12	53,000	105,000,000	105,000,000	105,000,000	0
<b>Total</b>		<b>40,011,000</b>	<b>105,000,000</b>	<b>145,000,000</b>	<b>148,162,062</b>	<b>3,162,062</b>

#### Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	97.173	61.065	(36.108)	37.16
Development	145.000	148.162	3.162	2.18
<b>Total</b>	<b>242.173</b>	<b>209.227</b>	<b>(32.946)</b>	<b>13.60</b>

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. 32.946 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.	2009-10	Energy & Power	05	04	-	01
2.	2010-11	-do-	02	-	-	02
3.	2011-12	-do-	09	06	-	03
4.	2012-13	-do-	01	01	-	-
5.	2013-14	-do-	01	01	-	-
6.	2014-15	-do-	13	05	-	08

## **6.4 Audit Paras**

### **6.4.1 Loss due to claim of less than approved tariff rate from the purchaser-Rs.324.279 million**

According to approved tariff inserted in the Power Purchase Agreement, 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.

During Financial Year 2016-17, in the accounts record of the Pehur HPP, Pakhtunkhwa Energy Development Organization (PEDO), it was noticed that tariff rate was claimed @ Rs. 1 instead of the approved rate of Rs.4.8159 per unit in their bills. This resulted into loss of Rs.324.279 million to the organization. (Annexure-D).

The loss occurred due to claim of less than the tariff rate approved by NEPRA, financial mismanagement and weak internal controls.

When pointed out in December 2017, it was stated that at the time of commercial operation, the tariff for sale of power was not determined by NEPRA, therefore, it was decided with PESCO that the energy generated would be sold to WAPDA @ Rs.1 per unit as an interim tariff and once the tariff is determined by NEPRA and Power Purchase Agreement signed with PESCO, the arrears would be claimed. In a recent development, CPPA has finally initialed the PPA on 01.12.2016 and now formal signing will be done shortly. Since operation of the powerhouse till date, PEDO is receiving revenue @ Rs. 1 per unit, as such, arrears of Rs.1.239 billion has been accumulated against PESCO which will be materialized after signing of the PPA.

Audit requested the department concerned for holding DAC meeting on 27.11.2017 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 291 (2016-17)

#### **6.4.2 Loss due to non-deduction of income tax from the contractors – Rs.22.319 million**

According to Income Tax (RTO) letter No-WHU-II/RTO-PR/2014-15/96 dated 17/3/2017, income tax at the rate of 7.5% shall be deducted from Contractors.

During Financial year 2017-18, the accounts record of Project Manager Daral Khwar HPP Peshawar, revealed that the Contract of Daral Khwar HPP was awarded to M/S SINOTEC-SHPE-GRC-JV and Consultancy to ACE Pvt limited. A sum of Rs 297.588 Million was paid to the Contractor but Income tax of Rs 22.319 million was not deducted from the contractors as per government instructions.

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

When pointed out in July, 2018, it was stated that detail reply will be submitted later on.

Audit requested the department concerned for holding DAC meeting on 01.08.2018 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 05 (2017-18)

#### **6.4.3 Non-deduction of sales tax - Rs.18.42 million**

According to Khyber Pakhtunkhwa Revenue Authority Sales Tax on Services Special Procedure (Withholding) Regulation 2015, Notified vide Notification No.F-16(4)KPRA/ Notification/WH/1383 dated 31-08-2015, 15% Sales Tax is applicable on Construction Services, as per Sr. No. 37 of the Taxable Services as per Second Schedule to the Khyber Pakhtunkhwa Finance Act, 2013.

During Financial Year 2016-17, record of Project Director Lawi Hydropower project PEDO under the supervision of Pakhtunkhwa Energy Development Organization (PEDO) revealed that payment of Rs.81.358 million was made up-to 39<sup>th</sup> running bill vide cheque No. 84162587 dated 22.11.2016 to Associated Consulting Engineer on account of consultancy Services provided in Lawi Hydropower Project, but sales tax @ 15%

amounting to Rs.12.20 million (81.358 x 15%) was not deducted from the firm.

Similarly, in the office of Project Manager Daral Khwar Peshawar, it was noticed that Management Consultancy contract was awarded to M/S Associated Consulting Engineer in association with ILF Consulting Engineer with a total Contract cost of Rs 131.861 Million. Total payment of Rs 41.471 million was made to the Consultant but sales tax @ 15% on the services amounting to Rs. 6.220 million has not been deducted.

The lapse occurred due to extending undue benefit to the consultant and non-observance of Government rules and regulations.

When pointed out in November 2017 and July, 2018, the management stated that detail reply will be furnished later on.

Audit requested the department concerned for holding DAC meeting on 27.11.2017 & 01.08.2018 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 257 (2016-17) and AP 07 (2017-18)

#### **6.4.4 Non-recovery of DPR charges -Rs 11.196 million**

According to Social Welfare Department letter No-DAB/DPR/279 dated 9/5/2012, deduction of DPR charges shall be made from the bills/payment to be made to the Contractors, at the rate of Rs 2000/- each per million and deposit the same in the bank account No-2626-5 NBP of the Social Welfare Department.

During Financial Year 2017-18, in the accounts record of Project Manager Daral Khwar HPP Peshawar, it was noticed that payment of Rs 5,598.823 Million have been made to various Contractors on account of construction carried out at Daral Khwar Hydro Power Project but DPR funds at the rate of Rs 2000/- per million amounting Rs 11,196,000/- was not recovered from the Contractors.

The loss occurred due to weak internal controls and non observance of financial rules.

When pointed out in July, 2018, it was stated that detail reply will be submitted later on.

Audit requested the department concerned for holding DAC meeting on 01.08.2018 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 03 (2017-18)

#### **6.4.5 Excess payment on account consultancy charges - Rs.36.672 million**

According to Work Schedule/Plan, Appendix-C, Page ¼, Pre-Construction Period shall be 12 months; and Cost of the Pre-Construction as per Appendix-E (Financial Proposal), shall be Rs.63.073 million (Salary Cost of Rs.50.437 million + Direct Cost of Rs.12.636 million).

During Financial Year 2016-17, the account record of LAWI HPP, Pakhtunkhwa Energy Development Organization (PEDO) revealed that the Consultancy Contract was awarded to a Joint Venture lead by ACE (Pvt) Ltd on 15.06.2012. As per work plan of the Consultancy Contract, the pre-construction Phase was for 12 months, Construction Phase for 48 months and Defect Liability Phase for 24 months. The Consultant had to complete the whole bidding process for the selection of contractor and award of contract, and other activities in the Pre-Construction Phase within 12 months.

The record revealed that the contract was awarded in November 2016, hence, the pre-construction phase took 52 months, which was required to be completed within 12 months. The Consultant was paid Rs.36,672,504/- in excess of the financial proposal till December 2015, and further payment for 10 months was still pending. Detailed below:

(Amount in Rs.)

<b>S.No.</b>	<b>Particulars</b>	<b>Actual Payment Made to Consultant</b>	<b>Proposed Payment as per Original Work Plan</b>	<b>Excess</b>
1	Salary	81,358,019	50,437,487	<b>30,920,532</b>
2	Direct Cost	16,028,333	12,636,000	<b>3,392,337</b>
3	Escalation	2,359,635	Not Provided in PC-I	<b>2,359,635</b>
	<b>Total</b>	<b>99,745,987</b>	<b>63,073,487</b>	<b>36,672,504</b>

Audit is of the view that the Consultancy work of the Pre-Construction phase, which the consultant could complete in 12 months as per his plan was prolonged to 52 months without any justification which resulted into excess payment.

The lapse occurred due to extending undue favour to firm.

When pointed out in November 2017, the management stated that detail reply will be furnished later on.

Audit requested the department concerned for holding DAC meeting on 27.11.2017 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 254 (2016-17)

**6.4.6 Less receipt of revenue due to allowing lesser rate of tariff - Rs.131.814 million**

According to National Electric Power regularity Authority Islamic republic of Pakistan approved tariff inserted in the Power Purchase Agreement duly approved by the competent forum the revised rate of Rs. 4.5517 for first 07 years from Ist October 2008 to October 2015 and then Rs. 4.3915 for next three years from November 2015 to November 2018 per unit should be charged.

During Financial Year 2016-17, the accounts record of the project “Malakand-III”, Pakhtunkhwa Energy Development Organization (PEDO), revealed that the Director Operation & Commercial PEDO has claimed tariff rate of Rs. 4.4047 per unit instead of Rs. 4.5527 from July 2015 to Feb 2016 and Rs. 4.2446 instead of Rs. 4.3915 from March 2016 to June 2017 which resulted into less realization of receipt Rs.131.814 million. (Annexure-E).

The lapse occurred due weak internal controls.

When pointed out in December 2017, it was stated that detailed reply will be furnished after going through the record.

Audit requested the department concerned for holding DAC meeting on 27.11.2017 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 279 (2016-17)

## **Chapter – 7**

### **Environment Department**

#### **7.1 Introduction**

As per Rules of Business 1985, 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 2017-18 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	2,372,720,000	260	2,372,720,260	1,863,560,320	(509,159,940)
22-Forestry (Wild Life)	NC21	478,980,000	81,187,000	560,167,000	479,114,458	(81,052,542)
<b>Total</b>		<b>2,851,700,000</b>	<b>81,187,260</b>	<b>2,932,887,260</b>	<b>2,342,674,778</b>	<b>(590,212,482)</b>

#### Development

(Rs.)

Grant # 50 (Prov) NC 12 & 22 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	23,807,000	25,455,377	1,648,377
Forestry	NC22	1,948,443,000	0	3,530,084,000	3,537,754,687	7,670,687
Forestry	NC12	58,557,000	0	63,872,000	59,866,000	(4,006,000)
<b>Total</b>		<b>2,064,000,000</b>	<b>0</b>	<b>3,617,763,000</b>	<b>3,623,076,064</b>	<b>5,313,064</b>

#### Overview of expenditure against the final grant

(Rs. In million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	2,932.887	2,342.675	(590.212)	20.12
Development	3,617.763	3,623.076	(5.313)	0.14
<b>Total</b>	<b>6,550.65</b>	<b>5,965.751</b>	<b>(584.899)</b>	<b>8.93</b>

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.584.899 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:-**

<b>SNo.</b>	<b>Audit Year</b>	<b>Name of Department</b>	<b>Total No. of actionable points</b>	<b>Full compliance</b>	<b>Partial compliance</b>	<b>Nil compliance</b>
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	07	-	11
6.	2007-08	-do-	07	01	-	06
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	-	01
11.	2012-13	-do-	05	01	-	04
12.	2013-14	-do-	14	02	-	12

## **7.4 Audit Paras**

### **7.4.1 Loss due to non-supply of plants by private nursery growers – Rs.9.900 million**

According to agreed Terms & Conditions of Contract Agreement executed in 2016, the private nursery growers will supply plants within a year to the DFOs as per the work order.

During Financial Year 2016-17, in the office of the following Divisional Forest Offices, it was revealed that a sum of Rs. 11.914 million was paid to various private nursery growers under BTAP (Phase-II) as 1<sup>st</sup> installment. However, the record reveals that required numbers of plants were not provided till date of audit i.e 05.2018 in violation of the provision of agreement which resulted in loss of Rs.11.914 million. Detailed below:

<b>S.No</b>	<b>Name of Department</b>	<b>Amount in million</b>
1	DFO Chitral	9.900
2	DFO Gallis, Abbottabad	2.014
	<b>Total</b>	<b>11.914</b>

The lapse occurred due to weak financial controls.

When pointed out in May & June, 2018 the department stated that detailed reply will be given after consulting the original record.

Audit requested the department concerned for holding DAC meeting on 28.05.2018 followed by reminder on 11.07.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 282, 396(2016-2017)

### **7.4.2 Loss due to short supply of plants from the private nursery growers - Rs.9.231 million**

According to Contract agreement executed during 2015-16, the owner of the private nursery growers agreed to supply the plants in two phases to the DFO DI Khan i.e. from 1<sup>st</sup> December to 15<sup>th</sup> February or 1<sup>st</sup> July to 15<sup>th</sup> August.

During financial year 2016-17 in the Office of Divisional Forest Officer D.I. Khan, it was noticed that under the phase-I and II of Billion Tree Afforestation Project (BTAP), a total 269 and 852 Nos of private nursery growers contracted to provide plants to the local office as per terms and conditions agreed upon. However, the contractors failed to fulfill obligations of the agreement and defaulted in provision of the plants amounting to Rs. 9,231,978 in both the phases which needs recovery. Detailed below:

(Amount in Rs)

S.No.	BTAP	Tube Plants x cost per plant	Amount	Bare Root Plants x cost per plant	Amount	Grand Total
1.	Phase-I	1,318,223 x 6	7,909,338	7,140 x 9	64,260	7,973,598
2.	Phase-II	209,730 x 6	1,258,380	-	-	1,258,380
				<b>Total</b>		<b>9,231,978</b>

The lapse occurred due to non observing of the provision of contract agreement.

When pointed out in January 2018, it was stated that reply would be furnished after consulting original record

In the DAC meeting held in 28-03-2018, the department stated that under BTAP 808 units of tubing and 44 units of Bare rooted nursery consisting of 25000 plants per unit established through farmers /communities during the phase-I and phase-II out of which 38 farmers/nursery growers have drawn 1<sup>st</sup> & 2<sup>nd</sup> installments but failed to supply the required quantity of plants. The DAC did not agree with the contention of the department and directed to recover the amount from defaulters. No progress was intimated till finalization of this report.

Audit recommended recovery.

AP 59 (2016-17)

#### **7.4.3 Loss due to non-deposit of forest duty - Rs 2.070 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 Financial year 2016-17, in the office of Divisional Forest Officer Chitral, it was noticed that a sum of Rs 2,070,325 was realized on

different check posts on account of forest duty, which was not deposited into government treasury.

The lapse occurred due to weak financial controls.

When pointed out in May, 2018 the department stated that detailed reply will be given after consulting the original record.

Audit requested the department concerned for holding DAC meeting on 28.05.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 288 (2016-2017)

#### **7.4.4 Overpayment on account of watch & ward for afforestation in excess of approved PC-1 - Rs.3.840 million**

According to Annexure (XV) provided in the approved PC-1, the estimated cost for watch & ward was fixed @ of Rs.500/Hac.

During the financial year 2015-16 in the office of DFO Mardan, it was noticed that Rs.3,840,834 was overpaid than the approved rates of PC-I in watch and ward services along motorway etc under Billion Trees Afforestation Project in Khyber Pakhtunkhwa. The payment of higher rates resulted in loss of Rs.3,840,834/- to Govt. exchequer.

The lapse occurred due to weak financial controls.

When pointed out in May 2017, no reply was given by the management.

In the DAC meeting held on 01-11-2017, the department stated that the payment made was within the provision in PC-1 for the activity. DAC did not agree with reply of the department and directed the amount should be recovered within 10 days. However, no progress was intimated to audit till finalization of this report.

Audit stress upon recovery.

AP 193 (2015-16)

#### **7.4.5 Non-recovery of government dues - Rs. 2.197 million**

According to Division Forest Officer DI Khan letter No.4970/G dated 22.03.2017, government dues from defaulters/private nursery growers under BTAP were recoverable.

During financial year 2016-17 in the Office of Divisional Forest Officer D.I. Khan, it was noticed that under the phase-1 of Billion Tree Afforestation Project (BTAP) 19 Nos. of private nursery growers did not provide plants to the local office from defaulters/private nursery growers amounting to Rs. 2,196,731 which was recoverable from them under the instructions of DFO DI Khan which was not done till date of audit.

The lapse occurred due weak financial controls.

When pointed out in January 2018, it was stated that reply would be furnished after consulting original record.

In the DAC meeting held in 28-03-2018. The department stated that action against the defaulter has been initiated and the Deputy Commissioner D.I.Khan has been requested to recovery the amount as arrear of land revenue from the defaulters. DAC did not agree with departmental reply and directed to effect recovery from the defaulters. No progress was intimated till finalization of this report.

Audit recommended recovery.

AP 68 (2016-17)

#### **7.4.6 Non-deposit of forest compensation receipts from offenders – Rs.1.395 million**

According to Para 26 & 28 of the 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, no amount due to government should be left outstanding without sufficient reason".

During Financial Year 2016-17, in the office of Divisional Forest Officer Gallis Abbottabad, it was noticed that a sum of Rs 1,395,288 was realized by the SDFO Tandiyani as compensation cases from the forest offenders but the same was not deposited into Government treasury till the date of audit i.e June/2018.

The lapse occurred due to weak financial controls.

When pointed out in June, 2018 the Department stated that detailed reply will be given after consulting the original record.

Audit requested the department concerned for holding DAC meeting on 11.07.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 408(2016-2017)

**7.4.7 Overdrawl of weeding of tube nurseries beyond the approved limit of PC-1 - Rs.1.054 million**

According to PC-1 Annex: XVI, (S.No.10) only 6 times weeding was allowed.

During the financial year 2015-16 in the office of Divisional Forest Officer Mardan, it was noticed that excess expenditure was incurred on weeding of tube nurseries on account of BTAP Project Khyber Pakhtunkhwa. Detailed below:

(Amount in Rs.)

S.No	Name of nursery	Area (Hec)	No of weeding drawn	Weeding allowed	Difference	Rate per weeding	Amount
01	Matta nursery	0.8	14	06	08	46,106	368,848
02	Said abad Rustam nursery	1.5	11	06	05	86,449	432,245
03	Gohati Nursery	0.4	09	06	03	23,053	69,159
04	Panj pir nursery	0.4	10	06	04	23,053	92,212
05	Sheikh Dheri	0.4	10	06	04	23,053	92,212
						<b>Total</b>	<b>1,054,676</b>

The lapse occurred due to violation of the provisions of PC-1.

When pointed out in May 2017, no reply was given by the management.

In the DAC meeting held on 01-11-2017, the department stated that no excess expenditure was incurred over PC-1 provision. DAC did not agree with the departmental reply and directed the amount should be recovered within 10 days. However, no progress was intimated to audit till finalization of this report.

Audit recommends recovery.

AP 199 (2015-16)

## Chapter – 8

### Excise and Taxation Department

#### 8.1 Introduction

As per Rules of Business 1985, 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 & accounts (variance analysis)

##### Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2017-18 against the total of grants/appropriation was as follows:

##### Non-Development

(Rs.)

Grant No. 07 and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
Excise & Taxation	NC21	1,073,604,000	50	1,073,604,050	679,035,595	(394,568,455)
<b>Total</b>		<b>1,073,604,000</b>	<b>50</b>	<b>1,073,604,050</b>	<b>679,035,595</b>	<b>(394,568,455)</b>

##### Development

(Rs.)

Grant No. 51 and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
Fun-015102	NC-12	302,000,000	0	31,689,000	33,333,401	1,644,401
<b>Total</b>		<b>302,000,000</b>	<b>0</b>	<b>31,689,000</b>	<b>33,333,401</b>	<b>1,644,401</b>



### Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Saving)	Variance %
Non-Development	1,073.604	679.035	(394.568)	36.75
Development	31.689	33.333	1.644	5.19
<b>Total</b>	<b>1,105.293</b>	<b>712.368</b>	<b>(392.924)</b>	<b>35.55</b>

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30<sup>th</sup> 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 Department administering the above grant did not surrender anticipated savings of Rs.392.924 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:-

SNo.	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	-	-
3.	2013-14	-do-	03	-	-	03

## **8.4 Audit Paras**

### **8.4.1 Non-production of auditable record of confiscated and allotted vehicles**

According to Section 14 of the Auditor General of Pakistan Functions and Powers Ordinance 2001, read with Para 17 of GFR Vol-I, no such information nor any books or other documents, to which the Auditor-General has a statutory right of access, may be withheld from audit.

During the financial year 2017-18, audit of the accounts of the Secretary Excise, Taxation and Narcotics Control Department, the department was requested time and again to provide list/ detail of confiscated vehicles allotted to other departments/ officers to ascertain whether allotment was made by the Government committee or otherwise but the same was not produced.

The lapse occurred due to weak internal controls of the management.

When pointed out in August, 2018, the management stated that the list of allotted vehicles will be provided as and when received from DG Excise office.

Audit requested the department concerned for holding DAC meeting on 30.08.2018 followed by reminder on 01.01.2019. DAC meeting was not convened till finalization of this report.

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

AP 04 (2017-18)

### **8.4.2 Unauthorized award of contract for recovery of Tobacco Development Cess and Loss of government revenue - Rs. 18.61 million**

According to Para 19(ii) of GFR, as far as possible, legal and financial advice should be taken in the drafting of contracts and before they are finally entered into.

During the financial year 2016-17, in the Directorate General Excise, Taxation & Narcotics Control Department Khyber Pakhtunkhwa Peshawar, collection of Tobacco Development Cess for the year 2016-17 was out sourced to Mr. Naveed Ahmed Khan c/o Khyber Group of Companies Peshawar through an open auction held on 20-06-2016 for collection of Rs. 126.00

million. The contractor collected Tobacco Development Cess throughout 2016-17. The following irregularities/short comings were noticed by Audit viz:-

1. The draft agreement/contract was forwarded to Law Department for vetting, however the same was not finalized till the date of Audit i.e. May 2018, but the contractor collected the Cess which was irregular.
2. The contractor was required to pay Rs. 126,000,000 upto 2<sup>nd</sup> April 2017 whereas he had paid Rs.117,250,000 upto 30-05-2017 and Rs.8,750,000 were outstanding against him.
3. Rs. 22,750,000 was deposited late and a penalty @ 2% amounting to Rs. 455,000 was recoverable from the contractor under Section 3 of the draft agreement which was not recovered.
4. Income Tax under Section 236(A) of the Income Tax Ordinance @10% Rs. 9,400,000 was also not recovered from the contractor.

The lapse occurred due to violation of rules.

When pointed out in May 2018, it was stated by the management that the agreement has been sent to Law Department for vetting and remained pending in the Law Department for the purpose due to which the delay occurred.

Audit requested the department concerned for holding DAC meeting on 27.06.2018. DAC meeting was not convened till finalization of this report.

Audit recommends investigating the matter and fixing responsibility for unauthorized award of contract and loss of Government revenue.

AP 438 (2016-17)

#### **8.4.3 Overpayment to PRAL on account of consultancy charges - Rs.8.573 million**

According to the agreement executed on 10<sup>th</sup> June 2013 between Government of Khyber Pakhtunkhwa and Pakistan Revenue Automation Private Limited, the PRAL will enroll/register sales tax Payers (Persons, Firms or Company) @ of Rs.288 per enrolment with 15% increase in rates annually, with the minimum number of 300 per month as Transaction services charges & Tax payer management.

During the financial years 2015-16 to 2016-17, audit of the accounts of Khyber Pakhtunkhwa Authority, it was observed that a sum of Rs. 10,368,000

was paid to PRAL for two types of service i.e. Transaction Service Charges / E-Enrolment and Tax Payer Management @ Rs. 288 each with 15% increase in rate annually for a target of 300 registration per month or 3600 registration per annum. The PRAL claimed and received the whole estimated cost given in the agreement for above mentioned services on the basis of targeted enrolment instead of actual registration/E-enrolment which was less than actual, resulting into overpayment of Rs. 8.573 Million as detailed below:

(Amount in Rs.)

Sr.No.	Year	Service/Item	Target	Rate Per Unit	Cost Paid	Actual Register	Difference	Overpayment
1	2013-14	Tran. Service	3600 300 x 12	288	1,036,800	308	3600-308=3292	(3292x288)=948,096
		Taxpayer mgt.	3600 (300x12)	288	1,036,800	308	3600-308=3292	(3292x288)=948,096
2	2014-15	Tran. Service	-do-	331	1,191,600	303	3600-303=3297	(3297x331)=1,091,307
		Taxpayer mgt.	-do-	331	1,191,600	303	3600-303=3297	(3297x331)=1,091,307
3	2015-16	Tran. Service	-do-	381	1,371,600	508	3600-508=3092	(3092x381)=1,178,052
		Taxpayer mgt.	-do-	381	1,371,600	508	3600-508=3092	(3092x381)=1,178,052
4	2016-17	Tran. Service	-do-	440	1,584,000	1170	3600-1170=2430	(2430x440)=1,069,200
		Taxpayer mgt.	-do-	440	1,584,000	1170	3600-1170=2430	(2430x440)=1,069,200
<b>Total:</b>					<b>10,368,000</b>			<b>8,573,310</b>

The lapse occurred due to weak internal controls and financial mismanagement.

When pointed out in August 2017, it was stated that detail reply will be submitted after discussion and consulting the record.

In the DAC meeting held on 22-11-2017, it was decided that recovery will be made from the PRAL.

Audit recommends recovery.

AP 219 (2015-16) & AP 21 (2016-17)

#### 8.4.4 Non-deduction of sales tax - Rs.17.748 million

According to Khyber Pakhtunkhwa Revenue Authority (KPRA) letter No.FI(I)DG/KPRA/ 2015/799-801 dated 06.02.2015, Sale tax at the rate of 15% on Services shall be deducted and credited to; B-02386, Sale Tax on Services (Khyber Pakhtunkhwa).

During the financial years 2015-16 to 2016-17, audit of the accounts record of Director General Khyber Pakhtunkhwa Revenue Authority( KPRA) Peshawar, it was observed that a sum of Rs. 118,320,567/- was paid as consultancy charges during 2013-14 up to 2016-17 to Pakistan Revenue Atomization (Pvt) Ltd (PRAL) but the Sale Tax on services @ 15% amounting to Rs.17,748,085/- was not deducted from the Contractor (PRAL), resulting into loss to Government.

The lapse occurred due to weak internal controls and non-adherence of rules & regulations.

In the DAC meeting held on 22-11-2017, it was decided that para stands till recovery of Rs.17.748 million.

Audit recommends implementation of DAC decision.

AP 23 (2016-17) and AP 222 (2015-16)

## Chapter – 9

### Health Department

#### 9.1 Introduction

As per Rules of Business 1985, 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)

#### 9.2 Comments on budget & accounts (variance analysis)

##### Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2017-18 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	35,496,385,000	817,806,600	36,314,191,600	35,940,519,716	(373,671,884)
<b>Total</b>		<b>35,496,385,000</b>	<b>817,806,600</b>	<b>36,314,191,600</b>	<b>35,940,519,716</b>	<b>(373,671,884)</b>

## 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	12,230,000,000	60	1,223,000,060	9,258,396,723	(2,971,603,337)
<b>Total</b>		<b>12,230,000,000</b>	<b>60</b>	<b>1,223,000,060</b>	<b>9,258,396,723</b>	<b>(2,971,603,337)</b>

## Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Saving)	Variance %
Non-Development	36,314.192	35,940.519	(373.672)	1.03
Development	12,223.000	9,258.396	(2,971.603)	24.31
<b>Total</b>	<b>48,537.192</b>	<b>45,198.915</b>	<b>(3,345.275)</b>	<b>6.89</b>

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30<sup>th</sup> 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.3,345.275 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	Health	31	21	-	10
2.	2002-03	-do-	18	14	-	04
3.	2003-04	-do-	11	06	-	05
4.	2004-05	-do-	42	11	-	31
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
12.	2013-14	-do-	46	23	-	23
13.	2014-15	-do-	27	14	-	13

## **9.4 Audit Paras**

### **9.4.1 Misappropriation of hospital receipts - Rs 5.184 million**

According to para 23 of GFR Vol-I, every Government officer will personally be responsible for any loss to Government either through his own willful fault or negligence or any of his subordinate.

During the financial year 2016-17, in the office of Hospital Director Khalifa Gul Nawaz Teaching Hospital Bannu, it was observed that a sum of Rs 5,184,707/- were realized from various units of the hospital but were not deposited into government treasury. Moreover, an internal inquiry by the hospital also established non-deposit of receipts.

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

When pointed out in March 2018, the management stated that the matter is already under consideration and the matter will further be probed to finalize the existing enquiry.

Audit requested the department concerned for holding DAC meeting on 26.03.2018. DAC meeting was not convened till finalization of this report.

Audit recommends disciplinary action at the person(s) at fault and recovery of the misappropriated amount.

AP 443 (2016-17)

### **9.4.2 Loss to government due to accepting substandard intravenous Silver Cannula – Rs. 1.575 million**

According to Government of NWFP MCC letter No. 880955/MCC dated 12<sup>th</sup> March, 2003, payment shall be made after receipts of satisfactory report of the Drug Testing Laboratory.

According to Chief Drug Inspector letter No.473/CDI dated 10.10.2016, Silver IV Cannula declared substandard.

During the financial year 2016-17, in the office of Hospital Director Khalifa Gul Nawaz Teaching Hospital Bannu, it was observed that a sum of Rs 1,575,000/- were drawn from government treasury on account of purchase of IV Cannula, 20, 22 and 24 gauge.



Audit observed that the Drug Testing Laboratory declared the Intravenous Cannulas as substandard in its report. The payment of Rs. 1,575,000/- to the supplier for the defective Cannulas stands in violation of the above mentioned rule, as these Cannulas were declared sub-standard by the Drug Testing Laboratory resulted into a loss of Rs.1,575,000 to the government exchequer.

The lapse occurred due to lack of internal control.

When pointed out in March, 2018 the management stated that the said IV Cannula were included in the approved MCC list hence supply order was issued. Later on the Office of DGHS declared it sub-standard and the firm was properly informed.

Audit requested the department concerned for holding DAC meeting on 26.03.2018. DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter for recovery besides fixing responsibility against the person(s) at fault.

AP 444 (2016-17)

#### **9.4.3 Overpayment on account of purchase of incinerator - Rs. 145.66 million**

Para 23 of GFR Vol I provides that every public officer is personally responsible for any loss sustained by government through fraud or negligence on his own part or on the part of subordinate disbursing officers.

During the financial year 2016-17, in the Bacha Khan Medical Complex Swabi, it was observed that a sum of Rs.315 million was incurred on the purchase of incinerator from M/s IBS Pharmaceutical by ignoring the lowest bid of Pak Glorious Enterprises of Rs.169.34 million. A Technical Evaluation Committee recommended Pak Glorious Enterprises awarding 100 points on the basis of technical and financial ground. However, the contract was awarded to 2<sup>nd</sup> lowest on the basis that the lowest firm withdrew from the bid. On scrutiny of the record it was established that the withdrawal letter of the Pak Glorious were not genuine but fake as confirmed from the M/s IBS Pharmaceuticals. As a result public exchequer sustained a loss of Rs. 145.66 million.

The lapse occurred due to weak internal controls.

When pointed out in June 2018, it was stated that reply would be furnished after consultation of record.

Audit requested the department concerned for holding DAC meeting on 04.07.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery of overpayment besides disciplinary action against the person(s) at fault.

AP 801 (2016-17)

#### **9.4.4 Non-recovery of auction and income tax amount – Rs.12.75 million**

According to the Advertisement circulated for the auction of the material obtained from demolishing the building of Women & Children Hospital Haripur, the contractor was required to deposit 25% of the auction amount, at the time of auction. The remaining 75% will be paid by the contractor within a week time.

According to the Withholding Income Tax as per Finance Act 2017 endorsed and circulated by Regional Tax Office, Peshawar vide letter No.WHU-47/RTO-PR/2017-18/126 dated 13-07-2017, “The rate of collection of tax on auction u/s 236A, 10% income tax is recoverable from the contractor”.

During the financial year 2017-18, in the DHQ Teaching Hospital Haripur, it was observed that the contract for auction of material obtained from demolishing of Women & Children Hospital Haripur was awarded to M/S. Ali Haider Khan, Lahore for Rs.15,000,000 on 14-10-2017. The contractor paid 25% of the contract amount however, the remaining 75% amounting to Rs.11,250,000 is still outstanding till date of audit i.e 10.10.2018.

In addition, Income Tax amounting to Rs. 1,500,000 (15,000,000 x 10%) is also outstanding against the contractor.

When pointed out, the management stated that the recoveries are in progress and efforts will be made for complete recovery. The reply is not tenable as the management failed to take appropriate action including recovery.

Audit requested the department concerned for holding DAC meeting on 19.10.2018. DAC meeting was not convened till finalization of this report.

Audit recommends the recovery and appropriate action against the defaulting contractor.

AP 160 & 161 (2017-18)

#### **9.4.5 Non-deduction of income tax on premium - Rs 9.142 million**

According to FBR Clarification No.RTO-PR/WH-47/393 dated 19/12/2017 read with Section 233 of the Income Tax Ordinance, 2001, the Project Management of Social Health Protection Initiative, Health Department was required to deduct tax at the rate of 8% from the payments made to State Life Insurance Corporation (SLIC).

During the Financial Year 2016-17, in the office of Project Director, Social Health Protection Initiatives, Khyber Pakhtunkhwa, payment of Rs 113,912,975/- was made to State Life Insurance Company on account of Premium but income tax at the rate of 8% amounting to Rs 9,113,038/- was not deducted. Moreover, 850,000/- was paid to SLIC on account of premium but Income Tax @4.5% instead of 8% was deducted which resulted in less deduction of Income Tax of Rs.29,750/- resulting in total loss to Rs.9,142,788.

Audit held that non deduction of Income Tax was occurred due to violation of Income Tax Ordinance.

When pointed out in January, 2018 the management stated that the payment from KfW fund was made direct by Oxford Policy Management (OPM), therefore the Para may be communicated to OPM and KfW to provide justification for non deduction of income tax. Regarding less recovery of Rs.29,750 , the management stated that recovery will be made from the next bill paid to SLIC.

In the DAC meeting held on 04-09-2018, the department stated that less deduction of Income Tax now recovered from the payment of Government of Khyber Pakhtunkhwa share premium claim paid to SLIC. The payments from KfW funds were made direct to State Life and they were not the Withholding Agents to deduct the Income Tax. The matter was also discussed with Oxford Policy Management (OPM), who replied that Foreign Grants were exempted from any kind of taxes. However, DAC did not agree and directed that in light of FBR's clarification the amount may be recovered. However, no progress regarding implementation of DAC directives was received so far till finalization of this report.

Audit recommends deduction of Income Tax from Premium Payments made to SLIC.

AP 321 (2016-17) FAP

#### 9.4.6 Non-recovery of hospital dues from contractors – Rs. 4.391 Million

According to the Chief Finance Officer HMC letter No.1492/HMC/CFD, dated 02.05.2017 hospital dues were not deposited by contractors read with clause 2 of the contractor agreement executed with M/s Ghulam Rasool and Co. dated 12.07.2016, which also bound the contractor to pay the dues in time otherwise he will be charged @ Rs.200 Per Day as penalty on late deposit.

During the financial year 2016-17 in the office of Hospital Director Hayatabad Medical Complex Peshawar, it was revealed that hospital dues amounting to Rs.4,391,258 were not deposited by contractors as tabulated below.

(Amount in Rs.)

S#	Contractor's name & Contract	Outstanding rent	Penalty due	Total outstanding dues (Rent+Penalty)
1	M/S Ghulam Rasool (Shop near Mosque)	2,491,520	237,600	2,729,120
2	M/S Chan Gul (Public Toilet)	127,300	1,000	128,300
3	M/S Farhad Ali (Main Canteen)	131,470	0	131,470
4	M/S Falak Niaz (Car Parking (16-17))	1,056,000	4,000	1,060,000
5	M/S Abdul Razzaq (Car Parking (15-16))	293,760	0	293,760
6	M/S Muhammad Tariq (Shop near Mosque for (15-16))	48,608	0	48,608
<b>Total</b>		<b>4,148,658</b>	<b>242,600</b>	<b>4,391,258</b>

Loss was sustained due to weak internal controls and non observing of contract agreement clauses.

When pointed out in March 2018 the management furnished no reply.

Audit requested the department concerned for holding DAC meeting on 11.06.2018. DAC meeting was not convened till finalization of this report.

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

AP 541 & 545 (2016-17)

#### 9.4.7 Non-deduction of income tax on stipend - Rs. 1.089 million

According to RTO Peshawar letter No WH-50/WH Zone RTO-PSH/2016 dated 14.12.2016 income tax on stipend is to be deducted @ Rs. 2000+ 5% of amount exceeding Rs. 500,000.

During the financial year 2016-17, audit of the accounts of the District Head Quarter Teaching Hospital (MTI) D.I.Khan, it was observed that expenditure of Rs.57,691,435/- was shown incurred as stipend to the House Job Officers @ Rs. 62,112 p.m. however, Income Tax was not deducted from the officer concerned. Which resulted in loss of Rs.1,088,529/- to government exchequer.

Audit held that the irregularity occurred due to weak internal controls.

When pointed out in January 2018, it was stated that the audit observation is seen and discussed. Proper reply will be submitted after consulting the record.

In the DAC meeting held on 04 & 05 October 2018, it was decided to make complete recovery.

Audit recommends recovery of Income Tax.

AP 355 (2016-17)

#### **9.4.8 Irregular expenditure on account of purchase of Medicines/Disposables & Payment of Stipend - Rs. 88.014 million**

According to Rule 8(e) of the MTI Rules 2015 duly endorsed by Health Department vide Notification No. SOH-I/HD/7-53 dated 04-06-2015 "All disbursement shall be made out of the fund, under the orders of the competent authorities. All cheques for payment must bear double signatures, that is the signature of the Drawing and Disbursing Officer and Finance Director.

During audit of the accounts of the District Head Quarter Teaching Hospital (MTI) D.I.Khan for the financial year 2016-17, it was observed that an expenditure of Rs.88,014,294/- was incurred on the purchase of medicines/ disposable and payment of stipend to the house officers. Scrutiny of the record revealed that all these payments were made under the single signature of the Hospital Director without involving the Director Finance already posted, in violation of the MTI Rules 2015. Hence, the incurrence of expenditure of Rs.88,014,294/- stands irregular. Detailed below:

<b>S. No</b>	<b>Particulars</b>	<b>Amount (in Rs.)</b>
1	Medicines & Disposables	30,322,859
2	Stipend to house officers	57,691,435
	<b>Total</b>	<b>88,014,294</b>

Audit held that the irregularity occurred due to weak internal control & non-implementation of MTI rules in letter and spirit, thus defeating spirit of autonomy.

When pointed out, it was stated that detailed reply will be given after consulting of the record.

In the DAC meeting held on 04 & 05 October 2018, it was decided to enquire the matter for fixing of responsibility.

Audit recommends to implement the decision of the DAC.

AP 358 (2016-17)

#### **9.4.9 Unauthorized retention of government receipts in Hospital Management Board (HMB) fund account – Rs.56.973 million**

According to paras 26 & 28 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, no amount due to government should be left outstanding without sufficient reason.

During the financial years 2017-18, in the DHQ Teaching Hospital Haripur, it was observed and amount of Rs.56,973,400 was realized as hospital receipts from OPD, Admissions, Lab receipts etc since March 2014 till date, but the same were deposited in the Hospital Management Board (HMB) Fund Account instead of Government Treasury (detailed below). In addition, the Hospital is also incurring expenditure on recruitment of staff, civil work etc from unauthorized retained money as well, despite availability of regular budget.

<b>S. No</b>	<b>Year</b>	<b>Net Receipts</b>
1	2015-16	16,521,568
2	2016-17	17,495,844
3	2017-18	22,955,988
<b>Total</b>		<b>56,973,400</b>

The irregularity occurred due to weak financial management.

The unauthorized retention of hospital receipts deprived the government from its legitimate receipts.

When pointed out in October 2018, the management stated that the receipts are deposited in the HMB account as per MOU. A letter was written to Health Department for clarification, however, reply is awaited.

Audit requested the department concerned for holding DAC meeting on 19.10.2018. DAC meeting was not convened till finalization of this report.

Audit recommends credit of the hospital receipts into government treasury.

AP 155 (2017-18)

#### **9.4.10 Unauthorized retention of Government money - Rs. 50.960 million**

According to Finance Department letter No. 2/3-(F/L)FD/2007-08/Vol-IX dated 10-02-2014, it has been decided that all bank accounts may be converted into PLS mode and the profit earned be deposited in Government Treasury immediately.

During the financial year 2017-18, in office of the Secretary to Government of Khyber Pakhtunkhwa Health Department it was observed that balance of Rs.50,959,718/- were lying in Bank of Khyber as on 30.06.2018, in the Secretariat Branch current account No. CD 05855-00-4 w.e.f 03.01.2011.

Audit is of the opinion that had the instructions of Finance Department being followed, the government would have earned Rs.4,195,238/- (calculated on 5% profit per annum) as additional revenue.

The lapse occurred due to violation of the instructions of the Finance Department.

When pointed out in December 2018, it was stated that detail reply will be furnished after consulting the record.

Audit requested the department concerned for holding DAC meeting on 04.01.2019. DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the retention of government money besides non compliance of Finance Department's instructions.

AP 447 (2017-18)

#### **9.4.11 Irregular and unauthorized award of institutional performance allowance in lieu of HPA to non clinical staff worth Rs. 40.572 million per annum**

According to Finance Department regularization wing Notification NO.FD(SOSR-II/8-18/2016) dated 07.01.2016 and even No dated 15.04.2016 and 23.02.2017 that the incentive allowance in shape of HPA was allowed for doctors (Civil Servants and institutional), paramedics and nursing staff.

During the financial year 2017-18, in the office of Hospital Director MTI Khyber Teaching Hospital revealed that in 34<sup>th</sup> BOG meeting held on 27.10.2017 allowed institutional performance allowance in lieu of HPA to the non-clinical staff of MTI KTH @ Rs.3000 p.m to the staff in BPS 1 to 10 and Rs. 4000 p.m to the staff in BPS 11 and above, which was not authorized under the MTI Act.

Audit holds that this award of financial incentives is unauthorized and in contravention of the above mentioned criteria. The total amount of Rs. 40.572 million was paid irregularly & unauthorizedly.

The lapse occurred due to weak internal controls, financial mismanagement and non adherence to the Government rules.

When pointed out in November, 2018 the management stated that recovery will be made.

Audit requested the department concerned for holding DAC meeting on 04.01.2019. DAC meeting was not convened till finalization of this report.

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

AP 285 (2017-18)

#### **9.4.12 Unauthorized drawl of conveyance allowance by health staff – Rs.18.128 million**

According to the judgment of Peshawar High Court dated 28.02.2013 duly circulated by the Finance Department (Regulation Wing) vide their letter No.FD(SOR-II)8-52/2013 dated:02.04.2013 those civil servants residing within the four walls of the same building where their place of work/offices are situated are not entitled for conveyance allowance.



During the financial years 2016-17 & 2017-18, in the office of Hospital Director MTI Khyber Teaching Hospital Peshawar, Moulvi Ameer Shah Memorial Hospital Peshawar, and Hospital Director, Lady Reading Hospital Peshawar, it was observed that the doctors, paramedics and nurses were provided residential accommodation within the hospital premises but they were also allowed conveyance allowance in contravention of the court decision resulting into a loss of Rs. 18.128 million which requires recovery.

The lapse occurred due to non-observance of court orders as well as government instructions.

When pointed out in November, 2018 the management stated that recovery will be made.

Audit requested the department concerned for holding DAC meeting on 04.01.2019 followed by reminder on 15.10.2018 and 09.01.2019. DAC meeting was not convened till finalization of this report.

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

AP 99, 307,308,312& 620 (2016-17 &2017-18)

#### **9.4.13 Irregular and non transparent appointment of hospital director involving pay of -Rs.11.00 million**

According to Section 10 (2) of the MTI Act 2015, Each Board shall appoint a full time Hospital Director for the Medical Teaching Institution for a period of three years on the recommendation of a Recruitment Committee, on such terms and conditions as the Board may determine; provided that no Board member shall be appointed as Hospital Director.

During Financial Year 2017-18, the record of Hospital Director MTI Khyber Teaching Hospital revealed that out of short listing candidates, Dr. Nek Dad Afridi, was appointed as Hospital Director with a monthly package of monthly Rs. 500,000 w.e.f 03.01.2017. Audit observed that the appointed Hospital Director did not resign from the government service as per terms and conditions of his appointment order till date i.e. 17.11.2018 of audit as evident from his promotion order from BPS-17 to BPS-18 as SMO dated 13.03.2017 thus holding the two posts against MTI Act as well as terms and conditions of appointment.

The lapse occurred due to weak internal controls.

When pointed out, the management stated that detail reply will be submitted to the DAC.

Audit requested the department concerned for holding DAC meeting on 09.01.2019. DAC meeting was not convened till finalization of this report.

Audit recommends the matter to be investigated regarding illegal appointment, recovery besides fixing responsibility against the person(s) at fault.

AP 282 (2017-18)

**9.4.14 Unauthorized payment of allowances during leave period – Rs.9.087 million**

According to F.D. Regulation Wing Notification No. FD(SQSR-II)8-18/2016 dated 07-01-2016, Health Professional Allowance (HPA) will not be admissible during earned leave, study leave and extra ordinary leave etc.

During the financial years 2016-17 & 2017-18, in the following institutions of Health Department, the Doctors, Nurses and Paramedical Staff had availed different kinds of leave but Health Professional Allowance (HPA) and Conveyance Allowance (C.A) at the prescribed rate were not deducted. This resulted into loss of Rs.9,087,000/- as per detail given below:-

<b>Rs. in million</b>			
<b>S.#</b>	<b>Name of Institutions</b>	<b>No of officers/officials granted leave</b>	<b>Overpaid Amount</b>
1.	Benezir Bhutto Shaheed Teaching Hospital Abbottabad	35	1.043
2.	-do-	01	0.577
3.	King Abdullah Teaching Hospital, Manserha	08	0.258
4.	Moulvi Ameer Shah Memorial Hospital Pesh	03	3.433
5.	DHQ Teaching Haripur	14	1.811
6.	DHQ Chitral	23	1.965
<b>Total</b>		<b>84</b>	<b>9.087</b>

The lapse occurred due to weak internal controls.

When pointed out in October 2017, the management stated that the detail reply will be given later on.

Audit requested the department concerned for holding DAC meeting on 27.06.2018 followed by reminder on 04.01.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 163, 188, 189, 224, 614 & 744 (2016-17 & 2017-18)

#### **9.4.15 Unauthorized distribution of govt. receipts received from the private paramedical institutes – Rs. 4.780 million**

According to Para 5 of GFR Vol-I money received as dues of government or for deposit in the custody of government should be credited into Government account.

During the financial year 2016-17, in the Saidu Teaching Hospital Swat, it was noticed that receipts to the tune of Rs. 4.780 million, received from 05 private Paramedical Institutes @ of Rs. 1200 per student for clinical training in the Saidu Teaching Hospital Swat but instead of depositing the receipts into the Treasury the amount was drawn and distributed amongst the staff on the basis of MoU signed by Saidu Hospital, private paramedical institutes and medical faculty without approval from the Government.

The lapse occurred due to weak internal controls.

When pointed out in October, 2017 the management furnished no reply.

Audit requested the department concerned for holding DAC meeting on 07.02.2018. DAC meeting was not convened till finalization of this report.

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

AP 305 (2016-17)

#### **9.4.16 Unauthorized payment of Doctors Share - Rs.3.213 million**

According to Health Department Notification NO.SO(Budget)Health/1-107/user charges dated 25.06.2002, Medical Superintendent is not entitled for receiving the doctors share whose post are vacant.

During the financial year 2017-18, in the King Abdullah Teaching Hospital Mansehra, it was noticed that the share of Pathologist, Physiotherapist

and Radiologist was given to Medical Superintendent, which resulted into unauthorized/illegal drawl of Rs. 3,213,571/- which needs recovery detailed below:

(Amount in Rs.)

Particular month	Lab amount	ECG Amount	Ultrasound Amount	Physiotherapy Amount	X-Ray Amount	Total Amount
7—17	147,267	4,274	48,713	3,015	75,330	278,599
8—17	174,103	6,548	65,250	4,842	94,850	345,593
9—17	238,743	1,560	36,731	4,608	3,772	285,414
10—17	285,252	1,296	33,693	4,473	0	324,714
11—17	258,156	1,226	36,675	0	0	296,057
12—17	153,789	0	34,875	0	0	188,664
1—18	152,303	1,437	32,515	0	0	186,255
2—18	193,867	1,624	71,915	0	0	267,406
3—18	186,354	1,483	56,219	0	0	244,056
4—18	201,877	1,776	49,612	0	0	253,265
5—18	242,048	1,651	57,600	0	0	301,299
6—18	192,674	1,538	48,037	0	0	242,249
<b>Total</b>	<b>2,426,433</b>	<b>24,413</b>	<b>571,835</b>	<b>16,938</b>	<b>173,952</b>	<b>3,213,571</b>

The lapse occurred due to financial mismanagement.

When point out in October, 2018, the management furnished no reply.

Audit requested the department concerned for holding DAC meeting on 19.11.2018. DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and recover the loss from the person(s) at fault.

AP 213 (2017-18)

#### **9.4.17 Overpayment of pay and allowances - Rs 12.806 million**

According to F.R 84 & Appendix 9 of Vol-II, study leave shall be granted on half pay and the maximum period should not exceed 48 months.

As per Notification of Finance Department Khyber Pakhtunkhwa, No FD(SOSR-II)8-18/2016, dated 15-04-2016, Health Professional Allowance is not admissible during leave period.

During the financial years 2016-17 & 2017-18, in the following institutions of Health Department, it was observed that study leave was granted to the officers/officials but full basic pay alongwith Health Professional

Allowance (HPA) and Conveyance Allowance (C.A) were paid to them for which they were not entitled. This resulted into loss of Rs. 12,807,508/- as per detail given below:-

			<b>Rs. in million</b>
<b>S.#</b>	<b>Name of Institutions</b>	<b>No of officers/officials granted study leave</b>	<b>Overpaid Amount</b>
1.	Hospital Director Khalifa Gul Nawaz Teaching Hospital, Bannu	08	7.632
2.	Moulvi Ameer Shah Hospital, Peshawar	03	1.885
3.	King Abdullah Teaching Hospital, Mansehra	04	3.289
<b>Total</b>		<b>15</b>	<b>12.806</b>

The lapse occurred due to lack internal control and financial mismanagement.

When pointed out in March, 2018 no reply was furnished.

Audit requested the department concerned for holding DAC meeting on 26.03.2018 followed by reminder on 27.06.2018. DAC meeting was not convened till finalization of this report.

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

AP 445, 619 & 211 (2016-17& 2017-18)

#### **9.4.18 Overpayment on account of non-Practicing Allowances – Rs.1.260 million**

According to Civil Establishment Code (ESTACODE) vide Sl.10 non practice allowance shall be admissible in all cases where a doctor is not allowed private practice.

During the financial year 2016-17, in the DHQ Hospital Chitral, it was observed that the following 14 Medical Officers were allowed NPA @ Rs.3000/- Per month w.e.f 01.07.2015 to 30.04.2018 and a total amount of Rs.1,260,000 was overpaid for which the doctors concerned were not entitled as detailed below:

(Amount in Rs.)

S#	Name of Doctor	Designation	NPA	Month (since 1-7-2015)	Amount	Clinic location
1	Dr Noor ul Islam	CMO	3,000	24	72,000	Near Shahi Masjid Rd Police Line
2	Dr Samiullah	PMO	3,000	34	102,000	Near Shahi Masjid Rd Police Line
3	Dr Rehmat Aman	PMO	3,000	34	102,000	Near chow Pull Danin
4	Dr Fazal Rabani	PMO	3,000	34	102,000	Main Bazar Drosh
5	Dr Saad Muluk	PMO	3,000	34	102,000	Shandoor Medical Center Chitral
6	Dr Abdul Qasim	Dental Surgeon	3,000	34	102,000	D.C office Road Chitral
7	Dr Rashid Zafar	MO	3,000	34	102,000	Al kidmat medical center chitral
8	Dr Bilal Ahmad	MO	3,000	12	36,000	shandoor Medical Center chitral
9	Dr Yahya khan	SMO	3,000	34	102,000	Near ShahiMusjid Rd Police Line
10	Dr Ikramullah	Dental Surgeon	3,000	34	102,000	old PIA ChowkChitral
11	Dr Tawakal khan	MO	3,000	30	90,000	DHQ hospital road
12	Dr FaizulMulakJilani	SMO	3,000	24	72,000	Near ShahiMusjid Rd Police Line
13	Dr SyeedaShanaz Jabeen	MO	3,000	34	102,000	near Women & children hospital DC road
14	Dr Iqbalud din	SMO	3,000	24	72,000	Near ShahiMusjid Rd Police Line
				<b>Total</b>	<b>1,260,000</b>	

The irregularity occurred due to weak internal controls.

When point out in April 2018, the management stated that the detail reply will be furnished after checking the record.

Audit requested the department concerned for holding DAC meeting on 04.07.2018. DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and recover the loss from the person(s) at fault.

AP 745 (2016-17)

#### **9.4.19 Short deposit of Hospital Receipts – Rs.3.958 million**

According to paras 26 & 28 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, no amount due to government should be left outstanding without sufficient reason.

During the financial year 2017-18, in King Abdullah Teaching Hospital, Mansehra, it was noticed that Rs 9,176,457/- was realized on account of OPD charges from patients of different units of the hospital but contrary to this only Rs 7,084,020/- was deposited into bank account. Resultantly Rs.2,092,437/- were less deposited in the hospital bank account.

Similarly, when the hospital receipt statement was compared with unit wise receipts, a different of a Rs. 1,866,085 was noticed as a result a total of Rs.3.958 million was short deposited.

The irregularity occurred due to weak internal Controls & financial Mismanagement.

When pointed out in October 2018, the department furnished no reply.

Audit requested the department concerned for holding DAC meeting on 19.11.2018. DAC meeting was not convened till finalization of this report.

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

AP 210 & 212 (2017-18)

#### **9.4.20 Wasteful expenditure on the purchase of CT Scan machine – Rs.29.500 million**

Para-145 of GFR Vol-1, “care should be taken not to purchase, stores much in advance of actual requirements, if such purchase is likely to prove unprofitable to Government”.

During the financial year 2016-17, in the Moulvi Ameer Shah Memorial Hospital Peshawar, it was observed that a sum of Rs 29.500 million was incurred on the purchase of CT Scan Machine during 2011 but only 49 scans were carried out till date of audit i.e 15-05-2018. Moreover, the office of the Chief Secretary also inquired vide letter bearing No. PSO/CS/KPK/1-

5/2013 dated 16/4/2013 as to why the equipments were purchased when the skill to operate was nonexistent.

Audit is of the opinion that the purchase of CT Scan Machine caused a loss of Rs. 29.5 million to the public exchequer.

The loss occurred due to faulty procurement plan.

When pointed out in May, 2018 the management stated that this office will approach to DG Health Office for release of fund to operationalize the CT Scan machine. The reply is evasive and unsatisfactory.

Audit requested the department concerned for holding DAC meeting on 27.06.2018. DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter for disciplinary action against the person (s) at fault.

AP 617 (2016-17)

#### **9.4.21 Wastage of public money due to un-necessary procurement of Medical Equipments – Rs.24.171 million**

Para-145 of GFR Vol-1, “care should be taken not to purchase, stores much in advance of actual requirements, if such purchase is likely to prove unprofitable to Government”.

During the financial year 2016-17, in the Moulvi Ameer Shah Memorial Hospital Peshawar, it was observed that an expenditure of Rs. 24,171,110 was incurred on the procurement of diagnostic and curative equipments for the patients in 2010 and 2011 which were not utilized for the treatment of patients besides blockage of hospital receipts from their non-utilization till the date of audit 15-05-2018.

Audit holds that the purchase was made in excess then the actual requirements and resultantly the public funds were wasted.

When pointed out in May, 2018 the management stated that a committee will be constituted to inquiry the matter and report shall be submitted to the higher ups.

Audit requested the department concerned for holding DAC meeting on 27.06.2018. DAC meeting was not convened till finalization of this report.



Audit recommends to conduct inquiry and fix responsibility against the person (s) at fault.

AP 607 (2016-17)

#### **9.4.22 Unauthentic expenditure on Cath Lab items worth – Rs. 21.104 million**

According to MTI Act 2015 Section 7(b), the Board shall be responsible for policy making of a Medical Teaching Institution and ensuring that the performance of a Medical Teaching Institution and its programmes are efficient and effective.

During the financial year 2017-18, in the office of Hospital Director, Lady Reading Hospital Peshawar, it was noticed that a sum of Rs. 21.104 million were shown incurred on the treatment of angiography/angioplasty by utilizing the hospital cath lab items from store i.e. Stents, Guide Wires, Balloons and shield etc without realizing any receipts which makes the whole curative expenditure as unauthentic in the absence of SOPs on the above subject.

The lapse occurred due to weak internal controls.

When pointed out in September, 2018, it was stated by the management that detail reply will be given after consulting the relevant record.

Audit requested the department concerned for holding DAC meeting on 15.10.2018 followed by reminder on 09.01.2019. DAC meeting was not convened till finalization of this report.

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

AP 86 (2017-18)

#### **9.4.23 Blockage of government receipts of Rs. 15.00 million**

Accordance to the Article-1, clause-1.1(a & b) of the MOU signed between the KGMC and the University of Toledo USA with effect of 25.02.2014 for a period of five years “the parties desire to initiate a series of discussion to further explore collaboration and exchange of faculty, staff and students for experience involving health sciences, advance study and research and exchange of teaching material and scientific literature, joint workshop and discussion on topics of mutual interest”.

During the financial year 2016-17, in the office of the Principal Khyber Girls Medical College Hayatabad, it was observed that a sum of Rs. 15.00 million (\$150000) was deposited/transferred as endowment money to the University of Toledo, USA out of the amount of KGMC receipts (Self Finance Foreign Students). However till the date of audit neither a single faculty member was sent to the said University for research and development nor the faculty of the said University arranged any work shop or other activity for the faculty of KGMC while the period of the MOU is about to expire. This is nothing except blockage of Government receipt without any benefit to the College.

The lapses occurred due to weak internal control.

When pointed out in May 2018, it was stated that detailed reply will be furnished to DAC after the scrutiny of relevant record.

Audit requested the department concerned for holding DAC meeting on 13.06.2018. DAC meeting was not convened till finalization of this report.

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

AP 563 (2016-17)

#### **9.4.24 Non-deposit of hospital receipts - Rs 53.04 million**

According to Rule-7 (i) of CTR Vol-I, all moneys received by government on account of revenue of the government should immediately be deposited into government treasury and should not be appropriated to meet the departmental expenditure.

During the financial year 2017-18, in the following institutions of the Health Department, it was observed that hospital receipts realized from services rendered were kept in private accounts instead of depositing into Government Treasury in violation of above mentioned rule.

<b>S.No.</b>	<b>Name of Institution</b>	<b>Amount (Rs. In million)</b>
1.	King Abdullah Teaching Hospital, Mansehra	27.891
2.	Benazir Bhutto Shaheed Teaching Hospital Abbottabad	25.149
	<b>Total</b>	<b>53.04</b>

The irregularity occurred due to weak internal controls.

Audit held that retaining of government receipts was illegal & against established treasury rules.

When pointed out in October 2018, the department stated that detail reply will be given after consulting of record.

Audit requested the department concerned for holding DAC meeting on 19.11.2018 followed by reminder on 31.10.2018. DAC meeting was not convened till finalization of this report.

Audit recommends to conduct inquiry for fixing of responsibility against the person(s) at fault and immediate deposit of government money.

AP 209 & 179 (2017-18)

**9.4.25 Less deposit of maintenance/ depreciation charges in the treasury - Rs. 7.006 million**

According to Khyber Pakhtunkhwa, Finance Department letter No. BOVI/FD/1-1/2011-12 dated 29-04-2013 "w.e.f. 1<sup>st</sup> May 2013, atleast 50 percent of the amount recovered from the diagnostic services rendered to the patients will be diverted to a separate account to be maintained specially for the maintenance and repair of equipment. This fund will only be utilized for the said purpose".

During the financial year 2016-17, in the Saidu Sharif Teaching Hospital Saidu, it was noticed that Rs.7,006,146 was short deposited in the relevant heads of accounts in violation of government instructions detailed below:

(Amount in Rs.)

Diagnostic Service	Amount realized	Maintenance/ Depreciation charges required to be deposited (50%)	Divisible share (2-3)	Govt. Share 60%	Total Amount to be deposited (3+5)	Actually Deposit	Short Deposit (6-7)
1	2	3	4	5	6	7	8
X-Ray	1,805,840	902,920	902,920	541,752	1,444,672	1,188,566	256,106
Laboratory	24,115,796	12,057,898	12,057,898	7,234,739	19,292,637	15,888,493	3,404,144
MRI	6,635,580	3,317,790	3,317,790	1,990,674	5,308,464	4,401,600	906,864
CT Scan	10,441,620	5,220,810	5,220,810	3,132,486	8,353,296	6,914,880	1,438,416
Ultrasound	7,086,658	3,543,329	3,543,329	2,125,998	5,669,326	4,668,710	1,000,616
<b>Total</b>		<b>25,042,747</b>					<b>7,006,146</b>

Audit held that the irregularity occurred due to weak internal controls, financial mismanagement and non-adherence to the rules/ regulations.

When pointed out in October, 2017 the management furnished no reply.

Audit requested the department concerned for holding DAC meeting on 07.02.2018. DAC meeting was not convened till finalization of this report.

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

AP 306 (2016-17)

#### **9.4.26 Non-deposit of labor room receipts – Rs.1.086 million**

According to para 23 of GFR Vol-I, 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 2016-17, in the DHQ Hospital Chitral, it was observed that a sum of Rs.1,085,100/- was realized on account of delivery charges in Women and Children Hospital which was not deposited into Government treasury.

The irregularity occurred due to weak internal control and financial mismanagement.

When pointed out in April, 2018 the management stated that the detail reply will be furnished after checking the record.

Audit requested the department concerned for holding DAC meeting on 04.07.2018. DAC meeting was not convened till finalization of this report.

Audit recommends to investigate the matter, fix responsibility and recover the loss from the person(s) at fault.

AP 746 (2016-17)

#### **9.4.27 Doubtful expenditure on purchase of blood bags & blankets – Rs.1.404 million**

According to para 148 of GFR vol I read with rule 379 FTR, all material received should be examined, counted, measured or weighed as the case may be and should be taken in charge by a responsible officer who should see that the quantities are correct and their quality good, and record a certificate to the effect that materials are actually received and recorded in appropriate stock register. The payment for the supply is not permissible unless the stores have been received and surveyed.

During the financial year 2017-18, in the DHQ Teaching Hospital Haripur, it was observed that an amount of Rs.661,560 was paid to M/S Ultimate Step Group, Haripur vide cheque No. 1662595 dated 23-06-2016 on account of supply of 2220 Blood Bags of 500ml. Scrutiny of record revealed that supply order was placed on 19-04-2018 but supply was shown received on 03-03-2018 (evident from invoice). The supply of blood bags 46 days prior to placement of supply order makes the whole process doubtful.

Similarly an amount of Rs.374,884 was paid to the same supplier for supply of 1258 Nos. Blood Bags, vide cheque No. 1592177 dated 16-02-2017. The following shortcomings were noticed during scrutiny of the record:

1. The 1258 Nos. blood bags were taken on stock at page-122. However while carrying forward the balance of 1258 blood bags to Page-157 of the same stock register, available quantity of 1258 Nos. blood bags were vanished from stock without showing any issuance to ward/ causality etc. This shows that the blood bags of 1258 Nos. valuing Rs.374,884 (1258 x 298) were misappropriated by the concerned store keeper.
2. The supply was 2220 Blood Bags (03-03-2018) was taken on the stock register at page-157. However, despite lapse of considerable time, a single blood bag could not be issued till the date of audit i.e. 10-10-2018 (evident from stock register).

Furthermore, an amount of Rs.368,000 was shown paid to MS Paradise Export Co. on account of supply of 200 blankets, paid vide cheque No. 1450665 dated 23-05-2017. The Store Keeper (Articles) recorded fake certificate of stock entry at page-39 on the face of the invoice. However, stock register revealed that neither the 200 blankets were taken on the stock register nor any subsequent issuance was shown on indent basis which makes the whole procurement as doubtful.

The irregularity occurred due to weak financial management.

When pointed out in October 2018, the management stated that the matter will be inquired internally.

Audit requested the department concerned for holding DAC meeting on 19.10.2018. DAC meeting was not convened till finalization of this report.

The matter may be inquired for fixing responsibility and corrective action accordingly.

AP 159 (2017-18)

## Chapter – 10

### Home & Tribal Affairs Departments

#### 10.1 Introduction

As per Rules of Business 1985, 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.

#### 10.2 Comments on budget & accounts (variance analysis)

##### Summary of the Appropriation Accounts:

The Summarized position of actual expenditure 2017-18 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	1,654,469,000	110	1,654,469,110	1,004,061,204	(650,407,906)
9- Jail & conviction	NC 21	2,024,515,000	120	2,024,515,120	1,996,687,841	(27,827,279)
10- police	NC 21	39,733,661,000	1690	39,733,662,690	37,859,842,528	(1,873,820,162)
<b>Total</b>		<b>43,412,645,000</b>	<b>1920</b>	<b>43,412,646,920</b>	<b>40,860,591,573</b>	<b>(2,552,055,347)</b>

##### Development

(Rs.)

Grant # 50 and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
Home & TA	NC22	228,003,000	0	62,087,000	85,396,351	23,309,351
Home & TA	NC12	2,191,997,000	0	1,285,080,000	1,257,177,039	(27,902,961)
<b>Total</b>		<b>2,420,000,000</b>	<b>0</b>	<b>1,347,167,000</b>	<b>1,342,573,390</b>	<b>(4,593,610)</b>

## Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Savings)	Variance %
Non-Development	43,412.647	40,860.591	(2,552.056)	5.88
Development	1,347.167	1,342.573	(4.594)	0.34
<b>Total</b>	<b>44,759.814</b>	<b>42,203.164</b>	<b>(2,556.65)</b>	<b>5.71</b>

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30<sup>th</sup> 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.2,556.65 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:-

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	25	-	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	07	-	07
09	2010-11	-do-	39	10	-	29
10	2011-12	-do-	27	15	-	12
11	2012-13	-do-	12	06	-	06
12	2013-14	-do-	19	08	-	11



## **10.4 Audit Paras**

### **10.4.1 Misappropriation on account of issuance of driving licenses- Rs. 6.935 million**

According to Para-26 of G.F.R 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 Financial Years 2014-18, the accounts record of DPO Dir Upper revealed that 9,907 Nos. of licenses were shown issued on manual register amounting to Rs.6.935 million i.e (9,907 Nos. licenses x Rs. 700 minimum rate) which was not deposited in Govt Treasury. The department was asked to provide deposit challans and reconciliation statement but failed to provide.

The lapse occurred due to weak internal controls and financial mismanagement.

When pointed out in November, 2018, it was stated that detail reply will be given after consulting relevant record.

Audit requested the department concerned for holding DAC meeting on 07.12.2018 followed by reminder on 03.01.2019. DAC meeting was not convened till finalization of this report.

Audit recommends detail inquiry into the matter and fixing responsibility against the person(s).

AP 90 (2014-18)

### **10.4.2 Non-recovery of outstanding Government dues from different departments and organizations Rs 333.356 million**

According to Standard Clause of the Contract Agreements, the receiving department should pay quarterly pay in advance of the personnel deployed on account of the cost of pay and allowances, contribution towards compensation in case of death or injury and ammunition charges of the personnel so deployed.

During Financial Year 2017-18, in the following office of the Home & T.A Department, Rs 333.356 million was outstanding against different

departments/ organization on account of Police personnel deployed for security purpose.

<b>Sr.No.</b>	<b>Financial year</b>	<b>Name of Office</b>	<b>Rs. in Million</b>
1	2017-18	CCPO	163.54
2	2017-18	DPO D.I Khan	12.924
3	2017-18	DPO Nowshera	156.892
<b>Total</b>			<b>333.356</b>

The irregularity occurred due to weak internal controls.

When pointed out in August, 2018, the department stated that reply will be give later on.

Audit requested the department concerned for holding DAC meeting on 03.01.2019. DAC meeting was not convened till finalization of this report.

Audit recommends recovery

AP 27, 152 & 163 (2017-18)

#### **10.4.3 Non-deduction of Govt: taxes - Rs.4.676 million**

According to Khyber Pakhtunkhwa Revenue Authority Sales Tax on Services Special Procedure (withholding) regulation 2015, notified vide notification No.F-16(4)KPRA/notification/WH/1383 dated 31.8.2015, 15% Sales Tax is applicable on Services as per S.No. 37 of the Taxable services as per second schedule to the Khyber Pakhtunkhwa Finance Act 2013 read with Finance Act 2016, income tax @ 10% should be recovered from the payment made for the services rendered.

During the Financial Year 2016-17, the accounts record of SSP Traffic Peshawar revealed that payment of Rs.18.704 million were made to M/S A2Z Company Pvt Ltd on account of Traffic Fine and driving licenses Services but sales tax @ 15% & income tax @10% amounting to Rs.4.676 million was not deducted from the firm. (Annexure-F).

The lapse occurred due to non-observance of Government rules and regulations.

When pointed out in September 2017, the management stated that the service fee does not fall under the definition of prescribed person as defined in

sub section 7 of section 153 of Income tax ordinance 2001, similarly the Sales tax and other taxes are paid by the A2Z company.

In the DAC meeting held in January 2018. It was decided to effect recovery of income tax and get clarification whether sales tax is leviable on A2Z Company within two weeks. However, no progress was intimated till finalization of this report.

Audit recommends implementation of DAC decision.

AP 47 & 48 (2016-17)

#### **10.4.4 Non-deduction of conveyance allowance during leave - Rs. 1.443 million**

According to Para-7-A of Supplementary Rules, a conveyance allowance to which the obligation of maintaining a motor vehicle is not attached will not be admissible during leave or temporary transfer.

During the Financial Years 2014-18, in the accounts record of DPO Dir Upper, it was noticed that 17 Nos. S.Is & ASIs and 450 Nos. constables were granted earned leave ranging from 15 days to 735 days. Further scrutiny of record revealed that these officials were granted earned leave but conveyance allowance amounting to Rs. 1,443,488 was not deducted.

The lapse occurred due to non-adherence to rules and weak financial management.

When pointed out in November-2018, it was stated that detail reply will be given after consulting relevant record.

Audit requested the department concerned for holding DAC meeting on 07.12.2018 followed by reminder on 03.01.2019. DAC meeting was not convened till finalization of this report.

Audit recommends recovery of conveyance allowance.

AP 92 (2014-18)

#### **10.4.5 Unauthorized drawl on DDO vendor - Rs 1,763.479 million**

According to the Chief Minister Directives, issued vide No-SO-III CMS/6-1/2013/General/6205-75 dated 27/09/2013, "salaries of all Provincial

Government Department Employees issued through cheques, to be deposited in their respective Bank Account”.

During the Financial Years 2016-18, in the following offices of Home & T.A Department Rs 1,763.479 million was drawn on DDO vendor and cash payments were made to the concerned in violation of the Government instructions. Details given below.

<b>Sr. No</b>	<b>Office</b>	<b>Period</b>	<b>Rs in million</b>
1	DPO Nowshera	2017-18	184.589
2	DIG Commandant Elite Force	2016-17	531.435
3	SSP Traffic Police	2017-18	18.964
4	CCPO	2017-18	947.554
5	DPO D.I Khan	2017-18	80.937
	<b>Total</b>		<b>1,763.479</b>

The lapse occurred due to violation of financial rules and regulations.

When pointed out in 2018, it was stated that reply will be furnished after consulting the record.

Audit requested the department concerned for holding DAC meeting on 03.01.2019. DAC meeting was not convened till finalization of this report.

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

AP 236 (2016-17) 33, 13, 184 & 139 (2017-18)

#### **10.4.6 Unauthorized retention of Government money on account of death compensation - Rs.6.200 million**

According to Para 290 of CTR, no money shall be drawn from treasury unless it is required for immediate disbursement.

During Financial Year 2017-18, in the accounts record of DPO D.I.Khan, it was observed that a huge amount is retained in the designated bank account of DPO DIK. The amount was drawn in 2012 under object head death compensation but till date i.e. 23 November, 2018 is lying undisbursed. Detailed below:

(Amount in Rs)

<b>S. No</b>	<b>Name &amp; Designation</b>	<b>Amount of Compensation</b>	<b>Amount of Plot</b>	<b>Total</b>
1.	Mazhar Qureshi HC	3,000,000	1,000,000	4,000,000
2.	Bahawal Khan DSP	---	2,200,000	2,200,000
			<b>Total</b>	<b>6,200,000</b>

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

When discussed in November, 2018, the management stated that detail reply will be furnished after consulting the record.

Audit requested the department concerned for holding DAC meeting on 21.12.2018 followed by reminder on 03.01.2019. DAC meeting was not convened till finalization of this report.

Audit recommends deposit of money into Govt: Treasury besides action against the person (s) at fault.

AP 151 (2017-18)

#### **10.4.7 Non-deposit of driving license fee -Rs. 1.202 million**

According to Para-26 of G.F.R 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 Years 2014-18, the accounts record of DPO Dir Upper revealed that 1414 computerized driving licenses were shown issued. However, fee of driving licenses amounting to Rs.1.202 million (1414 x 850) was not deposited into Govt treasury.

The lapse occurred due to weak internal controls and financial mismanagement.

When pointed out in November-2018, it was stated that detail reply will be given after consulting relevant record.

Audit requested the department concerned for holding DAC meeting on 07.12.2018 followed by reminder on 03.01.2019. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 88 (2014-18)

#### **10.4.8 Non-deposit of taxes in Treasury - Rs 3.060 Million**

According to Khyber Pakhtunkhwa Revenue Authority Sales Tax on Services Special Procedure (Withholding) Regulation 2015, Notified vide Notification No.F-16(4)KPRA/ Notification/WH/1383 dated 31-08-2015, 15% Sales Tax is applicable on Construction Services, as per Sr. No. 37 of the Taxable Services of the Second Schedule to the Khyber Pakhtunkhwa Finance Act, 2013.

During the Financial Year 2017-18, in the office of the Capital City Police Officer Peshawar, it was noticed that a claim of Rs.18,160,000 on account of supply of cooked food items submitted by M/S Rizwan Catering Services Peshawar was honored and Rs 3,995,200 was deducted as Sales Tax & Income Tax. However on verification, it was noticed that Rs.17,225,000 was drawn vide cheque No. 1523029 dated 16.10.2017 and paid to contractor instead of Rs 14,164,800, resulting in overpayment of Rs 3,060,200/- to contractor.

(Amount in Rs.)

<b>Total payment</b>	<b>Tax deducted</b>	<b>Amount required to be paid</b>	<b>Actual paid amount</b>	<b>Overpayment</b>
18,160,000	3,995,200	14,164,800	17,225,000	3,060,200

The lapse occurred due to weak internal controls and financial mismanagement.

When pointed out in November 2018, it was stated that reply will be furnished after consulting the record.

Audit requested the department concerned for holding DAC meeting on 03.01.2019. DAC meeting was not convened till finalization of this report.

Audit recommends recovery and deposit into Government Treasury besides action against responsible person(s).

AP 173 (2017-18)

#### **10.4.9 Doubtful expenditure on hiring of transport - Rs 2.00 million**

According to para 23 of GFR Vol-I, every Government officer will personally be responsible for any loss to Government either through his own willful fault or negligence or any of his subordinate.

During Financial Year 2017-18, the accounts record of DPO D.I. Khan, revealed that expenditure of Rs 2,000,000/- were shown incurred on 52 vehicles hired for the Holy month of Muharram.

The following irregularities were noticed.

1. The registration number in the enclosed list were randomly checked on vehicle registration software (online vehicle verification, Pakistan) which did not exist.
2. Rs 35,000/- each was paid on 52 Nos of flying Coaches/Hiaces but it is astonishing to note that vehicles were hired for duty at different sites located on different mileage from the Headquarter.
3. The vehicles were hired for 14 days of Muharram which were required actually first and last day of the Muharram. First day for deployment of force to duty point and last day to bring back the force to Headquarter.
4. According to the Delegation of Power, the District Police Officer can sanction up to Rs 20000/- under the object hiring of private vehicle but in this case, sanction of Rs 2,000,000/- was accorded by the DPO.
5. Total 52 vehicles were hired but payment was made to 3 persons only.

The lapse occurred due to weak internal controls and financial mis-management.

When pointed out in November 2018, the management stated that detail reply will be furnished after consulting the record.

Audit requested the department concerned for holding DAC meeting on 21.12.2018 followed by reminder on 03.01.2019. 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 138 (2017-18)

## Chapter – 11

### Information Department

#### 11.1 Introduction

As per Rules of Business 1985, the department has been assigned the business of:

- ❖ Publicity
- ❖ Public Relations
- ❖ Government Hospitality
- ❖ Newspapers, Books, magazines, Pamphlets, Posters and printing press.
- ❖ Motion Picture Ordinance 1979.
- ❖ Administration of Press Laws including Press Censorship.

#### 11.2 Comments on budget & accounts (variance analysis)

##### Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2017-18 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)
31-Information and Public Relation	NC21	358,508,000	90	358,508,090	289,489,032	(69,019,058)
<b>Total</b>		<b>358,508,000</b>	<b>90</b>	<b>358,508,090</b>	<b>289,489,032</b>	<b>(69,019,058)</b>

##### Development

(Rs.)

Grant No. 50 and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
	NC-12	40,000,000	40,000,000	0	0	0
	NC-22	140,000,000	0	948,526,000	948,207,075	(318,925)
<b>Total</b>		<b>180,000,000</b>	<b>40,000,000</b>	<b>948,526,000</b>	<b>948,207,075</b>	<b>(318,925)</b>



## Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Saving)	Variance %
Non-development	358.508	289.489	(69.019)	19.25
Development	948.526	948.207	(0.319)	0.03
<b>Total</b>	<b>1307.034</b>	<b>1237.696</b>	<b>(69.338)</b>	<b>5.30</b>

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30<sup>th</sup> 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 Information Department administering the above grant did not surrender anticipated savings of Rs.69.338 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:-

SNo.	Audit Year	Name of Department	Total No. of actionable points	Full Compliance	Partial compliance	Nil compliance
1.	2010-11	Information Deptt	04	01	-	03
2.	2011-12	-do-	02	-	-	02

## **11.4 Audit Para**

### **11.4.1 Unauthorized grant-in-aid to Council of Pakistan Newspapers Editors (CPNE) - Rs. 20.00 million**

According to Para 207(3) of GFR Vol I, before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body or institution concerned in order to see that the grant-in-aid is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended.

During the financial year 2016-17, in the Directorate of Information Khyber Pakhtunkhwa Peshawar an amount of Rs. 20.00 million was paid through Cheque No.1437244 dated 24-03-2017 as grant-in-aid in favour of endowment fund to the Council of Pakistan Newspapers Editors (CPNE). Scrutiny of the record revealed the following irregularities/short comings which makes the grant-in-aid unauthorized viz:

1. No details of endowment fund was provided by CPNE as required by the Secretary Information and endorsed by Finance Department and Chief Secretary.
2. A summary had been moved for Chief Minister Khyber Pakhtunkhwa in June 2015. In the summary Secretary Information Department proposed that the Department may be allowed to ask CPNE to provide details of the endowment fund, has that been established under any particular law, which is the controlling authority, who are the beneficiaries, audit reports of the fund etc. Finance Department also endorsed the proposal of Secretary Information and Chief Secretary directed the Information Department to obtain the details from CPNE.
3. The CPNE was asked to provide these details but it did not respond to the queries completely and appropriately.
4. Another summary was moved for Chief Minister Khyber Pakhtunkhwa in October 2015 with almost same proposals/observations as were in previous summary. The Secretary Information proposed in the summary that they may only proceed further in the matter if the above mentioned details are provided. Minister Information, Secretary Finance, Minister Finance and Principal Secretary to Chief Minister all endorsed the proposals of Secretary Information.

5. Information Department again requested CPNE to provide details but no specific details were provided.
6. In March 2017 payment was made to the CPNE without addressing the above mentioned observations. Approval of the Chief Minister for payment to CPNE was also not available on record.

The lapse occurred due to violation of the rules and resulted in unauthorized payment

When pointed out in November 2017, it was stated by the management that detailed reply would be given later on.

In the DAC meeting held on 14.01.2019 it was decided that the CPNE should provide the following documents:

1. Details of endowment funds.
2. Law under which CPNE established.
3. Who is the controlling authority of CPNE and
4. Chartered Accountant certified Audit Report to DAC as mentioned in the observations.

The above documents were not provided to audit till finalization of this report.

Audit recommends implementation of DAC decision.

AP 159 (2016-17)

#### **11.4.2 Irregular grant-in-aid to Press Clubs - Rs.27.525 million**

According to Para 207 (1) of GFR Vol-1, unless in any case Government directs otherwise, every order sanctioning a grant should specify clearly the object for which it is given and the conditions, if any, attached to the grant. Further as per Para 207(3), before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body or institution concerned in order to see that the grant-in-aid is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended.

During the financial year 2016-17, in the office of Directorate of Information Khyber Pakhtunkhwa Peshawar it was noticed that grant-in-aid

worth Rs. 27.525 million was paid to various Press Clubs and Unions of Journalists however, neither objectives were specified nor audited accounts submitted.

The irregularity occurred due to violation of rules and resulted in irregular payment of grant-in-aid.

When pointed out in November 2017, it was stated by the management that detailed reply would be given later on.

In the DAC meeting held on 14.01.2019 it was decided that Charter Accountant certified accounts of the Press Club should be produced to audit, which was not done till finalization of this report.

AP 160(2016-17)

#### **11.4.3 Irregular maintenance of Personal Ledger Account - Rs. 715.456 million**

According to Para 14 of GFR Vol-1, delay in the payment of money indisputably due by Government is contrary to all rules and budgetary principles. Further Para 105 of GFR Vol-1 provides that it is an important financial principle that money indisputably payable should not, as far as possible, be left unpaid, and that money paid should under no circumstances be kept out of accounts a day longer that is absolutely necessary even though the payment is not covered by proper sanction. It is no economy to postpone inevitable payments.

During the financial year 2016-17, in the Directorate of Information Khyber Pakhtunkhwa Peshawar, it was observed that a Personal Ledger Account (PLA) was maintained by the Directorate for receiving advertisement charges from government departments and subsequent payment to various newspapers. However, the record reveals that an amount of Rs.547.373 million were outstanding against various departments on account of advertisement charges to newspapers. Moreover, an average amount of Rs.168.083 million was shown retained in the same account. Audit is of the view that neither department made efforts for recovery of outstanding dues from government departments nor they are making timely payments to the newspapers in violation of the government instructions.

The lapse occurred due to financial mismanagement and resulted in blockage of funds.

When pointed out in November 2017, it was stated by the management that detailed reply would be given later on.

In the DAC meeting held on 14.01.2019 it was decided that record in support of reply should be produce to audit for verification, which was not produced till finalization of this report.

Audit recommends implementation of DAC decision.

AP 161 & 162 (2016-17)

## Chapter – 12

### Irrigation Department

#### 12.1 Introduction

As per Rules of Business 1985, the department has been assigned the business of:

- ❖ Implementation of irrigation policies
- ❖ Maintenance of irrigation channels
- ❖ Construction of small dams
- ❖ Maintenance of small dams

#### 12.2 Comments on budget and accounts (variance analysis)

##### Summary of the Appropriation Accounts:

The summarized position of actual expenditure 2017-18 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	3,762,537,000	507,234,000	4,269,771,000	3,748,586,025	(521,184,975)
<b>Total</b>		<b>3,762,537,000</b>	<b>507,234,000</b>	<b>4,269,771,000</b>	<b>3,748,586,025</b>	<b>(521,184,975)</b>

##### 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	7,090,011,000	1,237,921,000	8,327,932,000	8,331,318,911	3,386,911
<b>Total</b>		<b>7,090,011,000</b>	<b>1,237,921,000</b>	<b>8,327,932,000</b>	<b>8,331,318,911</b>	<b>3,386,911</b>

Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess /(Savings)	Variance %
<b>Non-Development</b>	4,269.771	3,748.586	(521.184)	12.21
<b>Development</b>	8,327.932	8,331.319	3.387	0.04
<b>Total</b>	<b>12,597.703</b>	<b>12,079.905</b>	<b>(517.748)</b>	<b>4.11</b>

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.517.748 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:-

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
12	2013-14	-do-	14	10	-	04
13	2014-15	-do-	07	02	-	05

## 12.4 Audit Paras

### 12.4.1 Loss due to non-imposition of penalty - Rs. 9.931 million

Clause 7.4 of the contract agreement requires that amount payable due to failure by the contractor to complete the work, a penalty @ 0.1% per day up to a maximum of 10% shall be imposed.

During the financial years 2015-17, in the office of XEN CRBC Irrigation Division DIKhan and XEN Paharpur Irrigation Division D. I. Khan financial year 2015-17, it was noticed that various works were awarded to different contractors, however the contractors failed to complete the work within the stipulated period of time. However, penalty worth Rs.9.931 million was not imposed by the competent authority. As per detailed below:

S.No.	Name of work	Name of Contractor	Date of Commencement	Date of completion	Estimate cost (in million)	Penalty 10% (in million)
1	Const: & Improv: of bridge on canal and drainage system in CRBC IRR: Div: DI Khan	M/S Kamran Zeb	7/2/2016	30/6/2016	10.500	1.050
2.	Metalling of road along Disty No.20 CRBC DI Khan	M/S National RCC	25/5/2014	30/6/2015	51.150	5.115
3	Const: of Black top Road in PK-68	MS Malak Muhammad Akbar Khan	6/11/2015	12 Months	8.047	0.805
4	Providing retaining wall and flood embankment along Paharpur district RD-00-56000 reaches	M/S Kamran Zeb Gandapur	14/1/2015	30/6/2015	7.769	0.777
5	Installation of Solar based irrigation tube well on main Bannu Road at village Rodi khel UC-Bund kurai District DI Khan	Sabir Khan Betani	5/1/2017	6 months	7.150	0.715
6	Installation Irrigation tube well and Mouza Saidu Wali Teh: Paharpur DI Khan	Nasrullah Khan Mian Khel	9/12/2016	6 months	4.790	0.479
7	Providing Bridge and VR culverts on various ditsy/ minors in Paharpur irrigation Division PK-65	Sanaullah Khan Block	21/8/2014	30/6/2015	4.500	0.450
	<b>Total</b>				<b>93.906</b>	<b>9.391</b>

Audit held that loss occurred due to weak internal controls.

When pointed out in January, 2018. The management furnished no reply.

Audit requested the department concerned for holding DAC meeting on 13.02.2018 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.



Audit recommends that loss may be recovered from the person(s) at fault under intimation to audit.

AP 30 & 41 (2015-17 & 2016-17)

#### **12.4.2 Loss to public exchequer - Rs. 2.7 million**

According to Para-89 (a) (b), of CPWD Code, tenders must be invited in the most open and public manner. In cases where the lowest tender is not accepted, reason should be recorded.

During the financial year 2016-17 in the office of XEN CRBC Irrigation Division D.I.Khan revealed that tender for the work “ Construction of remaining portion of CPR along Lachra minor of Dera Disty from RD-00 to tail (in reaches) in D.I.Khan was published in the daily Jang on 06.03.2016 with estimated cost of Rs.17.41 million and opening date of 22.03.2016 and the rate of M/S Nasrullah Khan main khel of Rs. 14.786 million being the lowest were recommended for approval to S.E D.I.Khan vide No.807/4-M dated 8.4.2016 and the contractor was directed to deposit the deferential amount. The contractor submitted bank guarantee for the deferential amount of Rs.2,623,948. The award of contract was unnecessarily delayed for 4 months and which prompted the re-tender of the work. A considerable time of 04 month was wasted from 22.03.2016 to the bid opening date of 29.07.2016. The contractor has not refused to execute the work and raised no objection. However, the work was re-tendered and awarded to the same contractor at 0.5% below of the estimated cost of Rs.17.41 million resulting in a loss of Rs.2.7 million.

The lapse occurred due to weak internal controls.

When reported to the management in January, 2018, it was stated that the tender for the work was recommended for cancellation on the valid grounds that the validity period of tender i.e 90 days have already been expired and the Chief Engineer accepted the same. Therefore no intentional loss was sustained. Reply is not correct. The validity period of the tender was intentionally expired by the XEN and SE through delayed tactics and meaningless correspondence.

Audit requested the department concerned for holding DAC meeting on 13.02.2018 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends enquiry for fixing responsibility and recovery.

AP 24 (2016-17)

#### **12.4.3 Loss due to rejecting lowest rates - Rs. 1.303 million**

According to Para-89 (a) (b), of CPWD Code, tenders must be invited in the most open and public manner. In cases where the lowest tender is not accepted, reason should be recorded.

During the financial year 2016-17 in the office of XEN CRBC Irrigation Division D.I.Khan revealed that tender for the work “improvement of Canal Patrol Road along minor No.2 Disty 5 RD-18030-23730” was opened on 19.10.2015. M/S Abdur Rahim Khan offered the lowest rate of Rs. 13,504,954/- 9.967% below on engineer estimates of Rs. 15.00 million. However, the local office rejected the same on the plea that his bid was not supported by tender form fee and stamp duty which was not applicable in light of KPPRA notification No .KPPRA/M&E/Estt;/2014-15 dated 13-05-2015 and stamp duty is deposited after acceptance of tender at the time of execution of contract agreement. The tender was awarded to 2<sup>nd</sup> lowest bidder M/S Ghulam Siddique at his bid cost of Rs.14,701,186/- @ 1.9921% below. This resulted into a loss of Rs.1,303,117.

The lapse occurred due to weak internal control.

When reported to the management in 01/2018 it was stated that to maintain transparency during execution of tenders, the conditions of NIT are required to be fulfilled by the bidders according to KPPRA rules which reveals that the subject tender is non-responsive due to shortage of documentation and the other lowest bidder was awarded the contract which is according to prevailing rules. Reply is not correct. The reasons for rejection were not valid and relevant.

Audit requested the department concerned for holding DAC meeting on 13.02.2018 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends enquiry for fixing responsibility and recovery.

AP 25 (2016-17)

#### **12.4.4 Non-deduction of 15% sales tax - Rs. 3.312 million**

According to Khyber Pakhtunkhwa Finance Act 2013 Schedule (II), Sales tax @ 15% shall be deducted from the consultants.

During the financial year 2016-17, in office of the Executive Engineer Flood Division DI Khan, it was noticed that Rs.22,078,000/- was paid to M/S NESPAK (PVT) Ltd up to invoice No. 11 Vr No.01-S-2 dated 23-05-2017, for

the consultancy services for detail design and construction supervision of work in water sector, ADP 2013-14(package-iv). Verification of record revealed that @ 15% sale tax amounting to Rs.3,311,700/- (22,078,000\*15%) was not deducted from the consultant.

The lapse occurred due to non-adherence to financial rules and regulations.

When pointed out in April 2018, the management furnished no reply.

Audit requested the department concerned for holding DAC meeting on 25.04.2018 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery of government tax.

AP 149 (2016-17)

#### **12.4.5 Non-deduction of PCC bond from Random Rubble Masonry (RRM) - Rs.2.040 million**

Ruls-296 of CTR Vol-I provides that the countersigning officer shall be responsible for seeing that the items of expenditure included in a bill are of obvious necessity, are at fair and reasonable rates and that the calculation are correct.

During the financial year 2016-17 in the office of XEN Irrigation Division Mardan revealed that the contractor M/S Bacha Wali was paid for 510 M<sup>3</sup> of PCC 1:3:6 bond in RRM work @ Rs.5000/- PM<sup>3</sup> package-I and II of the work, "Recondition/Improvement of Canal Patrol Road along Koragh Barach RD-00 TO 25000". The quantity of PCC bond was required to be deducted from RRM work because the height of the Random Rubble Masonry (RRM) was measured from bottom to top, but the same was not done and the contractor was over paid Rs.1,196,000/- (510x4,000).

The lapse occurred due to weak internal controls.

When reported to the management in December, 2017 it was stated that the measurement of RRM was taken separately and the bond of PCC (1:3:6) was also separately measured. Thus bond quantity was deducted at site. There is no double payment made to the contractor. Reply is not correct. The height of the RRM wall was measured from bottom to top and thickness was taken as average as evident from measurement sheets. No deduction for PCC bond was made.

Audit requested the department concerned for holding DAC meeting on 12.02.2018 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery of overpayment.

AP 02 (2016-17)

#### **12.4.6 Overpayment on account of extra Lead - Rs. 165.898 million**

According to clause 2.6.5 of the conditions of the contract, All surplus and unsuitable material shall be removed and disposed off at locations approved by the Engineer. No separate payment shall be made for removal of unsuitable or surplus materials.

During the financial year 2016-17, in office of the Deputy Director Planning & Construction Division Small Dams Peshawar, it was noticed in IPC No.21-A, V. 14-S (i) dated: 15-05-2017 the work 'construction of Kundal Dam Project Swabi' that an amount of Rs.143,579,037/- was paid to M/S Sarwar Construction Co. for an item of work 'extra lead upto 1KM @ Rs. 161.09 per M<sup>3</sup> for the disposal of surplus material. Similarly IPC No. 17 Vr. No. 16-S dated: 15-05-2017 of the work 'construction of Gul Dheri Dam Project District Nowshera' revealed that Rs. 22,319,550/- were paid to M/S Atif Khan Khattak & Company for an item of work ' Disposal of surplus material from Spill way within 500 meter Extra Lead'. Totaling Rs.165,898,587/-.

The lapse occurred due to weak internal control.

When pointed out in June 2018, it was stated that detail reply will be furnished after consulting the record.

Audit requested the department concerned for holding DAC meeting on 09.08.2018 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery of the amount.

AP 292 & 297 (2016-17)

#### **12.4.7 Overpayment to contractor due to non-application of de-escalation clause - Rs.18.309 million**

According to Clause-5 A of the contract agreement added vide Govt: of Khyber Pakhtunkhwa, communication & works Department Notification No.SOG/W&S/II-129/2005 dated 30-06-2005 read with clause-70 of the contract agreement, where any variation (increase or decrease) to the extent of 5% or more in the price of specified items takes place after the acceptance of tender and before the completion of contract shall be adjustable to the extent of the actual variation in the cost of the item concerned.

During the financial year 2016-17 in office of the Executive Engineer Irrigation Division Mardan, revealed that the work, "Reconditioning of Canal Patrol Road along Koragh Branch RD 0-12500 (Package-1) and RD 12500-2500 (Package-II)" was awarded to M/S Bacha Wali Govt: contractor vide work orders No.144/55-M dated 21-01-2015. Expenditure to the tune of Rs.307,518,00/- was incurred up to 08/2017. The rates of bitumen and POL decreased during the duration of contract but the local office has not applied the escalation/de-escalation clause of the agreement by extending undue favour to the contractor. Thus the contractor was overpaid Rs.18,308,790 due to non-application of de-escalation.

The lapse occurred due to weak internal controls.

When reported the management in December, 2017 it was stated that detail reply will be furnished after consultation of record.

Audit requested the department concerned for holding DAC meeting on 12.02.2018 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 01 (2016-17)

#### **12.4.8 Overpayment on account of fake execution of work - Rs. 4.273 million**

According to letter No. 254/DD (P&C) GAD dated: 11-03-2016 of the evaluation committee of Darmalak Dam Project stated that the value of work done at the site is Rs. 322.55 million.

During the financial year 2016-17, in office of the Deputy Director Planning & Construction Division Small Dams Kohat, it was noticed in the work “construction of Darmalak Dam Project District Kohat” was awarded to M/S Shah Zaman (Pvt) Ltd Peshawar vide No. 1419-22/DDC/SDO/22-D dated: 28-06-2007 with a completion period of 24 months, which was later on extended upto 30-06-2014. Verification of the findings of the evaluation committee revealed that the total work done at site was measured for Rs. 322.550 million while payment made to the contractor was Rs. 326.823 million, thus resulting into an overpayment of Rs. 4.273 million to the contractor.

The lapse occurred due to weak internal control.

When pointed out in July 2018, it was stated that detail reply will be furnished after consulting the record.

Audit requested the department concerned for holding DAC meeting on 09.08.2018 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery from the contractor.

AP 277 (2016-17)

#### **12.4.9 Overpayment due to allowing unauthorized premium - Rs.2.800 million**

According to the BOQ document 20% premium on CSR 2009 is allowed except for item “Providing and installation of gates”.

During the financial year 2015-16 in office of the Executive Engineer, Peshawar Canal Irrigation Division, Peshawar, payment of Rs.14.00 million was made to contractor for the above mentioned item of work by giving 20% premium which was not allowed. Detailed below:

Name of items	Quantity executed	Rates	Amount in Rs.	
			Amount	20%
Providing and installation of gates as per drawing specification and direction of engineer in charges.	4.00 No's	3,500,000	14,000,000	2,800,000
<b>Total</b>			<b>14,000,000</b>	<b>2,800,000</b>

The lapse occurred due to weak internal control.

When pointed out in May, 2017. The management furnished no reply.

Audit requested the department concerned for holding DAC meeting on 21.08.2017 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 183 (2015-16)

#### **12.4.10 Non-utilization of available material - Rs. 10.324 million**

Para-220 of CPWA Code provides that before the bill of a contractor is prepared, the entries in the measurement book relating to description and quantities of the work or supplies should be scrutinized by the Sub-Divisional Officer and the calculations of "Contents or Area" should be checked arithmetically under his supervision read with Rule-296 CTR Vol-1 provides that the countersigning officer shall be responsible for seeing that the items of expenditure included in a bill are of obvious necessary, are at fair and reasonable rates and the calculations are correct.

During the financial year 2016-17, in the office Executive Engineer, Irrigation Division Mardan, it was noticed that 17364 M<sup>3</sup> of "Formation of embankment from borrow excavation in common material" was paid to contractor M/s Pir Muhammad & Co @ 389.70 PM<sup>3</sup> under the work, "Improvement of Canal Patrol Road along Disty No. 09 & Drain (Package-II & III)" vide IPC No. 12. A quantity of 16712 M<sup>3</sup> suitable material was available from excavation at site was required to be adjusted/used on labour rate but the same was not done. Due to non-utilization of available suitable material the public exchequer sustained a loss of Rs. 6,512,666 (16712 x 389.70).

Similarly, a quantity of 12704 M<sup>3</sup> of "Formation of embankment from borrow excavation in common material" was paid to contractor M/s Bacha Wali @ 300/- PM<sup>3</sup> under the work, "Recondition/Improvement of Canal Patrol Road Koragh Branch RD-00 to 25000" vide IPC No. 13 voucher No. 03-M dated 09/08/2017 (Package-1) date IPC No. 13 voucher No. 2-M dated 05.12.2016. A huge quantity of 20354 M<sup>3</sup> and 250000 M<sup>3</sup> of suitable common material were available at site from excavation in package-1 and the same were required to be adjusted at labour rate. Due to non-utilization of available

suitable common material at site the public exchequer sustained a loss of Rs. 3,811,200 (12704\*300).

When pointed out in December, 2017, the management furnished no reply.

The lapse occurred due to financial indiscipline and weak internal control.

Audit requested the department concerned for holding DAC meeting on 12.02.2018 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

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

AP 10 (2016-17)

#### **12.4.11 Fictitious expenditure - Rs. 1.213 million**

According to para-334-337 of CPWA code, no page on any account be torn out of a book nor should any entry be erased or disfigured so as to be illegible. If a mistake be made it should be corrected by cancelling the incorrect words or figures with single stroke of the pencil.

During the financial year 2016-17 in the office of XEN Paharpur Irrigation Division D.I.Khan, scrutiny of MB No.2599 pertaining to work "imp:/up-gradation of CPR along Shahkot minor RD-19000 to 28000" revealed that a quantity of 372.72m<sup>3</sup> of formation of embankment from borrow excavation was executed from RD-19000 to 21000, page 82-83. A quantity of 524m<sup>3</sup> was executed from RD-21000 to 23190 vide page 117. Again on page 162-63 of the MB by erasing and tempering the existing entry i.e formation of embankment of 2857.53m<sup>3</sup> was shown executed from RD-19000 to 25600. The road was improved/up-graded from RD-19000 to 23190 and embankment was shown carried out on the same RDs by taking cross sanction of 100 feet length. The road work on RD-23190 to 25600 was not done but embankment of 1960.81m<sup>3</sup> amounting to Rs.1,212,565/- (1960.81m<sup>3</sup> \* 618.40) was shown on recording fake measurement In MB. Thus the payment stands fictitious and needs recovery from the engineer incharge under intimation to Audit.

When reported to the management in January, 2018 it was stated that the fictitious quantity has been counter signed by the Engineer Incharge after verification of measurement at site. Reply is not correct. The actual work done measurement was ignored and payment was made on estimated measurement



just to bring the quantity of the item of work equal to that provided in the Technical Sanction.

Audit requested the department concerned for holding DAC meeting on 13.02.2018 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends the matter is investigation and appropriate action.

AP 37 (2016-17)

#### **12.4.12 Payment for fictitious work done - Rs 7.756 million**

Para-220 of CPWA code provides that before the bill of a contractor is prepared, the entries in the measurement book relating to description and quantities of the work or supplies should be scrutinized by the Sub-divisional officer and the calculation of "Contents or area" should be checked arithmetically under his supervision read with Rules-296 of CTR volume-1 provides that the countersigning officer shall be responsible for seeing that the items of expenditure included in a bill are of obvious necessity, are at fair and reasonable rates and that the calculation are correct.

During the financial year 2016-17 in office of the Executive Engineer Irrigation Division Mardan, revealed that the contractor M/S Bacha Wali was paid Rs.7,756,141 for execution of retaining wall on left side shoulder of Canal Patrol Road Koragh Branch RD 12500-2600.

During physical verification of site it was noticed the above mentioned items of work were not found executed. The Highway Division Mardan is constructing road on the left shoulder at the sharp edge of Asphaltic Wearing Course of newly constructed road. Thus execution of above cited items on the left side of Package-II of Canal Patrol Road Koragh Branch RD-12500 to 25000 stands fictitious.

The lapse occurred due to internal controls.

When reported the management in December, 2017 it was stated that the work was actually executed but C&W Department proposed further widening of the road and dismantled the retaining wall and shoulder, can be verified from site. Commissioner Mardan directive is explicate to remove the retaining wall and shoulder. This department undertook the work on 21/01/2015. FIR was also lodged against the C&W department contractor which was later settled on the intervention of administrative department. Reply

is not correct. Canal Patrol Roads are the property of Irrigation Department then how the C&W department can intervene without prior consent and consultation. The local office was aware of the scheme and payment for retaining wall and shoulder was not required. The widening of already widened under construction road by another department and contractor is also not understood.

Audit requested the department concerned for holding DAC meeting on 12.02.2018 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery besides fixing responsibility.

AP 04 (2016-17)

**12.4.13 Non-forfeiture of earnest money and additional security - Rs. 3.258 million**

According to KPPRA rules 2014, the bid security shall be forfeited if a bidder withdraws his bid, within the validity period thereof or, in the case of a successful bidder, who repudiates the contract or fails to furnish performance security.

During the financial year 2016-17 in the office of XEN CRBC Irrigation Division D.I.Khan revealed that certain works (detail below) were tendered on 31.01.2017 and awarded to the lowest bidder M/S Wazir Brother at 50% below the estimated cost/BOQ. Work orders were issued to the contractor on 19.06.2017, but the contractor failed to commence the work and executed agreements till dated of Audit i.e. 01/2018.

<b>Rs. in million</b>		
<b>Work</b>	<b>E/Cost</b>	<b>Rebate</b>
Metalling of canal patrol road along Muryali Minor RD-15600 to extended guide bund in reaches.	10.127	50% below
Metalling of canal patrol road along Nawab Minor RD-20130 to link Road Haji Mora	9.810	50% below
Metalling of canal patrol road along Mehmood ditsy ,till reach to village Malan	9.511	50% below
Construction of PUMP house (02 No's)	2.081	50% below
Const: /imp: of bridge on canal system in CRBC Irrigation sub division D.I.Khan	1.05	50% below
<b>Total</b>	<b>32.579</b>	

The earnest money and additional security of the contractor was required to have been forfeited but the same was not done.

The lapse occurred due to weak internal controls.

When reported to the management in January, 2018 it was stated that the contractor has approached the Peshawar High Court Bench DI Khan and KPPRA. Therefore, on receipt of clarification from KPPRA and instruction for PHC bench DIK, if any the forfeiture of earnest money will be done. Reply is not accepted. The court has already decided the case in favour of the department.

Audit requested the department concerned for holding DAC meeting on 13.02.2018 followed by reminder on 07.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends forfeiture of earnest money and security of contractor amounting to Rs.3,257,900/- besides retendering the works.

AP 29 (2016-17)

#### **12.4.14 Fraudulent drawl - Rs.1.00 million**

According to Para 178 (iii) of GFR Vol-I read with Para 32 of CPWA code and rule FTR 395, no work should be commenced of liability credit, until approval have been obtained. Sanction either special or general of the competent authority has obtained, detail design and estimate has been sanctioned and funds have been provided all the payment of all work done shall be made of the basis measurement recorded in measurement book keep for the purpose.

During the financial year 2014-15, in the office of Executiv Engineer Marwat Canal Irrigation Division Bannu, it was noticed that a sum of Rs.1.00 million was paid to Mr. Mohammad Jan & Sons government contractor for the work construction of Flood Protection Work (F.P.W) for Agriculture Land & village abadies at Ahmad Zai. Audit observed that no measurement was made for the work done; the work was shown measured in MB No.1107/MC page 197-202 while the said pages of MBs are blank. Audit is of the view that neither any work has actually been carried out nor existed on the site.

The lapse occurred due to non-observing rules and regulations and financial weak internal control.

When pointed out in February 2016, the department stated that reply would be given later on.

The DAC meeting was held on May, 2018, wherein it was decided that Para Stands for inquiry to be carried out departmentally within one month. No further progress was reported till finalization of this report.

Audit recommended departmental inquiry be carried out.

AP 137 (2014-15)

## Chapter – 13

### Local Government Department

#### 13.1 Introduction

As per Rules of Business 1985, 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.

#### 13.2 Comments on budget & accounts (variance analysis)

##### Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2017-18 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	4,309,863,000	60	4,309,863,060	3,325,755,032	(984,108,028)
<b>Total</b>		<b>4,309,863,000</b>	<b>60</b>	<b>4,309,863,060</b>	<b>3,325,755,032</b>	<b>(984,108,028)</b>

## Development

(Rs.)

Grant No. and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
	0	0	0	0	0	0

## Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Saving)	Variance %
Non-Development	4,309.863	3,325.755	(984.108)	22.83
Development	0	0	0	0
<b>Total</b>	<b>4,309.863</b>	<b>3,325.755</b>	<b>(984.108)</b>	<b>22.83</b>

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.984.108 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.

### 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	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	02	-	18
06	2011-12	-do-	09	02	-	07
07	2012-13	-do-	06	01	-	05

## **13.4 Audit paras**

### **13.4.1 Loss due to non-investment of surplus funds - Rs. 38.70 million**

According to investment committee decision dated 13/09/2017, Rs.1,800 million should be invested with different banks, which was further approved by Director General PDA.

During Financial Year 2017-18, the accounts record of DG, PDA revealed that investment committee decided to invest Rs.1,800 million in term deposit Receipts on 13/09/2017 and accordingly approved by DG PDA. Audit observed that only Rs.1,155 million were invested with different banks at different profit rates instead of investing the whole amount. Total loss of Rs.38.7 million was sustained by PDA i.e.  $(1,800 - 1,155 = 645 \times 8\% = \text{Rs.}38.7 \text{ million})$

The loss occurred due to non implementing the recommendations of the investment committee.

When pointed out in December 2018, it was stated that full amount was not invested on the grounds of liquidity needs of the Authority. The reply was not tenable as instructions of investment committee were not implemented which resulted in loss.

Audit requested the department concerned for holding DAC meeting on 31.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends inquiry into the matter and fixing responsibility on the person(s) at fault.

AP 240 (2017-18)

### **13.4.2 Non-recovery of cost of damages caused to SNGPL by contractor Rs. 25.841 million**

According to Sui Northern Gas Pipelines Limited letter No. RM-MON-OTHER-01 dated: 16-06-2017, the contractor should pay damages caused to the installations as reported by the field staff.

During Financial Year 2017-18, the accounts record of Director General Peshawar Development Authority revealed that in the work "Rehabilitation of existing infrastructure in Sheikh Maltoon Township Mardan" the contractor M/S National Logistic Cell damaged the SNGPL and caused loss of Rs 25.841 million. The damages occurred due to negligence of

the contractor and was required to be recovered from him, which was not done till date of audit i.e November, 2018.

The lapse occurred due to weak internal controls and negligence on the part of the local office.

When pointed out in December 2018, it was stated that damages caused have been repaired by SNGPL and presently there is no issue of leakage.

However, audit pointed out that the amount is still recoverable.

Audit requested the department concerned for holding DAC meeting on 31.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 245 (2017-18)

#### **13.4.3 Non-recovery of water charges -Rs.22.696 million**

According to para 8 G.F.R Vol-I, it is the duty of administrative officer to see that the dues of government are correctly & promptly assessed, collected & paid into the treasury.

During Financial year 2017-18, the accounts record of Director General Peshawar Development authority revealed that Rs. 22,696,471/- were outstanding against the consumers of Hayat Abad Town ship on account of water charges as detailed below:

<b>S.No.</b>	<b>Description</b>	<b>Arrears (Rs)</b>
01	Phase-I	4,704,796
02	Phase-II	2,124,138
03	Phase-III	5,648,035
04	Phase-IV	1,973,517
05	Phase-V	2,702,742
06	Phase-VI	4,783,997
07	Phase-VII	759,246
<b>Total</b>		<b>22,696,471</b>

The lapse occurred due to weak internal controls.

When pointed out in December 2018, it was stated that detail reply will be furnished later on.



Audit requested the department concerned for holding DAC meeting on 31.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 243 (2017-18)

#### **13.4.4 Non-recovery of rent - Rs. 18.65 million**

According to Peshawar Development Authority letter No. 20/SAC/Part-VIII 10-12 dated 11-07-2018, read with notification No.DW&S/Chairman allotment committee dated 24-07-2013, 41 Nos official accommodations of various categories were cancelled, which were not allotted in accordance with Procedural Order No. 67 of 2001 of the Honorable High Court Peshawar.

During Financial Year 2017-18, in the accounts record of Director General Peshawar Development authority it was noticed that various employees of PDA illegally occupied the PDA accommodation. Despite various vacation notices the occupants are still residing in the houses illegally. Audit observed that by not vacating the houses and non-recovery of rent at market rate, PDA sustained a loss of Rs. 18,650,000.

The lapse occurred due to weak internal controls.

When pointed out in December 2018, it was stated that detail reply will be furnished later on.

Audit requested the department concerned for holding DAC meeting on 31.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 253 (2017-18)

#### **13.4.5 Non-recovery of tax at prescribed Rate-Rs.18.14 million**

According to Office Order of Director (Beautification) PDA, No. 30-3/Dir/6 dated:17.04.2018, overpayment of Rs. 18,139,500/- were made to NLC on account of 7.5% Income Tax.

During audit Financial Year 2017-18, the accounts record of Director General Peshawar Development authority revealed that Rs. 241,890,012/- were paid to M/S NLC for various works inclusive of income tax @ 7.5%

amounting to Rs. 18,139,500/- which was not deducted at the time of payment and needs to be recovered.

The lapse occurred due to weak internal controls.

When pointed out in December 2018, it was stated that recovery has been started and will be shown to audit accordingly.

Audit requested the department concerned for holding DAC meeting on 31.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 260 (2017-18)

#### **13.4.6 Non-deduction of 15% sales tax from consultant - Rs. 8.432 million**

According to Khyber Pakhtunkhwa Finance Act 2013 Schedule (II), sales tax @ 15% shall be deducted from the consultants.

During Financial Year 2017-18, the accounts record of Director General Peshawar Development authority revealed that Rs.56,214,105/- was paid to M/S Indus Associated Engineering Consultants (Pvt) Ltd vide Vr. No. 209/DDE-III/DE(R-II) Dated:12-06-2018 (19<sup>th</sup> Running Bill) for the Resident Supervision of Construction work of Northern Section of Ring Road (Missing Link) Peshawar from Pajjagi Road to Warsak Road. Audit observed that 15% provincial sales tax amounting to Rs. 8,432,116 (56,214,105 \* 15%) was not deducted from the bills of the consultant at the time of payment.

The lapse occurred due to weak internal controls.

When pointed out in December 2018, it was stated that detail reply will be furnished after consulting the relevant record.

Audit requested the department concerned for holding DAC meeting on 31.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 242 (2017-18)

#### **13.4.7 Non-recovery of DPR charges-Rs.4.693 million**

According to Government of Khyber Pakhtunkhwa, Social Welfare Special Education and Women Employment Peshawar Notification No:

DAB/28/DSW/9851-72 Dated: 30-05-2011 and No: DAB/DPR/279 Dated: 30-05-2012, read with disabled persons (Employment & Rehabilitation) Rules 1991, all Principal Accounting Officers shall deduct a sum of Rs.2000 per million from the contractor/firms bills and deposit the same under the proper head of account.

During the Financial Year 2015-16, in the office of Project Director MSDP the accounts revealed that contracts worth Rs.2,346.785 million were awarded to various contractors but DPR charges amounting to Rs.4,693,570 (2,346.785 × 2000) were not recovered from them.

The lapse occurred due to weak internal controls.

When pointed out in February 2017, the department furnished no reply.

In the DAC meeting held on 21-02-2018, the department stated that recovery of DPR charges have been started as and when their IPCs are submitted for payments. A recovery of Rs.38,000/- was shown made. However, DAC did not agree and directed that recovery should be made and evidence in support of recovery of Rs.4.693 million may be provided to audit for verification within 15 days. No progress has been intimated to audit till finalization of this report.

Audit recommends recovery.

AP 312 (2015-16)

#### **13.4.8 Non-deduction of voids - Rs. 4.389 million**

According to consultant letter to the contractor dated 22/06/2016 various sections of work site has not been executed as per specification of Clauses of Contract which needs an immediate rectification failing which 11% deduction on this account will be made in next coming payment.

During Financial Year 2017-18, in the accounts record of Director General Peshawar Development authority, it was noticed that the contractor was paid for a quantity of 18156.375 M<sup>3</sup> of an item of work “ P/L stone soling in water logged area” @ 2011 PM<sup>3</sup> plus 9.27% premium. Audit observed that the stone soling has not been executed as per specification of Clauses of Contract. The contractor was directed to rectify the work failing which 11% will be deducted from his bill which was not done. Details given bellow:

(Amount in Rs.)

S.No	Items of work	Rate	Amount	Total
1.	P/L stone soling in water logged area + 9.27 % Premium	18156.375	2011.06	36513560
	11% voids			3,384,807.01
				39,898,367(11%)
				<b>4,388,820</b>

The lapse occurred due to weak internal controls.

When pointed out in December 2018, it was stated that detail reply will be furnished later on.

Audit requested the department concerned for holding DAC meeting on 31.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 244 (2017-18)

#### **13.4.9 Non-recovery on account of defective work Rs. 3.415 million**

According to Indus Associated Consultants Resident Engineer letter No. IAC/NSRR/PSH/581 dated: 25-10-2017, the expansion joints poured (North Side) are not as per specification and drawings, therefore the contractor was instructed to dismantle it and construct the same as per drawings and specification.

During Financial Year 2017-18 the accounts record of Director General Peshawar Development authority revealed that the work “Construction of flyover at Pajjagi road – ring road intersection with approaches/slip roads and allied structures Peshawar Package-I” awarded to M/S New Khan Builders the expansion joints poured (North Side) were not as per specifications and drawings. Moreover, the tests of the compressed strength were also not satisfactory according to Lab Engineer and the consultant also reported that rusted steel was used in fixing the expansion joints. The contractor was time and again directed to dismantle the expansion joints but with no response. The payment of Rs. 3.415 million made to the contractor for defective expansion joints vide IPC No.16 needs immediate recovery besides penal action.

The lapse occurred due to weak internal controls.

When pointed out in December 2018, it was stated that detail reply will be furnished later on.

Audit requested the department concerned for holding DAC meeting on 31.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 252 (2017-18)

#### **13.4.10 Non-recovery of rent - Rs. 2.915 million**

According to para 8 G.F.R Vol-I, it is the duty of the administrative officer to see that the dues of government are correctly & promptly assessed, collected & paid into the treasury, read with Para 23 of GFR Vol-I, which provides that every public officer is personally responsible for any loss sustained by government through fraud or negligence on his own part or on the part of subordinate disbursing officers.

During Financial Year 2017-18, the accounts record of Director General Peshawar Development authority, it was noticed that 21 No. nurseries on main Jamrud Road were allotted to various persons since last 28 years. Audit observed that Rs. 2,915,327/- is outstanding against the allottees of these commercial plots since long, but the local office did not take any action against the defaulters.

The lapse occurred due to nepotism and weak internal controls.

When pointed out in December 2018, it was stated that detail reply will be furnished later on.

Audit requested the department concerned for holding DAC meeting on 31.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 246 (2017-18)

#### **13.4.11 Non-recovery of rent and fee - Rs. 2.287 million**

According to para 8 G.F.R Vol-I, it is the duty of administrative officer to see that the dues of government are correctly & promptly assessed, collected & paid into the treasury.

During Financial Year 2017-18, in the accounts record of Director General Peshawar Development authority it was noticed that two contracts were executed with M/S Cable World in May 2004 and July 2004 for establishing office in the PDA commercial complex, Hayatabad and utilization of land of the department for optical fiber laying and optical fiber nodes installation. Audit observed that an amount of Rs.2.287 million was outstanding on account of rent and quarterly fee which needs to be recovered, but the local office failed to recover the amount from the contractor till date.

The lapse occurred due to weak internal controls.

When pointed out in December 2018, it was stated that detail reply will be furnished later on.

Audit requested the department concerned for holding DAC meeting on 31.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 288 (2017-18)

## Chapter 14

### Mines & Mineral Development Department

#### 14.1 Introduction

As per Rules of Business 1985, 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.

#### 14.2 Comments on budget & accounts (variance analysis)

##### Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2017-18 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	560,057,000	200	560,057,200	310,453,250	(249,603,950)
<b>Total</b>		<b>560,057,000</b>	<b>200</b>	<b>560,057,200</b>	<b>310,453,250</b>	<b>(249,603,950)</b>

##### Development

(Rs.)

Grant No. and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
50- Mines & Mineral Development Department	NC22	538,976,000	0	121,441,000	121,737,701	296,701
	NC 12	83,027,000	0	9,116,000	8,508,430	(607,570)
<b>Total</b>		<b>622,003,000</b>		<b>130,557,000</b>	<b>130,246,131</b>	<b>(310,869)</b>

### Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Saving)	Variance %
Non-Development	560.057	310.453	(249.604)	44.57
Development	130.557	130.246	(0.311)	0.24
<b>Total</b>	<b>690.614</b>	<b>432.699</b>	<b>(249.915)</b>	<b>36.19</b>

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.249.915 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
Nil	Nil	Mines & Minerals	Nil	Nil	Nil	Nil



## **14.4 Audit Paras**

### **14.4.1 Loss to government due to non-deposit of surface rent - Rs.13.993 million**

As per Para-05 of the Directorate General Mines & Minerals Khyber Pakhtunkhwa Peshawar Endst letter No.11875-83/MDW/SWT/ML-EMERALD (26) 2010, dated 6.12.2010, letter dated 18.11.2010, 10.12.2010, DCO Swat letter dated 22.01.2011 and 14.4.2014, Surface Rent is recoverable from M/S. Fazli Karim & Company.

During Financial Years 2017-18, in office of the Assistant Director Mines & Minerals Development Swat, it was noticed that Mining Lease was awarded to M/S Fazli Karim & Co, Mohallah Amin Abad Head Works Batkhela District Malakand for Emerald over an area of 182 Acres of Land at a cost of Rs.102.24 million for 10 years with effect from 6<sup>th</sup> December 2010.

According to agreed terms and conditions, the local office was required to obtain Rs.15,401,232/- from the contractor as Surface Rent in accordance with prescribed yearly ceilings. However, further scrutiny of record revealed that Rs.1,408,000/- was recovered vide Challan No.44, dated 23.07.2011 leaving balance of Rs.13,993,232/-.

The loss occurred due to non-adherence to rules/regulations.

When pointed out in September 2018 it was stated that the case is under process for recovery and result will be intimated to audit in due course of time.

Audit requested the department concerned for holding DAC meeting on 08.10.2018 followed by reminder on 16.11.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery, investigating the matter and fixing responsibility against the person(s) at fault.

AP 06 (2017-18)

### **14.4.2 Non-recovery of outstanding dues on account of royalty, rent and concealment of production - Rs 171.054 Million**

According to the Assistant Director Mineral Development Abbottabad final notice for No. 4381/MDW/AD/ML-Shale Clay (13)/2006, dated 01.10.2018, and No 7700-05/MDW/R&R/Assessed Amount/2016, dated

05.04.2018 and No. 4381/MDW/AD/ML-Shale Clay (13)/2006, dated 01.10.2018, outstanding Government dues shall be recovered/deposited.

During the Financial Year 2017-18, in the office of the Assistant Director Mineral Development, it was noticed that Government dues on account of royalty, annual rent and concealment of production were outstanding against contractors/Lessee which was not recovered till 30.06.2018.

Rs in million

S#	Name of contractor/lessee	Period	Outstanding dues	
1	M/S Mustehkam Cement Ltd Haripur	4/2015 to 4/2016	Royalty	6.262
		Not mentioned in final notice	Concealment of production	162.324
		12/2014 to 12/2019	Rent	0.270
			<b>Sub Total</b>	<b>168.856</b>
2	Bestway Cement Hattar Haripur	11/2009 to 11/2019	Rent	2.092
3	Dewan Cement Haripur	17/11/2009 to 16/11/2017	Rent	0.106
			<b>Grand Total</b>	<b>171.054</b>

The lapse occurred due to weak internal controls.

When pointed out in 10/2018, the management stated that detail reply will be submitted after consulting with relevant record.

Audit requested the department concerned for holding DAC meeting on 23.10.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 29 & 32 (2017-18)

#### 14.4.3 Non-recovery of antimony ore charges - Rs. 21.641 million

According to D.G Mines & Minerals letter No. 1991/MDW/CDN-6(269)2011(E/L) dated 22.02.2017 addressed to A.D (Technical) Mineral Development Chitral informed that M/S Tony Pak Minerals (Pvt) Ltd Islamabad violated rule 20 (2) (b) of the Mining Concession Rules-2005 by selling 413 tons antimony ore in China. Therefore, the Mines Committee in its meeting held on 07.08.2014 decided to cancel the Exploration License of the party and directed the party to deposit US\$ 206,546 (Rs. 21.641 million) under the proper head of account within fifteen days on account of illegal sale of antimony ore.

During Financial Year 2016-17, in the office of Assistant Director Mines & Minerals Chitral, it was noticed that Exploration License for the Base Metal was granted to M/S Tony Pak Minerals (Pvt) Ltd for a period of three years. The firm exported 500 ton antimony ore to China for pyro-metallurgical studies. However the firm violated the Mines Rules and sold 413 ton antimony ore for which the company was directed to deposit Rs. 21.641 million.

The lapse occurred due to weak internal controls and financial mismanagement.

When pointed out in May-2018, it was stated by the department that M/S Tony Pak was granted Exploration License for Antimony. The company got permission of exporting 500 Ton Antimony ore to China for pyro-metallurgical studies. Instead of studies, the company sold 413 Tons of ore due to which their E.L was cancelled.

Audit requested the department concerned for holding DAC meeting on 27.06.2018 followed by reminder on 16.11.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery besides detail inquiry in the matter and fixing responsibility.

AP 24 (2016-17)

#### **14.4.4 Non-recovery of outstanding assessed amounts from unauthorized mining - Rs.20.186 million**

According to Section 56 of the Khyber Pakhtunkhwa Minerals Governance Act, 2017, if any person, directly or indirectly, starts prospecting, exploring or mining any mineral outside the area granted to him under a mineral title or in any area for which he has not obtained a mineral title or unauthorized transportation of minerals or if any person obstructs free access of a holder of a mineral title to the licensed or leased area or directly or indirectly tries to interfere with the prospecting or mining operations by a holder of a mineral title, he shall be punishable with imprisonment for a term of six months which may extend upto three years or with a fine of minimum five hundred thousand which may extend upto two million or with both.

During Financial Year 2016-17, in the office of Assistant Director Mines & Minerals Chitral, it was noticed that a sum of Rs. 20,185,977 was outstanding against 06 companies who were involved in unauthorized excavation/transportation/illegal crush plants of minor minerals and were

issued notices to pay for the assessed unauthorized mining within 30 days but no recovery was made till the date of audit i.e June-2018.

The lapse occurred due to weak internal controls and financial mismanagement.

When pointed out in May-2018, it was stated by the department that out of assessed amount of Rs. 20,185,977/-, a sum of Rs. 1,78,68,480 are outstanding against SAMBO Construction Company. The company has been advised a number of time to deposit the dues. The Deputy Commissioner Chitral has also been requested to assist this office in early recovery of the same.

Audit requested the department concerned for holding DAC meeting on 27.06.2018 followed by reminder on 16.11.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery from the unauthorized persons/companies.

AP 25 (2016-17)

#### **14.4.5 Non-recovery from the contractor as 5% additional amount on account of social uplift of the total bid-Rs.4.096 million**

As per Para-07 of the Directorate General Mines & Minerals Khyber Pakhtunkhwa Peshawar Endst letter No.11875-83/MDW/SWT/ML-EMERALD (26)2010, dated 6.12.2010, the bidder will pay Rs.512,000/- per year of the total bid amount towards social uplift.

During Financial Years 2017-18, in office of the Assistant Director Mines & Minerals Development Swat, Mining Lease was awarded to M/S Fazli Karim & Co for Emerald over an area of 182 Acres of Land at a cost of Rs.102.24 million for 10 years with effect from 6<sup>th</sup> December 2010. According to the above agreed terms and conditions, the contractor was required to pay Rs.4,096,000/- (512,000\*8) @ Rs.512,000/- as additional amount per year of the total bid in advance on account of social uplift. However, it was noticed that the local office failed to recover the outstanding dues from the contractor.

The loss occurred due to non-adherence to rules/regulations.

When pointed out in September 2018, it was stated that efforts are being made to clear the outstanding dues before completion of the Lease and result will be intimated to audit.

Audit requested the department concerned for holding DAC meeting on 08.10.2018 followed by reminder on 16.11.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery from the contractor.

AP 07 (2017-18)

#### **14.4.6 Non-deposit of lease money in Government Treasury - Rs 53.713 Million**

According to the Government of Khyber Pakhtunkhwa Directorate General of Mines & Minerals No. 9377/DGMM/MM/AD/Gawari Block-A/2017, dated 30.05.2017, mining lease /auction money shall be deposited in Government Treasury.

During the Financial Year 2017-18, in the office of the Assistant Director Mineral Development Abbottabad, it was noticed that leases money amounting to Rs 53.713 million of different mineral plots and blocks etc was not deposited by various lessees in Government Treasury as per detailed below:

S#	Para No.	Name of Lessee	Amount (Rs in million)
1	10	M/S Jamshid Ali	50.000
2	12	M/S Aashiq Nawaz	1.877
3	13	M/S Irfan Ahmad	0.900
4	15	M/S Ashiq Nawaz	0.507
5	20	M/S Ashiq Nawaz	0.251
6	21	M/S Masood ur Rehman	0.178
<b>Total</b>			<b>53.713</b>

The lapse occurred due to weak internal and managerial controls.

When pointed out in 10/2018, the management stated that detail reply will be submitted after consulting with relevant record.

Audit requested the department concerned for holding DAC meeting on 23.10.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 35 (2017-18)

#### **14.4.7 Less deposit on account of auction money - Rs.5.44 million**

According to Para-03 of the Directorate General Mines & Minerals Khyber Pakhtunkhwa Peshawar Endst letter No.11875-83/MDW/SWT/ML-EMERALD (26)2010, dated 6.12.2010. On acceptance of this office offer letter No. 11434/MDW/CDN-6(240)/2009 dated 04.11.2010, the lessee has deposited down payment amounting to Rs. 10.24 million. The remaining auction money shall be payable in equal yearly installments in advance i.e @10% of the total bid money. In case of non-payment of the due installment within 15 days when it becomes due on the expiry of each year, the Licensing Authority will be at liberty to cancel the Mining lease and to forfeit the security amount.

During Financial Years 2017-18, in the office of the Assistant Director Mines & Minerals Development Swat, it was noticed that Mining Lease was awarded to M/S. Fazal Karim & Co, Mohallah Amin Abad Head Works Batkhela, District Malakand for Emerald over an area of 182 Acres of Land at a cost of Rs.102.24 million for 10 years with effect from 6<sup>th</sup> December 2010. Receipts Reconciled Statements and Ledger revealed that Rs.5.44 million was less deposited which resulted into loss to government.

The loss occurred due to non-adherence to rules/regulations.

When pointed out in September 2018, it was stated that security of the contractor amounting to Rs.10.24 million will not be released till clearance of the Government outstanding dues.

Audit requested the department concerned for holding DAC meeting on 08.10.2018 followed by reminder on 16.11.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery, investigating the matter and fixing responsibility against the person(s) at fault.

AP 01 (2017-18)

## Chapter – 15

### Planning & Development Department

#### 15.1 Introduction

As per Rules of Business 1985, 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.

#### 15.2 Comments on budget and accounts (variance analysis)

##### Summary of the Appropriation Accounts:

A summary of grants/appropriations and actual expenditure in FY 2017-18 is given below:

##### Non-Development

(Rs.)

Grant # and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
4-Planning & development	NC21	337,080,000	110	337,080,110	317,499,324	(19,580,786)
<b>Total</b>		<b>337,080,000</b>	<b>110</b>	<b>337,080,110</b>	<b>317,499,324</b>	<b>(19,580,786)</b>

## Development

(Rs.)

Grant # 51 and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Savings)
51Rural and Urban Development	NC12 & NC 22	17,165,005,000	5,821,768,100	22,986,773,100	22,610,053,408	(376,719,692)
<b>Total</b>		<b>17,165,005,000</b>	<b>5,821,768,100</b>	<b>22,986,773,100</b>	<b>22,610,053,408</b>	<b>(376,719,692)</b>

Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Actual Expenditure	Excess/(Savings)	Variance %
Non-Development	337.080	317.499	(19.581)	5.80
Development	22,986.773	22,610.053	(376.719)	1.64
<b>Total</b>	<b>23,323.853</b>	<b>22,927.552</b>	<b>(396.3)</b>	<b>1.70</b>

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 Planning & Development Department administering the above grant did not surrender anticipated savings of Rs.396.3 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:-

S#	Audit Year	Name of Department	Total No. of actionable points	Full compliance	Partial compliance	Nil compliance
1.	2001-02	Planning & Development	08	06	-	02
2.	2003-04	-do-	04	03	-	01
3.	2004-05	-do-	08	02	-	06
4.	2007-08	-do-	05	01	-	04
5.	2008-09	-do-	08	05	-	03
6.	2011-12	-do-	10	05	-	05
7.	2012-13	-do-	24	11	-	13
8.	2013-14	-do-	02	01	-	01



## **15.4 Audit Paras**

### **15.4.1 Overpayment of pay and allowance - Rs. 9.80 million**

According to Government of Khyber Pakhtunkhwa notification No.PA/Khyber Pakhtunkhwa/ Bills/2018/5031 dated 07.03.2018, all the project posts have been regularized.

During the financial year 2017-18, in Planning and Development Department, it was noticed that the department has initiated a project titled "Urban Policy Unit". All the contracts/project employees have been regularized w.e.f March, 2018. However, they continued to draw project salaries package w.e.f. March, 2018 till December 2018, resulting an overpayment of Rs 9.80 million in violation of the Government instructions.

The lapse occurred due to weak internal control.

When pointed out in December, 2018 the management stated that final reply will be submitted after verification of record.

Audit requested the department concerned for holding DAC meeting on 03.01.2019 followed by reminder on 09.01.2019. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 346 (2017-18)

### **15.4.2 Non-achievement of projects objectives - Rs 199.946 million**

According to PC-I of the projects titled "Establishment of MIS in Bureau of Statistics (BoS)" and "Development of Regional GDP/Economic Indicators in Bureau of Statistics (BoS)" the completion time was 30.06.2019.

During the financial year 2017-18, in Planning and Development Department, it was noticed that the department started ADP Schemes namely "Establishment of MIS in Bureau of Statistics (BoS)" w.e.f 07.12.2009 having revised cost of Rs.34.00 million with the core objective of conducting census and surveys for Khyber Pakhtunkhwa including the updating of existing reporting system. Similarly, another project namely "Development of Regional GDP/Economic Indicators in Bureau of Statistics (BoS)" was initiated w.e.f 07.05.2012 having revised cost of Rs. 165.946 million with the major objectives to establish a sustainable program for provincial system of

economic accounts in Khyber Pakhtunkhwa in line with UN system of national accounts. However, the record reveals that not even a single objective out of ten(10) envisaged in “Establishment of MIS in Bureau of Statistics (BoS)” and eight (08) objectives of “Development of Regional GDP/Economic Indicators in Bureau of Statistics (BoS)” were shown achieved till date of audit i.e. December, 2018.

Audit is of the view that the above projects were required to be completed within the stipulated period of time and cost which was not done, resulting in revision of cost besides non-achievement of objectives.

The non-achievement of the projects occurred due to weak administrative control and financial mismanagement.

When pointed out in December, 2018 the management stated that final reply will be submitted after verification of record.

Audit requested the department concerned for holding DAC meeting on 03.01.2019 followed by reminder on 09.01.2019. DAC meeting was not convened till finalization of this report.

Audit recommends investigating the matter and fixing responsibility on person(s) at fault.

AP 351, 361, 358, 354, 363, 364, 368 (2017-18)

## Chapter – 16

### Public Health Engineering Department

#### 16.1 Introduction

As per Rules of Business 1985, the department has been assigned the business of:

- ❖ Public Health Work pertaining to Government Building and Government Residential Estates.
- ❖ Public Health Engineering and Drinking Water Supply Scheme.
- ❖ Determination of rates of supply to consumers in bulk and otherwise and prescribed tariff (only in the case of Private undertakings).
- ❖ Levy and collection of fees etc for supply of water for drinking purposes,
- ❖ Sanitary and Waste Water Disposal Project.
- ❖ Services matters, except those entrusted to Establishment and Administration Department.

#### 16.2 Comments on budget & accounts (variance analysis)

##### Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2017-18 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)
16 PHE	NC21	4,423,783,000	401,095,950	4,824,878,950	5,392,100,726	567,221,776
<b>Total</b>		<b>4,423,783,000</b>	<b>401,095,950</b>	<b>4,824,878,950</b>	<b>5,392,100,726</b>	<b>567,221,776</b>

##### Development

(Rs.)

Grant No. and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
52-PHE	NC-12/22	5,160,003,000	60	5,160,003,060	4,346,386,808	(813,616,252)
<b>Total</b>		<b>5,160,003,000</b>	<b>60</b>	<b>5,160,003,060</b>	<b>4,346,386,808</b>	<b>(813,616,252)</b>

### Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Saving)	Variance %
Non-Developmental	4,824.878	5,392.100	567.221	11.75%
Developmental	5,160.003	4,346.386	(813.616)	15.77
<b>Total</b>	<b>9,984.881</b>	<b>48,852.486</b>	<b>(246.395)</b>	<b>13.83</b>

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30<sup>th</sup> 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 Public Health Engineering Department administering the above grant did not surrender anticipated savings of Rs.246.395 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
1.	Nil	PHE	Nil	Nil	Nil	Nil

## 16.4 Audit Paras

### 16.4.1 Non recovery of water charges – Rs 509.779 million

According to Para 26 of GFR Vol-I, it is the duty of the Departmental Controlling Officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account read with Para 28 of GFR Vol-I states that no amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

During the Financial Year 2017-18, the accounts record of the Executive Engineer Public Health Engineering Divisions Mardan, Swabi, Dir lower, and Haripur revealed that a sum of Rs.509.779 million were outstanding against various consumers on account of water charges but no strenuous efforts were made by the local management to recover the Govt dues details given below.

<b>Division</b>	<b>Financial Year</b>	<b>Rs. in million</b>
Executive Engineer PHE, Mardan	2017-18	116.270
Executive Engineer PHE , Swabi	2017-18	164.239
Executive Engineer PHE, Dir Lower	2017-18	39.962
Executive Engineer PHE, Haripur	2017-18	188.776
	<b>Total</b>	<b>509.779</b>

Non-recovery of water charges occurred due to weak internal control and violation of financial rules.

When pointed out in November, 2018 it was stated that detail reply will be submitted after due course of time.

Audit requested the department concerned for holding DAC meeting on 05.12.2018 followed by reminder on 18.12.2018 and 01.01.2019. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 11, 24, 62 & 95 (2017-18)

#### 16.4.2 Non-deduction of government taxes from the suppliers – Rs.2.672 million

According to section 153 of income tax ordinance 2001, the deduction of income tax at prescribed rate are mandatory read with section 36 of sale tax ordinance 2001 has made deduction of sale tax mandatory from the registered suppliers @ 17% or subject to production of sale tax return challan.

During the Financial year 2017-18, audit of the accounts record of the Executive Engineer Public Health Engineering Division Mardan revealed that a sum of Rs.2.672 million as Sales Tax and Income Tax was not deducted from the Suppliers. Detailed below:

(Amount in Rs.)

S.NO.	Name of Scheme	Name of Contractor	Quantity	Month	Voucher No.	Amount	S/Tax	I/Tax	Total
1	WSS GumbatMaira PK-25	TSK Pvt Ltd	01	12/17	91/M	832,000	141,440	62,400	203,840
2	DWSS JewarMardan	-do-	09	12/17	02/T	1,810,400	295,778	135,780	431,558
3	DWSS MahoSher	MAK	01	12/17	25/T	832,000	117,262	62,400	179,662
4	DWSS ShahiBagh	MAK	01	-do-	26/T	830,000	116,980	62,250	179,230
5	DWSS NawanKalli	MAK	01	-do-	27/T	832,000	117,262	62,250	179,512
6	DWSS KhwooGHaladdher	JDS	01	Do	29/T	830,000	116,980	0	116,980
7	DWSS KhwooGHaladdher	JDS	01	Do	30/T	830,000	116,980	0	116,980
8	DWSS Mahabat Abad	JDS	01	Do	31/T	840,000	118,390	63,000	181,390
9	DWSS Mahabat Abad	Sititekptv	02	2/18	7/M	1,162,838	197,682	87,212	284,894
10	WSS Safi Abad	TSK	01	DO	15/T	790,000	111,342	59,250	170,592
11	Toru NO-2	Pak Atlantis	01	Do	16/T	790,000	111,343	23,700	135,043
12	WSS MuhibBanada	TSK	01	4/18	6/M	851,100	144,687	63,832	208,519
13	Garhi Ismai Izai	Pak Atlantis	01	5/18	125/M	622,391	80,544	0	80,544
14	WSS Qasim NO.-2	Pak Atlantis	01	5/18	126/M	622,391	80,544	0	80,544
15	WSS Taus Nehar Abad	MAK	01	6/18	10/M	869,300	122,597	0	122,597
<b>Total</b>						<b>13,344,420</b>	<b>1,989,811</b>	<b>682,074</b>	<b>2,671,885</b>

The lapse occurred due to violation of rules.

When pointed out in November, 2018 it was stated that record will be checked and recovery will be made.

Audit requested the department concerned for holding DAC meeting on 05.12.2018 followed by reminder on 18.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 76 (2017-18)

## Chapter - 17

### Transport Department

#### 17.1 Introduction

As per Rules of Business 1985, the department has been assigned the business of:

- ❖ Administration of provincial transport authority and regional transport authorities.
- ❖ Administration of the West Pakistan Motor Vehicles Ordinance, 1965 except enforcement of provision of the Ordinance relating to control of traffic and inspection and checking of motor vehicles for the purposes of traffic control.
- ❖ Services matters except those entrusted to E&AD.

#### 17.2 Comments on budget & accounts (variance analysis)

##### Summary of the Appropriation Accounts

The Summarized position of actual expenditure 2017-18 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)
45-Transport	NC21	262,920,000	580	262,920,580	156,759,378	(106,161,202)
<b>Total</b>		<b>262,920,000</b>	<b>580</b>	<b>262,920,580</b>	<b>156,759,378</b>	<b>(106,161,202)</b>

##### Development

(Rs.)

Grant No. and Name of Department	Grant Type	Original Grant	Supplementary Grant	Final Grant	Total Actual Expenditure	Excess/ (Saving)
Transport	NC-22	175,998,000	0	4,430,168,000	4,435,344,679	5,176,679
	NC-12	4,000	4,000	0	0	0
<b>Total</b>		<b>176,002,000</b>	<b>4,000</b>	<b>4,430,168,000</b>	<b>4,435,344,679</b>	<b>5,176,679</b>

### Overview of expenditure against the final grant

(Rs. in million)

Grant Type	Final Grant	Total Actual Expenditure	Excess/ (Saving)	Variance %
Non-Development	262.920	156.759	(106.161)	40.38
Developmental	4,430.168	4,435.344	5.176	0.12
<b>Total</b>	<b>4,693.088</b>	<b>4,592.103</b>	<b>(100.985)</b>	<b>2.15</b>

Para 95 of GFR Vol I states that all anticipated saving should be surrendered immediately but not later than 30<sup>th</sup> 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 Transport Department administering the above grant did not surrender anticipated savings of Rs 100.985 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	Transport Deptt	Nil	Nil	Nil	Nil



## **17.4 Audit Paras**

### **17.4.1 Non-production of auditable record - Rs.33.660 million**

Article-14 (293) of the Auditor General of Pakistan Ordinance 2001 read with para-17 of GFR Vol-I provides that the controlling Office is responsible to produced all auditable record to audit for verification. No such information nor any books or other documents to which the Auditor General has statutory right of access, may be withheld from him.

During financial year 2016-17, in the Office of Secretary Transport Department it was noticed that a sum of Rs.33.660 million were allotted to the department under the head “Grants/Subsidies A05” and further released to Peshawar Mass Transit Co. but no auditable record was produced to audit till the last day of audit, despite repeated requisitions to concerned officers.

The lapse occurred due to violation of rules.

When pointed out in January 2018, it was stated that reply would be furnished after consultation of record.

Audit requested the department concerned for holding DAC meeting on 28.03.2018 followed by reminder on 02.01.2019. DAC meeting was not convened till finalization of this report.

Audit recommends investigating the matter & fix responsibility on person(s) at fault, besides production of auditable record.

AP 374 (2016-17)

### **17.4.2 Non-deduction of Sales Tax from contractors - Rs.900.05 million**

According to Khyber Pakhtunkhwa Revenue Authority Sales Tax on Services Special Procedure (Withholding) Regulation 2015, Notified vide Notification No.F-16(4)KPRA/ Notification/WH/1383 dated 31-08-2015, 5% Sales Tax is applicable on Construction Services, as per Sr. No. 30A of the Taxable Services as per Second Schedule to the Khyber Pakhtunkhwa Finance Act, 2013.

During the Financial Year 2017-18 in the office of Project Director, Peshawar Sustainable Bus Rapid Transit System (Bus Rapid Transit), a sum of Rs. 18,001.013 million was paid to the contractors on account of construction

works, however, Sales Tax at the rate of 5% was not deducted from the payments, as per detailed below:

S.No.	Name of contractor	Name of work	Amount paid (Rs.in Million)
1	SGEC Maqbool-Calsons JV	From Chamkani to Firdous Cinema ( Reach-I)	5,845.389
2	M/S CR 21G Maqbool-Calsons JV	Firdous Cinema to Aman Chowk ( Reach-II)	5,688.645
3	SGEC Maqbool-Calsons JV	Aman Chowk to Cancer Hospital Hayat abad	6,466.979
<b>Total</b>			<b>18,001.013</b>
<b>5% Sale Tax</b>			<b>900.051</b>

The lapse occurred due to non adherence to provisions of Sales Tax on Services Special Procedure (Withholding) Regulations and weak internal controls.

When pointed out in November, 2018, no reply was furnished.

Audit requested the department concerned for holding DAC meeting on 05.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends deduction of Sales Tax from the contractors.

AP 179 (2017-18) FAP

### **17.4.3 Non-recovery of DPR charges - Rs.36.395 Million**

According to Directorate of Social Welfare & Women Development Department Peshawar letter No.DPR/Pub/PCRD/559-63 dated 18-05-2012 and Section-11 of the Disable Person (Employment and Rehabilitation Ordinance 1981 and Rules 1991), the deduction of DPR Fund for rehabilitation of disable persons from the bills/payment @ Rs. 2000/- each per million and deposit the Head No. G-12218 "fund for rehabilitation of disabled persons"

During the Financial Year 2017-18 in the office of Project Director, Peshawar Sustainable Bus Rapid Transit System (Bus Rapid Transit), a sum of Rs 18,001.013 million was paid to various contractors but DPR charges @ the rate of Rs. 2,000/- per million amounting to Rs. 36.395 were not deducted from the amounts so paid to them, as per detailed below

**Rs.in Million**

S.No.	Name of Contractor	Name of work	Amount paid	DPR required to be deducted	DPR Deducted	Balance amount required to be deducted.
1	SGEC Maqbool-Calsons JV	From Chamkani to Firdous Cinema ( Reach-I)	5845.389	11.690	0.002	11.688
2	M/S CR 21G Maqbool-Calsons JV	Firdous Cinema to Aman Chowk ( Reach-II)	5688.645	11.777	0.002	11.775
3	M/S CR 21G Maqbool-Calsons JV	Aman Chowk to Cancer Hospital Hayat abad	6466.979	12.934	0.002	12.932
<b>Total</b>			<b>18001.013</b>	<b>36.401</b>	<b>0.002</b>	<b>36.395</b>

The lapse occurred due to weak internal controls.

When pointed out in November,2018, no reply was furnished.

Audit requested the department concerned for holding DAC meeting on 05.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery of DPR Charges.

AP 177 (2017-18) FAP

#### **17.4.4 Non-recovery of Government Share - Rs.14.708 million**

According to Clause 5.3 and 5.6, of the Contract Agreement executed by Khyber Pakhtunkhwa road Transport Board through its Secretary/Director Transport with M/S Speed Line International (Service Provider) the Service Provider shall pay 60 % of the total income to the Government within 36 to 72 hours.

During Financial Year 2016-17, in the Office of Director Transport and Mass Transit Peshawar, it was observed that M/S Speed Line International (Service Provider) failed to pay the balance amount of 60% share of Rs.14,708,994 w.e.f. June 2017 to December 2017 as income generated from Toll / fee from Peshawar Bus Terminal. The same was required to have been deposited in bank which was not done till date of audit i.e March, 2018.

The lapse occurred due to violation of the Contract Agreement.

When pointed out in March 2018, the department stated that detailed reply will be given after consulting the original record.

Audit requested the department concerned for holding DAC meeting on 05.04.2018 followed by reminder on 08.11.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 410 (2016-17)

#### **17.4.5 Non-deduction of Sale Tax - Rs.6.632 million**

According to S.No.12 of Khyber Pakhtunkhwa Finance Act 2013, Schedule-II, 10% Sale Tax shall be deducted on services provided or rendered by any Agency.

During Financial Year 2016-17, in the Office of Director Transport and Mass Transit Peshawar, it was observed that a contract was awarded to Service Provider MS Speed Line International for collection of Toll/Fee from Peshawar Bus Terminal, but 10% Sale Tax from 40% share on Services amounting to Rs. 6,632,466 was not deducted from the payment made.

(Amount in Rs.)

<b>Total collection by MS Speed line International w.e.f. March 2014 to Dec: 2017</b>	<b>60% Government Share</b>	<b>40% Share of the (Service Provider)</b>	<b>Sale tax on Services 10%</b>
165,811,657	99,486,994	66,324,662	6,632,466

The lapse occurred due to violation of Contract Agreement.

When pointed out in March 2018, the department stated that detailed reply will be given after consulting the original record.

Audit requested the department concerned for holding DAC meeting on 05.04.2018 followed by reminder on 08.11.2018. DAC meeting was not convened till finalization of this report.

Auditor recommends recovery.

AP 411 (2016-17)

#### 17.4.6 Non-recovery of Withholding Tax - Rs.5.306 million

According to Regional Tax Office Peshawar letter No. RTO/C (WHU-I)/8 dated 24.07.2014, withholding tax @ 8% shall be deducted on services rendered.

During Financial Year 2016-17, in the Office of Director Transport and Mass Transit Peshawar, it was observed that Rs. 66,324,662 was paid to M/S Speed line International (Service Provider) for collection of Toll/Fee from Peshawar Bus Terminal. However 8% withholding tax amounting to Rs. 5,305,972 was not deducted from the payments made, detailed below:

(Rs)			
<b>Total collection MS Speed line International w.e.f. March 2014 to Dec. 2017.</b>	<b>60% Government Share</b>	<b>40 % Share of the (Service Provider)</b>	<b>Withholding tax on Service 8 %</b>
165,811,657	99,486,994	66,324,662	5,305,972

The lapse occurred due to violation of rules and regulations.

When pointed out in March 2018, the department stated that detailed reply will be given after consulting original record.

Audit requested the department concerned for holding DAC meeting on 05.04.2018 followed by reminder on 08.11.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 413(2016-17)

#### 17.4.7 Non-recovery of rent from Daewoo Bus Services - Rs.2.683 million

According to Clause 4(a) of the Lease Agreement executed with Daewoo Pakistan Express Bus Services Limited on 9<sup>th</sup> January, 2013, the service provider shall pay the Govt monthly rent of the premises in Advance by 5<sup>th</sup> of each month.

During Financial Year 2016-17, in the Office of Director Transport and Mass Transit Peshawar, it was observed that 10 Kanal land was given on lease

to Daewoo Pakistan Express Bus Services Limited for a period of ten (10) years w.e.f. 9<sup>th</sup> January 2013 however, outstanding rent amounting to Rs.2.683 million was not paid to government by the company. Detailed below:

(Rs)		
<b>S.No.</b>	<b>Period</b>	<b>Outstanding rent</b>
1.	05-10-2012 to 04-10-2015	1,200,000
2.	05-10-2015 to 04-10-2018	1,380,000
3.	05-10-2018 to 04-01-2019	103,125
	<b>Total</b>	<b>2,683,125</b>

The lapse occurred due to weak internal control.

When pointed out in March 2018, the department stated that detailed reply will be given after consulting original record.

Audit requested the department concerned for holding DAC meeting on 05.04.2018 followed by reminder on 08.11.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 414 (2016-17)

#### **17.4.8 Irregular payment of salaries - Rs.15.772 million**

According Clause 5.1, 5.2, 5.3 & 8.7 of the Contract Agreement, executed with the M/S Speed Line International (Service Provider), the Government shall pay the Service Provider 40% of the total income deductible at source. The service provider shall bear all its expenses such as Staff Salaries (Salaries of Administrator, Security Manager, Toll Collector, Cashier, Ticketing Staff, Reporting Officer, Security Guards, Sweepers etc appointed by the Road Transport Board or by the Service Provider) and its operational cost.

During Financial Year 2016-17, in the Office of Director Transport and Mass Transit Peshawar, it was observed that a sum of Rs. 15,772,799/- was paid by M/S Speed Line International Service Provider as salaries of the staff appointed by Road Transport Board w.e.f March 2014 to December 2017 out of 60% government share instead of 40% share in violation of the agreement which needs recovery from the service provider.

The lapse occurred due to violation of the clauses of the Contract Agreement.

When pointed out in March, 2018 the Department stated that detailed reply will be given after consulting the original record.

Audit requested the department concerned for holding DAC meeting on 05.04.2018 followed by reminder on 08.11.2018. DAC meeting was not convened till finalization of this report.

Audit recommends recovery.

AP 409(2016-17)

**17.4.9 Unauthorized payment of BRT Allowance from back dates – Rs.5.390 million**

The PC-I of Peshawar Sustainable Bus Rapid Transit System (BRT) was approved on 10.07.2017.

During the financial year 2017-18, record of Project Director Peshawar Sustainable Bus Rapid Transit System (Bus Rapid Transit) revealed that a board meeting was held under the chairmanship of Secretary to Government of Khyber Pakhtunkhwa Local Government, Elections & Rural Development Department dated 11.05.2017 wherein, approval of BRT Overtime allowance was accorded to the following PIU officers at the rate mentioned against each.

- |                                      |                         |
|--------------------------------------|-------------------------|
| 1. Secretary LGE&RDD                 | Rs. 300,000/- per month |
| 2. Director General PDA              | Rs. 250,000/- per month |
| 3. Director Engg/Senior Director PIU | Rs. 220,000/- per month |

Further verification of record revealed that above allowance was approved to be paid w.e.f 01.12.2016 which was unauthorized as the date of approval of the PC-I was 10.07.2017. Audit held that payment thus made from retrospective effect was undue benefit to the employees.

(Amount in Rs.)

S.No	Designation	Allowance Per month	Period	Amount
1.	D.G PDA	250,000	12/2016 to 30.6.17 (07 months)	1750,000
2.	Secretary LGE&RDD	300,000	12/2016 to 30.6.17 (07 months)	2,100,000
3.	Senior Director PIU BRT PDA	220,000	-do-	1,540,000
<b>Total</b>				<b>5,390,000</b>

The lapse occurred due to extending undue favor to the officers concerned at Government cost.

When pointed out in November, 2018, it was stated that detailed reply will be submitted after checking the relevant record thoroughly.

Audit requested the department concerned for holding DAC meeting on 05.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends to recover unauthorized payment.

AP 188(2017-18) FAP

**17.4.10 Non-deposit of profit into government treasury - Rs.12.355 million**

According to Finance Department Notification No.2/3(F/L)/FD/2007-08/Vol.IX dated 10.2.2014 the profit earned from PLS account be deposited into Government Treasury under relevant head of account immediately.

During the financial year 2017-18, record of Project Director Peshawar Sustainable Bus Rapid Transit System (Bus Rapid Transit) revealed that an amount of Rs.12.355 million was earned as profit from the UBL Saving Account No. 920245 but was not deposited into the Government Treasury. As detailed below:

(Amount in Rs.)			
S.No.	Description	Date	Amount
1	Profit	31.3.2018	9,078,062.73
2	-do-	30.4.2018	5,020,253.78
3	-do-	31.5.2018	270,649.66
4	-do-	30.6.2018	276,794.88
Total Profit			14,645,761.05
Less taxes on Profit			2,290,734.85
Net Profit			12,355,026.20

The above profit was required to have been deposited into Government Treasury as required under Finance Department instruction. But no such action has been taken by the local office.

The lapse occurred due to financial mismanagement and weak internal controls.



When pointed out in November-2018, it was stated that PDA funds engaged from time to time in BRT had an opportunity cost in shape of the profit at risk free rate, that could have been earned in case the funds were not expensed on BRT. Therefore, the Finance Department Khyber Pakhtunkhwa will be approached once, the project gets completed and the Profit Payable/ receivable will be reconciled and adjusted accordingly. Non deposit of profit was admitted.

Audit requested the department concerned for holding DAC meeting on 05.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends to deposit the amount into Government Treasury.

AP 213 (2017-18) FAP

#### **17.4.11 Non-deposit of Government receipts - Rs. 6.086 million**

According to rule 7(1) of the Treasury Rules, all money received by or tendered to government officers on account of revenue of the government shall without any undue delay, be paid in full into bank/ treasury.

During financial year 2017-18, record of Project Director Peshawar Sustainable Bus Rapid Transit System, revealed that an amount of Rs.6.086 million was received as auction money of trees and dismantled material etc but the same was not deposited into the government treasury. Detailed below:

(Amount in Rs.)

<b>S. No</b>	<b>Month</b>	<b>Description</b>	<b>Amount</b>
1.	04/2018	Auction of 122 trees at Dabgari Gardan 1/4 <sup>th</sup>	105,000
2.	-do-	Auction of 122 trees at Dabgari Gardan 3/4 <sup>th</sup>	315,000
3.	05/2018	Dismantled material	5,666,000
<b>Total</b>			<b>6,086,000</b>

The lapse occurred due to financial mismanagement and weak internal controls.

When pointed out in November-2018, it was stated that detail reply will be submitted after checking the relevant record thoroughly.

Audit requested the department concerned for holding DAC meeting on 05.12.2018. DAC meeting was not convened till finalization of this report.

Audit recommends to deposit the amount into Government Treasury.

AP 214 (2017-18) FAP

#### 17.4.12 Missing vehicles - Rs.7.918 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 to the extent to which he contributed.

During financial year 2016-17, in the Office of Secretary Transport, it was noticed that the department executed a Project/Scheme namely "Transport Planning and Traffic Engineering Unit (TPU)" with approved cost of Rs.210.624 million having provision of purchase of 04 vehicles. The record reveals that the procured vehicles costing Rs.7.918 million were missing and not known to the Department. Detailed below:

(Amount in Rs.)

Sr.No.	Vehicle type	Cost of Procurement	Status
1	Toyota Corolla GLI 1300CC Temporary Registration No.2016-12-0541	1,883,000	Missing
2	Toyota Corolla GLI 1300CC Temporary Registration No.2016-12-0540	1,808,000	-do-
3	Vigo Revo 4x4 Temporary Registration No.2017-01-1241	4,227,000	-do-
	<b>Total</b>	<b>7,918,000</b>	

The lapse occurred due to weak administrative control.

When pointed out in January 2018, it was stated that reply would be furnished after consultation of record.

Audit requested the department concerned for holding DAC meeting on 28.03.2018 followed by reminder on 02.01.2019. DAC meeting was not convened till finalization of this report.

Audit recommends investigating the matter & fix responsibility on person(s) at fault.

AP 360 (2016-17)

**Annexure-A**

**MEMORADUM FOR DEPARTMENTAL ACCOUNTS COMMITTEE**

**(MFDAC)**

<b>S No.</b>	<b>AP No.</b>	<b>Year</b>	<b>Department</b>	<b>Amount in million</b>	<b>Subject</b>
1	96	2017-18	Establishment & Administration	0.774	Un-authorized drawl on account of medical reimbursement charges
2	97	2017-18	Establishment & Administration	0.453	Fraudulent drawl on account of pay and allowances
3	100	2017-18	Establishment & Administration	0.050	Overpayment on account of non deduction of conveyance allowance
4	102	2017-18	Establishment & Administration	0.720	Un-authorized drawl of pay and allowances
5	103	2017-18	Establishment & Administration	0.273	Over payment of pay and allowances
6	120	2017-18	Establishment & Administration	0.830	Non recovery of room rent from MPAS for stay in Pakhtunkhwa house Islamabad in excess of entitlement
7	675	2016-17	AMTI Abbottabad	29.443	Doubtful expenditure on account of purchase of angiography material
8	310	2017-18	KTH Peshawar	3.350	Loss due to award of consultancy contract on higher rates
9	283	2017-18	KTH Peshawar	1.983	Loss on the purchase of Dengue Kit on higher rates
10	674	2016-17	AMTI Abbottabad	2.005	Overpayment on account of Housing Subsidy.
11	681	2016-17	AMTI Abbottabad	4.300	Un-authorized expenditure due to unfair award of contract on account of MRI & CT Scan films
12	279	2017-18	Khyber Teaching Hospital Peshawar	86.951	Suspected misappropriation of Pay & Allowances
13	743	2016-17	MS DHQ Chitral	3.389	Loss to Govt: due to non recovery of Conveyance Allowance & House Rent Allowance
14	112	2015-16	Provincial Building Maintenance Cell Peshawar	35.400	Loss due to vacation of shops and flats
15	114	2015-16	Provincial Building Maintenance Cell Peshawar	17.298	Wasteful expenditure due to leaving the work incomplete
16	67	2016-17	XEN Highway Division Peshawar	75.476	Excess payment in asphalt wearing course
17	147	2016-17	Provincial Building Construction Division No.1	5.455	Loss due to doubtful payment of backfilling
18	42	2017-18	XEN C&W Division Swabi	2.000	Doubtful expenditure on account of PCC
19	51	2017-18	XEN C&W Division Swabi	1.177	Loss to Government due to non return of shuttering material
20	39	2016-17	XEN Highway Division Swat	12.686	Loss due to fictitious payment to contractor
21	162	2016-17	MD PKHA	1.609	Loss due to non recovery of 1 <sup>st</sup> bill amount from former contractor
22	93	2016-17	XEN Provincial Building Maintenance Cell Peshawar	85.607	Un-authorized & irregular expenditure
23	67	2017-18	XEN C&W Divn: Abbottabad	11.572	Doubtful payment on a scheme
24	46	2015-16	Irrigation Div Charsadda	3.948	Doubtful payments without detail record
25	38	2016-17	XEN Paharpur Irrigation Div D.I.Khan	8.037	Un-authorized expenditure on execution of substandard and bellow specification work.

26	99	2016-17	Executive Engineer Gomal Zam Irrigation Div D.I.Khan	1.497	Fraudulent release of Security
27	287	2016-17	Deputy Director Planning & Construction Div Small Dams Kohat	3.066	Fraudulent release of performance Security
28	421	2017-18	Irrigation Div Charsadda	9.224	Doubtful payment on account of construction of roads along drain kleshki area PK-14 worth
29	138	2016-17	DFO Bannu	59.805	Overpayment of account of labour charges in BTAP
30	126	2016-17	DFO Bannu	2.466	Mis-appropriation due to fake inter divisional supply of plants
31	135	2016-17	DFO Bannu	13.319	Loss due to Government. on a/c of opening of non inter bearing accounts in NBP
32	145	2015-16	DFO DIK	5.288	Mis-appropriation of free distribution of bare routed plants of Dhap Chapak bare routed nursery
33	03	2016-17	DFO Bannu	20.000	Loss to Govt. due to non-auction of standing trees
34	57	2016-17	DFO Bannu	20.000	Loss to Govt. on account of opening of non interest bearing account in NBP
35	92	2015-16	DFO Bannu	0.998	Misappropriation on digging of pits in 114 hectors in gadwalian
36	151	2015-16	DFO D.I.Khan	1.596	Loss on collection of seed
37	289	2015-16	DFO Dir Upper	3.545	Unjustified expenditure on check deeming.
38	352	2017-18	P & D DEPARTMENT	0.640	Unauthorized drawl of project allowance
39	362	2017-18	P & D DEPARTMENT	0.718	Irregular regularization of capacity building project employee into regular status
40	366	2017-18	P & D DEPARTMENT	0.235	doubtful expenditure on account of POL under the project “development of regional GDP /economic indicators” in bureau of statistics
41	371	2017-18	P & D DEPARTMENT	0.414	Irregular expenditure on account of repair vehicles
42	374	2017-18	P & D DEPARTMENT	0.660	Un-justified expenditure on account of hot & cold charges
43	100	2016-17	University of Hazara	1.955	Non recovery of on a/c of rent & water charges.
44	576	2014-17	University of Swat	2.355	Overpayment due to fake measurement.
45	609	2016-17	University of Swat	1.759	Non imposition of penalty on late supply of equipment.
46	577	2014-17	University of Swat	5.428 1.303	i) Illegal award of secure advance. ii) Non recovery of interest on illegal advance.
47	599	2014-17	University of Swat	12.935	Loss due to non deduction of sales tax from contractors.
48	751	2016-17	UET Peshawar	27.629	Irregular payment of brain drain allowance
49	753	2016-17	UET Peshawar	3.363	Loss to the university due to non-encashment of performance security
50	755	2016-17	UET Peshawar	2.883	Overpayment to the vice chancellor on a/c of pay & allowances
51	772	2016-17	UET Peshawar	1.350	Overpayment due to non-deduction of conveyance allowance during summer vacations.
52	774	2016-17	UET Peshawar	3.388	Irregular /unauthorized payment of computer allowance to the faculty members

53	366	2016-17	Secretary Transport	0.440	Non-deduction of Conveyance allowance
54	373	2016-17	Secretary Transport	0.150	Loss to Government due to un-authorized use of Government: Vehicle by Project Employees
55	375	2016-17	Secretary Transport	0.177	Doubtful expenditure on account of entertainment charges
56	416	2016-17	Director Transport Khyber Pakhtunkhwa	0.781	Un-authorized expenditure on account of POL
57	420	2016-17	Director Transport Khyber Pakhtunkhwa	0.303	Fictitious drawl on account of TA/DA
58	422	2016-17	Director Transport Khyber Pakhtunkhwa	0.118	Unauthorized consumption of POL
59	14	2017-18	XENPHE Division Haripur	1.200	Non-imposition of penalty.
60	28	2017-18	XENPHE Division Dir Lower	8.262	Loss to Government: due to non- imposition of penalty.
61	81	2017-18	XENPHE Division Swabi	3.310	Loss to Government due to non- imposition of penalty
62	98	2017-18	XENPHE Division Haripur	42.862	Unauthentic expenditure on account of works not technically sanctioned.
63	93	2014-18	DPO Dir Upper	17.400	Wastage of public fund
64	153	2017-18	DPO DIK	6.351	Un-authorized retention of Government money on account of Polio charges
65	107	2016-17	CCPO Peshawar	4.427	Loss due to double payment of honoraria
66	108	2016-17	CCPO Peshawar	6.198	Loss due to excess drawl of POL
67	113	2016-17	CCPO Peshawar	1.000	Irregular expenditure on hiring of vehicles for search and strike operation
68	105	2016-17	DG Agriculture (extension) Peshawar	6.622	Non deposit of interest accrued on principal amount
69	114	2016-17	DG Agriculture (Extension) Peshawar	2.874	Non recovery of Government dues on account of allotment of M/Cycle
70	91	2016-17	DG Agriculture (Extension) Peshawar	3.123	Loss to Government due to missing of Gunny Bags
71	28	2016-17	AD Mines & Mineral Chitral	6.314	Un-justified award of lease agreement
72	31	2016-17	AD Mines & Mineral Chitral	9.018	Loss due to acquisition of land for office without approach road
73	27	2016-17	AD Mines & Mineral Chitral	10.500	Non assessment of minerals (Sand & Bajri)
74	33	2017-18	Director Food Khyber Pakhtunkhwa	15.160	Excess expenditure by the Project Management
75	130	2016-17	DFC Chitral	116.989	Loss due to misappropriation of wheat
76	02	2017-18	Secretary Food	50.672	Loss to Govt due to substandard work at site
77	03	2017-18	Secretary Food	17.280	Non-achieving of the project objectives
78	724	2016-17	Director Institute of Kidney Disease Hayatabad Peshawar	2.619	Unauthorized extension of canteen and car parking contracts after expiry period.

## Annexure-B (para 1.1.1)

## (Expenditure in excess of Final Grant)

(Rs)

Grant No.	page No.	Cost Center / DDO	Object classification	Final Grant	Expenditure incurred	Excess
03	19	MR-4018	A04- Employee related Benefit	113,982,669	14,043,109	60,440
06	28	PR-4045	A09- Physical Assets	35,881,030	35,981,030	100,000
06	29	AD-4333	A09- Physical Assets	41,408,453	9,704,853	5,564,000
07	37	SH-7002	A-05-Grant Subsidies	149,877	161,147	11,270
07	37	-do-	A04- Employee related Benefit	161,147	1,558,440	1,397,293
09	43	AD-4242	A03-Oprating Expense	151,093,072	151,152,588	59,516
15	132	AD-5072	A13- repair & Maintenance	966,732,943	989,302,943	22,570,660
15	133	PR-5477	A13- repair & Maintenance	118,699,074	121,126,074	2,427,000
16	136	AD-7020	A03-Operating Expense TA	127,224,113	1839,114,279	564,890,166
47	251	PR-5711	A03-Opeating Expense TA	22,080,000	847,177,677	825,092,677
50	261	Mines and mineral	NC 22058/NC12058	121,441,000	121,737,701	296,701
50	260	Home and TA	Do	62,087,000	85,396,351	23,309,351
50	260	Social welfare	Do	120,096,000	124,017,855	3,921,855
50	260	Auqaf, hajj	Do	43,314,000	46,361,441	3,047,441
50	260	Agriculture	Do	2071,375,000	2,072,782,913	1,407,913
50	260	Forestry	Do	3530,084,000	3,537,754,687	7,670,687
50	260	environment	Do	23,807,000	25,455,377	1,648,377
50	260	sports	Do	2081,846,000	2,103,063,965	21,217,965
50	260	industries	Do	217,078,020	218,568,294	1,490,474
50	260	ST&IT	Do	308,976,000	316,948,237	7,972,237
50	260	Transport	Do	4430,168,000	4,435,344,679	5,176,679
50	261	Building	Do	598,111,000	618,208,344	20,097,344
50	261	Auqaf	Do	205,304,000	210,734,614	5,430,614
50	261	Relief and rehabilitation	Do	41,456,000	72,084,600	30,592,600
50	263	Others	Do	1654,215,000	1,675,433,258	21,218,258
50	263	Building	Do	226,271,020	228,438,768	1,467,748
50	263	other	Do	111,548,000	111,867,227	319,227
50	263	police	Do	32,900,000	55,739,783	22,839,783
					<b>Total</b>	<b>1,601,298,276</b>

**Annexure C (3.4.2)****Payment through DDO in Cash**

<b>Cheque No. &amp; Date</b>	<b>Amount (Rs.)</b>	<b>Description</b>
1431442 dt. 13.06.2017	89,575	Paid to putwari
1431177 dt. 07.06.2017	454,827	Paid to putwari
1431640 dt. 18.06.2017	200,000	Paid to putwari
1431176 dt. 07.06.2017	249,539	Paid to putwari
1325612 dt. 20.10.2016	420,000	Paid to putwari
1325446 dt. 30.09.2016	545,300	M/S Zafar Iqbal Harvesting contractor
1430501 dt. 17.05.2017	412,300	M/S Zafar Iqbal Harvesting contractor
1429276 dt. 21.03.2017	342,805	Fazle Rahman Harvesting Contractor
1431606 dt. 16.06.2017	505,250	Khan Rasool & Sons Harvesting Contractor
1430776 dt. 26.05.2017	78,000	Punjab Seed Corporation
1325891 dt. 21.11.2016	91,200	
14310609 dt. 16.06.2017	176,070	Paid to District Director Agriculture DIKhan on account of purchase of paddy seed from ADF submit DIKhan through cash.
1431608 dt. 16.06.2017	117,980	Paid to District Director Agriculture DIKhan on account of purchase of Allimax from MFSC DIKhan.
1430280 dt. 11.05.2017	26,550	Paid to District Director Agriculture DIKhan from Government Fruit Nursery Farm Agriculture Extension DIKhan on account of purchase of grafted Mango.
1431607 dt. 19.06.2017	77,000	Purchase of Maize Seed from Agriculture Development Fund DIKhan.
<b>Total</b>	<b>3,786,396</b>	

**Annexure D (Para 6.4.1)**

S. No	Months	Total Generation (Kwh)	Rate Rs.	Approved Rate	Difference in Rate	Less Realization
1	July-2015	3,934,440	1	4.8159	3.8159	15,013,430
2	Aug-2015	5,154,120	1	4.8159	3.8159	19,667,607
3	Sep-2015	6,555,600	1	4.8159	3.8159	25,015,514
4	Oct-2015	5,156,640	1	4.8159	3.8159	19,677,223
5	Nov-2015	2,862,360	1	4.8159	3.8159	10,922,480
6	Dec-2015	3,969,000	1	4.8159	3.8159	15,145,307
7	Jan-2016	1,452,600	1	4.8159	3.8159	5,542,976
8	Feb-2016			4.8159	4.8159	-
9	March-2016	3,240	1	4.8159	3.8159	12,364
10	April-2016	3,013,920	1	4.8159	3.8159	11,500,817
11	May-2016	3,428,280	1	4.8159	3.8159	13,081,974
12	June-2016	4,413,600	1	4.8159	3.8159	16,841,856
	<b>Total-I</b>	<b>39,943,800</b>				<b>152,421,546</b>
1	July-2016	4,392,000	1.0	4.8159	3.8159	16,759,433
2	Aug-2016	6,104,160	1.0	4.8159	3.8159	23,292,864
3	Sep-2016	7,396,200	1.0	4.8159	3.8159	28,223,160
4	Oct-2016	6,674,040	1.0	4.8159	3.8159	25,467,469
5	Nov-2016	4,770,720	1.0	4.8159	3.8159	18,204,590
6	Dec-2016	3,837,600	1.0	4.8159	3.8159	14,643,898
7	Jan-2017	1,141,560	1.0	4.8159	3.8159	4,356,079
8	Feb-2017	83,520	1.0	4.8159	3.8159	318,704
9	March-2017	2,082,960	1.0	4.8159	3.8159	7,948,367
10	April-2017	2,095,200	1.0	4.8159	3.8159	7,995,074
11	May-2017	3,227,400	1.0	4.8159	3.8159	12,315,436
12	June-2017	3,231,720	1.0	4.8159	3.8159	12,331,920
	<b>Total-II</b>	<b>45,037,080</b>				<b>171,856,994</b>
	<b>Grand Total</b>	<b>84,980,880</b>				<b>324,278,540</b>



**Annexure E ( Para 6.4.7)**

**Amount in Rs.**

<b>Month</b>	<b>Units Claimed</b>	<b>Approved Tariff Rate</b>	<b>Tariff Rate claimed</b>	<b>Diff in tariff rate</b>	<b>Amount Less Claimed</b>
07/2015	45778000	4.5517	4.4047	0.15	6,866,700
08/2015	39393000	4.5517	4.1548	0.15	5,908,950
09/2015	36773000	4.5517	4.1548	0.15	5,515,950
10/2015	28542000	4.5517	4.1548	0.15	4,281,300
11/2015	29554000	4.3915	4.1548	0.15	4,433,100
12/2015	22619000	4.3915	4.1548	0.24	5,428,560
01/2016	29462000	4.3915	4.1548	0.15	4,419,300
02/2016	29329000	4.3915	4.1548	0.15	4,399,350
03/2016	32273000	4.3915	4.2446	0.15	4,840,950
04/2016	36240000	4.3915	4.2446	0.15	5,436,000
05/2016	55121000	4.3915	4.2446	0.15	8,268,150
06/2016	53834000	4.3915	4.2446	0.15	8,075,100
07/2016	51756000	4.3915	4.2446	0.15	7,763,400
08/2016	50018000	4.3915	4.2446	0.15	7,502,700
09/2016	46513000	4.3915	4.2446	0.15	6,976,950
10/2016	29699000	4.3915	4.2446	0.15	4,454,850
11/2016	14700000	4.3915	4.2446	0.15	2,205,000
12/2016	11950000	4.3915	4.2446	0.15	1,792,500
01/2017	18127000	4.3915	4.2446	0.15	2,719,050
02/2017	24402000	4.3915	4.2446	0.15	3,660,300
03/2017	31201000	4.3915	4.2446	0.15	4,680,150
04/2017	50815000	4.3915	4.2446	0.15	7,622,250
05/2017	50815000	4.3915	4.2446	0.15	7,622,250
06/2017	46276000	4.3915	4.2446	0.15	6,941,400
<b>Total</b>	<b>865190000</b>				<b>131,814,210</b>

**Annexure-F (Para 10.4.3)**

**TRAFFIC FINES**

**(Amount in Rs)**

<b>S.No</b>	<b>Month</b>	<b>Total Transactions</b>	<b>Amount</b>
1	July-2016	77926	1,168,890
2	August-2016	114528	1,717,920
3	September-2016	80638	1,209,570
4	October-2016	94144	4,121,601
5	November-2016	92623	1,389,345
6	December-2016	81435	1,221,525
7	January-2017	84635	1,472,649
8	February-2017	75494	1,313,596
9	March-2017	76416	1,329,638
10	April-2017	64608	1,124,179
11	May-2017	61751	1,074,467
12	June-2017	21294	370,516
<b>Total</b>		<b>925,492</b>	<b>17,513,896</b>

**DRIVING LICENSES**

<b>S.No</b>	<b>Month</b>	<b>Total Transaction</b>	<b>Amount</b>
1	July-2016	4786	71,790
2	August-2016	7197	107,955
3	September-2016	5144	77,160
4	October-2016	5468	82,020
5	November-2016	6089	91,335
6	December-2016	6351	95,265
7	January-2017	7049	122,653
8	February-2017	6586	114,596
9	March-2017	7708	134,119
10	April-2017	6250	108,750
11	May-2017	6857	119,312
12	June-2017	3798	66,085
<b>Total</b>		<b>73,283</b>	<b>1,191,040</b>
<b>A+B</b>		<b>17,513,896+</b> <b>1,191,040 +</b>	<b>18.704 million</b>
Sales Tax 15% Income Tax 10%= 25%		18.704 x 25%	4.676 million