



**AUDIT REPORT
ON
THE ACCOUNTS OF
DISTRICT GOVERNMENT
BANNU**

AUDIT YEAR 2013-14

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AA	Administrative Approval
AP	Advance Para
ADP	Annual Development Plan
AOM&R	Annual Ordinary Maintenance and Repair
BOQ	Bill of Quantity
CPWA Code	Central Public Works Account Code
CPWD Code	Central Public Works Department Code
CSR	Composite Schedule of Rate
CTR	Central Treasury Rules
C&W	Communication and Works
DAC	Departmental Accounts Committee
DCO	District Coordination Officer
DG	Director General
EDO	Executive District Officer
F&P	Finance and Planning
GFR	General Financial Rules
IPSAS	International Public Sector Accounting Standards
LGO	Local Government Ordinance
MFDAC	Memorandum for Departmental Accounts Committee
PAO	Principal Accounting Officer
PAC	Public Accounts Committee
PC-I	Planning Commission One
PCC	Plain Cement Concrete
PHE	Public Health Engineering
RCC	Reinforced Concrete Cement
RDA	Regional Directorate of Audit
RHC	Rural Health Center
R&E	Revenue and Estate
TS	Technical Sanction
WSS	Water Supply Scheme
XEN	Executive Engineer
ZAC	Zilla Accounts Committee
SOAE	Schedule of Authorized Expenditure
PEC	Pakistan Engineering Council

Preface

Articles 169 &170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections-8 and 12 of the Auditor General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 and Section-115 of the Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended) and Local Government Act 2012 require the Auditor General of Pakistan to conduct audit of the receipts and expenditure of District Fund and Public Account of District Government.

The report is based on audit of the accounts of various offices of District Government, Bannu for the financial year 2012-13. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2013-14 on test check basis with a view to reporting significant findings to the relevant stakeholders.

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

The observations included in this Report have been finalized in the light of preliminary discussions with the department. DAC meetings were not convened despite repeated requests.

The Audit Report is submitted to the Governor of Khyber Pakhtunkhwa in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 115 of Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended), for causing to be laid before the Provincial Assembly of Khyber Pakhtunkhwa.

Islamabad
Dated:

(Muhammad Akhtar Buland Rana)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General District Governments Audit, Khyber Pakhtunkhwa carries out the audit of 25 District Governments. Regional Directorate of Audit (RDA) Bannu, on behalf of the DG District Governments Audit, Khyber Pakhtunkhwa carries out the audit of two District Governments namely Bannu and Lakki Marwat. This Regional Directorate has a human resource of 6 officers and staff, a total of 1818 mandays. The annual budget amounting to Rs4.439 million was allocated to this office during financial year 2012-13. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of programmes/ projects.

District Government, Bannu conducts its operations under Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended) and Local Government Act 2012. It comprises one Principal Accounting Officer (PAO) covering seven groups of offices i.e. Finance & Planning, Revenue, Works & Services, Education, Health, Community Development and Agriculture. Financial provisions of the Ordinance describe the Government as District Local Fund and Public Account for which Annual Budget Statement is authorized by the District Administrator in the form of budgetary grants.

Administratively, District Bannu is subdivided into one Tehsil namely Bannu. District Administration comprises District Administrator and District Coordination Officer.

a. Audit Objectives

Audit was conducted to ensure that:

1. Moneys shown as expenditure in the accounts were authorized for the purpose for which they were spent.
2. Expenditure incurred was in conformity with the law, rules and regulations framed to regulate the procedure for expending public money.
3. Every item of expenditure was incurred with the approval of the competent authority in the Government for expending the public money.
4. Public money was not wasted.

5. The assessment, collection and allocation of revenue were done in accordance with the law and there was no leakage of revenue which legally should come to Government.

b. Audit Methodology

Audit was carried out against the standards of financial governance provided under various provisions of the Khyber Pakhtunkhwa LGO, 2001 (as amended), GFR Vol-I, II, Delegation of Financial Powers and other relevant overriding laws, which govern the propriety of utilization of the financial resources of the District Government in accordance with the regularity framework provided by the relevant laws.

The selection of the audit formations i.e. DDOs was made keeping in view the significance and risk assessment, samples were selected after prioritizing risk areas by determining significance and risk associated with identified key controls. Sample size selected in the Audit formation ranged from 15% to 30%.

c. Expenditure audited

Total expenditure of the District Government Bannu for the financial year 2012-13, was Rs3,384.406 million covering one PAO and 184 formations. Out of this, Regional Directorate Audit (RDA) Bannu audited expenditure of Rs669.151 million which, in terms of percentage, was 19.77% of total expenditure. Six (06) formations were planned and 100% achievement against the planned activities was made.

d. Receipts audited

The receipts of District Bannu for the financial year 2012-13 were Rs 3.004 million. Out of this, RDA Bannu audited receipts of Rs0.655 million which in terms of percentage was 21.80% of auditable receipts.

e. Recoveries at the instance of audit

Recovery of Rs261.165 million was pointed out during the audit. However, no recovery was affected. Out of the total recoveries pointed out, Rs99.781 million was not in the notice of the executive before audit.

f. Desk Audit

The audit year 2013-14 witnessed intensive application of desk audit techniques in RDA. This was facilitated through internet and review of permanent files which helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field activity. Desk Audit greatly facilitated the identification of high risk areas for substantive testing in the field.

g. Changes in Rules, Practices and Systems

On pointation of audit, the management of the District Government agreed to conduct physical verification of the government assets. The management also agreed to deposit various government dues into government treasury. Audit stressed upon reconciliation of receipts and expenditure with the respective accounts office to which they agreed.

h. Key audit findings of the report;

- i. Misappropriation of Rs 1.269 million was noted in one case ¹.
- ii. Irregularities / non compliance of Rs 82.399 million were noted in fourteen cases. ²

Minor irregularities/weaknesses pointed out during the audit are being pursued separately with the authorities concerned, as detailed at Annex-A.

¹ 1.2.1.1

² 1.2.2.1 to 1.2.2.14

i. Recommendations

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

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics **(Rs in million)**

Sr. No.	Description	No.	Budget
1	Total Entities (PAO) in Audit Jurisdiction	01	3,387.410
2	Total formations in audit jurisdiction	184	3,387.410
3	Total Entities (PAO) Audited	06	669.806
4	Total formations Audited	06	669.806
5	Audit & Inspection Reports	06	669.806
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

Table 2: Audit observations Classified by Categories

(Rs in million)

Sr. No.	Description	Amount Placed under Audit Observation
1	Unsound asset management	0
2	Weak financial management	82.399
3	Weak Internal controls relating to financial management	0
4	Others	1.269
Total		83.668

Table 3: Outcome Statistics**(Rs in million)**

S.No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year	Total last year
1	Outlays Audited	5.703	220.050	0.655	443.398	669.806	513.489
2	Amount Placed under Audit Observations /Irregularities of Audit	0	76.786	0	6.882	83.668	575.87
3	Recoveries Pointed Out at the instance of Audit	-	99.781	0	161.384	261.165	39.218
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-
5.	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

Table 4: Table of Irregularities pointed out (Rs in million)

S. No	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations, principle of propriety and probity in public operation	82.399
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	0
3	Accounting Errors (accounting policy departure from NAM ¹ , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	0
4	Quantification of weaknesses of internal control systems.	0
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	1.269
6	Non-production of record	0
7	Others, including cases of accidents, negligence etc.	0
Total		83.668

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

CHAPTER 1

1.1 District Government Bannu

1.1.1 Introduction

Activities of District Government are managed through offices of District Coordination Officer and Executive District Officers under Khyber Pakhtunkhwa Local Government Ordinance 2001 (LGO 2001) and Local Government Act 2012. Each group of District Offices consists of an Executive District Officer (EDO). The EDO by means of a standing order distributes the work among the officers, branches, and/or sections of each district office. Following is the list of offices which manage the activities of District Government.

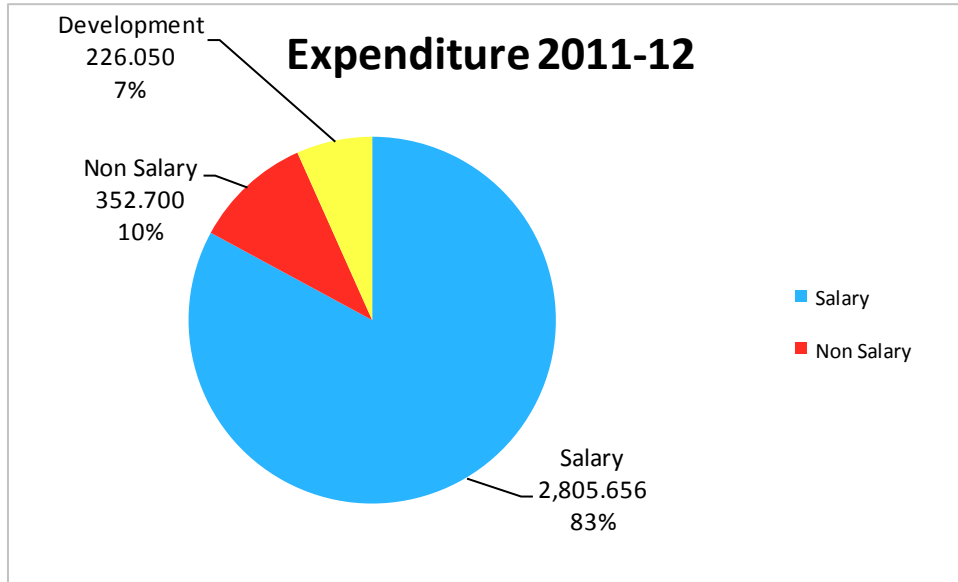
1. District Coordination Officer (DCO)
2. Executive District Officer (Agriculture)
3. Executive District Officer (Community Development)
4. Executive District Officer (Education)
5. Executive District Officer (Finance and Planning)
6. Executive District Officer (Health)
7. Executive District Officer (Revenue)
8. Executive District Officer (Works and Services)

Under Section 29(K) of the Khyber Pakhtunkhwa LGO 2001, Executive District Officer (EDO) act as Departmental Accounting Officer for his respective group of offices and he is responsible to the District Accounts Committee of the Zilla Council. All departments perform functions / activities under provisions of LGO, 2001 and Khyber Pakhtunkhwa District Government Rules of Business, 2001.

1.1.2 Comments on Budget and Accounts (Variance Analysis)

(Rs in million)

2012-13	Budget	Expenditure	Saving/Excess	%age Excess/Saving
Salary	2,802.738	2,805.656	2.918	-5.00%
Non-salary	343.730	352.700	8.970	-15.00%
Developmental	294.775	226.050	(68.725)	120.00%
Total	3,441.243	3,384.406	(56.837)	100.00%



Detail is given at Annex-B

1.1.3 Brief comments on the status of compliance with ZAC / PAC Directives

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

Sr. No.	Audit Year	PAC/ZAC meeting convened /Not convened
1	2002-03	ZAC Convened
2	2003-04	ZAC Convened
3	2004-05	ZAC Convened
4	2005-06	ZAC Convened
5	2006-07	ZAC Convened
6	2007-08	ZAC Convened
7	2008-09	ZAC Convened
8	2009-10	Not convened
9	2010-11	Not convened
10	2011-12	Not convened
11	2012-13	Not convened

1.2 AUDIT PARAS

1.2.1 Misappropriation / Fraud

1.2.1.1 Misappropriation due to non execution of work-Rs 1.269 million

Para 129 of Central Public Works Department Manual Chapter-VI states that the Sub Divisional Officer, while preparing a bill must satisfy himself that work is actually done in accordance with the claim. Para 209 (d) of CPWA Code provides that it is incumbent upon the person, responsible for measurements in the measurement book (MB), to record the correct and actual figures.

Executive Engineer C & W Building Division Bannu paid Rs 1.269 million to contractor for “Construction of Play Ground at Ali Khan Sada Khel Wazir PK-71”. On physical verification no sign of work was found executed at site.

Audit observed that misappropriation was occurred due to weak financial controls, which resulted into loss to Government.

When reported in September 2013, Management stated that all the work was completed at site and the payment was made according to the work done on site. Reply was not tenable as no sign of work was found on site.

Request for the convening of DAC meeting was made on 17.09.2013. DAC meeting was not convened till finalization of this Report.

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

AP 41 A/C-I (2012-13)

1.2.2 Irregularities / Non Compliance

1.2.2.1 Loss to Government due to non recovery of rent of road rollers-Rs 27.324 million

Abbasin Construction Company vide letter No. AC C&W & S/1-5/2005/326, dated 25-08-2005 notified that Hiring charges of Road rollers should be recovered from the contractor at the rate of Rs 25,300 per month.

Executive Engineer C & W Buildings Division Bannu rented out 15 road rollers to various contractors for the last six years without recovery, which resulted in to loss of Rs 27.324 million as per detail given below.

Number of Road Rollers	Total Months	Rate (Rs)	Amount (Rs)
15	72	25,300	27,324,000

Audit observed that non recovery was occurred due to weak financial controls, which resulted into loss to Government.

When reported in September 2013, Management stated that the Para has already been referred to PAC in 2000-01, wherein the Para was recommended for settlement. Reply was not tenable as the machinery was rented out and no recovery was made.

Request for the convening of DAC meeting was made on 17.09.2013. DAC meeting was not convened till finalization of this Report.

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

AP 360 (2012-13)

1.2.2.2 Loss to Government -Rs 21.561 million

Para 23 of GFR Vol-I provides that every Department Officer is personally responsible for any loss sustained to the Government by his part or on the part of his subordinate staff.

Executive Engineer Public Health Engineering Division Bannu spent Rs 21.561 million on 12 non-functional water supply schemes during 2012-13. During physical verification in August 2013 the schemes were found non-functional (detail at Annex-C).

Audit observed that loss was occurred due to weak financial control, which resulted into loss to Government.

When reported in August 2013, Management stated that maximum schemes are providing water supply facilities to the concerned community. Reply was not tenable as these schemes were found non-functional.

Request for the convening of DAC meeting was made on 02.08.2013. DAC meeting was not convened till finalization of this Report.

Audit recommends that action against the person(s) at fault be initiated besides steps be taken to energized the schemes.

AP 01 A/C-1 (2012-13)

**1.2.2.3 Loss to Government due to non-auction of valuable items
Rs 11.600 million**

Serial 12 Note-2 of the powers of delegations rules 2003 states that “All those vehicles, whose annual repair charges work out upto 30% or more of their book value after completion of prescribed age may be abandoned and auctioned as per prescribed procedures”.

Physical inspection of the workshop of Executive Engineer C & W Buildings Division Bannu revealed that various unserviceable machinery items costing Rs 11.600 million were lying in very worst condition without putting them to open auction (detail at Annex-D).

Audit observed that loss was occurred due to weak financial controls, which resulted into loss to Government.

When reported in September 2013, Management stated that all the machinery required major repair, Reply was not to tenable as the machinery was not put to open auction.

Request for the convening of DAC meeting was made on 17.09.013. DAC meeting was not convened till finalization of this Report.

Audit recommends auction of machinery and action against the person(s) at fault.

AP 361 (2012-13)

1.2.2.4 Non credit of lapse deposit into revenue account -Rs 5.046 million

According to Para 399 of CPWA code Unclaimed Lapsable deposit for more than three year will be credited into revenue account.

Executive Engineer Public Health Engineering Division Bannu retained Rs 5,045,694 in PW Deposit-II (item No. 1/1 of 09/1998 to 65/125 of 08/2008) without any lawful authority instead of depositing in to Government treasury during financial year 2012-13.

Audit observed that non credit of lapsed amount was occurred due to weak financial control, which resulted into loss to Government.

When reported in August 2013, Management stated that after detail scrutiny of record the amount will be credited to Government.

Request for the convening of DAC meeting was made on 02.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 07 A/C-I (2012-13)

1.2.2.5 Unauthorized payment of salaries for absent period –Rs 3.945 million

According to Government of Khyber Pakhtunkhwa E&A Department notification No E&A (FDS)2-2/2001 dated 08-08-2001, a civil servant on willful absence shall be subject to Efficiency & Discipline Rules 1973.

EDO Health, Bannu paid Rs 3,944,896 to various employees on account of pay & allowances during financial year 2012-13, who remained absent without sanction of leave for several months. Instead of taking action for willful absence, pay and allowance were regularly paid to them (Detail at Annex-E).

Audit observed that unauthorized payment was occurred due to weak financial management, which resulted in loss to Government.

When reported in August 2013, Management stated that the case has been taken so many times with the higher ups in the Health Department, but no action has been taken, department confirms the plea of the Audit Department.

Request for the convening of DAC meeting was made on 02.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 375 (2012-13)

1.2.2.6 Loss to Government -Rs 1.934 million

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

Further, according to conditions of auction notice, full amount had to be deposited within 10 days after the approval of auction.

Executive Engineer C & W Building Division Bannu auctioned 11 schools buildings material during financial year 2012-13 of estimated value of Rs 2.147 million. Audit observed that:

1. At first instance original estimated value of Rs 2.147 million was advertised, which was later on reduced to Rs 1.000 million, without any reason, which resulted into loss of Rs 1.147 million.
2. The contract was awarded on Rs 1.049 million out of which a nominal amount of Rs 0.262 million (1/4th of the bid amount) was recovered while the remaining Rs 0.787 million was left un-recovered.

Audit observed that non recovery occurred due to weak financial control, which resulted into loss to Government.

When reported in September 2013, Management stated that the second time advertisement was made according to approved amount of Superintendent Engineer C&W Bannu Circle. Reply was not tenable as government was put to the loss.

Request for the convening of DAC meeting was made on 17.09.2013. DAC meeting was not convened till finalization of this Report.

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

AP 34 A/C-I (2012-13)

1.2.2.7 Loss to Government -Rs 1.837 million on account of POL

According to the Deputy Commissioner Bannu letter No. 1505-07/ DOR/ Vehicle/2011-12 dated: 31-05-2012, the vehicles bearing registration Number A-1212, A-1086 and A-1010 has completed their useful lives and mileage of services prescribed by government. Condemnation Certificates issued by Agriculture Engineering Workshop, Bannu states that these vehicles completed their useful life and repair charges of the vehicles would exceed their cost and needs condemnation”.

Deputy Commissioner Office Bannu spent Rs 1,836,631 on account of POL on vehicles bearing registration No A-1212, A-1086 and A-1010 during financial year 2012-13 despite the fact that the vehicles have completed their useful lives and declared condemned.

Audit observed that loss was occurred due to weak financial control, which resulted into loss to Government.

When reported in July 2013, Management did not respond to audit observation.

Request for the convening of DAC meeting was made on 12.07.2013. DAC meeting was not convened till finalization of this Report.

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

AP 332 (2012-13)

1.2.2.8 Loss to Government Rs 1.600 million

Para 23 of General Financial Rule Volume-I provides that each Government officer will personally be responsible for any loss sustained by Government through negligence or fraud on his part or on the part of his subordinate staff.

Executive Engineer C & W Buildings Division Bannu rented out two road rollers to Jani Khel Mawiz Khan and Chashma Biraj Since long without recovery of rent. Further FIR has been lodged in Police station by the C&W Department against the contractors but neither rent was recovered nor were road rollers recovered, which resulted in to loss of Rs 1.600 million (Rs 800,000 x 2).

Audit observed that loss was occurred due to weak financial controls, which resulted into loss to Government.

When reported in September 2013, Management stated that the machinery was unserviceable. Reply was not tenable as no machinery was recovered.

Request for the convening of DAC meeting was made on 17.09.2013. DAC meeting was not convened till finalization of this Report.

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

AP 361 (2012-13)

1.2.2.9 Non-recovery of Sales Tax and Income Tax -Rs 1.564 million

According to the condition of NIT, “All the taxes including sales tax will be recovered from the successful bidder”.

Section 3 of Sales Tax Act 1990, read with the notifications issued by government from time to time states that 17% sales tax on supply of taxable goods is to be made.

Executive Engineer C&W Building Division Bannu auctioned various buildings for Rs 7.017 million without collecting sales tax and income tax, which deprived the Government from revenue Rs 1.564 million (detail at Annex-F).

Audit observed that non recovery of taxes occurred due to weak financial control, which resulted into loss to Government.

When reported in September 2013, Management stated that amount of Rs 1,122,580 was recovered and the remaining amount will be recovered after approval of highest bids by the competent authority.

Request for the convening of DAC meeting was made on 17.09.2013. DAC meeting was not convened till finalization of this Report.

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

AP 35 A/C-I (2012-13)

1.2.2.10 Loss to Government –Rs 1.450 million

Para 23 of GFR Vol-I provides that every Departmental Officer is personally responsible for any loss sustained to the Government by his part or on the part of his subordinate staff.

Executive Engineer Public Health Engineering Division Bannu spent Rs 10.040 million on the replacement of old pumping machinery, voltage regulators and transformers without deducting cost of replaced machinery. Neither cost of replaced machinery was deducted from contractor bills nor sale proceeds of old machinery was deposited into government treasury, which resulted into loss of Rs 1,450,000 (detail at Annex-G).

Audit observed that Loss was occurred due to weak financial control, which resulted into loss to Government.

When reported in August 2013, Management stated that the old machinery has completed its useful life and was lying in store for auction. Reply was not tenable as during physical verification no machinery was present in the stores.

Request for the convening of DAC meeting was made on 02.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 02 A/C-I (2012-13)

**1.2.2.11 Non imposition of penalty due to non completion of work
Rs 1.350 million**

Clause 6 of the Work Order and Clause 2 of the Contract Agreement requires that penalty of 1% per day and up to maximum of 10% of the tender cost may be imposed for delay in completion of work.

Executive Engineer C&W Building Division Bannu awarded work on 02.07.2012 namely "Construction of Examination Hall" valuing Rs 13.500 million with completion date of 01.07.2013. Contractors neither completed the work within stipulated period nor applied for extension of time limit. The department did not impose penalty amounting to Rs 1.350 million.

Audit observed that non imposition of penalty was occurred due to weak financial controls, which resulted into loss to Government.

When reported in September 2013, Management stated that the scheme could not be completed due to shortage of funds from Provincial Government, No fault of contactor involved therefore no penalty was imposed. Reply was not tenable as the funds were available and further no extension was granted.

Request for the convening of DAC meeting was made on 17.09.2013. DAC meeting was not convened till finalization of this Report.

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

AP 39 A/C-I (2012-13)

1.2.2.12 Overpayment due to allowing higher premium - Rs 1.131 million

Government of Khyber Pakhtunkhwa Finance Department letter No. BO.I/FD/1-7/2010-11/CSR, dated 22-3-2011 notified that “Premium on PVC will be allowed @ 28 %, 6 inch dia GI Pipe @ 97% and 4 inch dia 41% and 20% above on other CSR 2009 items.

Executive Engineer Public Health Engineering Division Bannu overpaid Rs 1,131,555 during 2012-13 to contractors by allowing higher rate of premium on CSR 2009 (Detail at Annex-H).

Audit observed that overpayment was occurred due to weak financial control, which resulted into loss to Government.

When reported in August 2013, Management stated that 10% above is allowed by the competent authority. The reply was not tenable as Chief Engineer could allow 10% above on Administrative Approval and could not allow extra premium on rates.

Request for the convening of DAC meeting was made on 02.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 09 A/C-I (2012-13)

1.2.2.13 Non-utilization of fund – Rs 1.100 million

Para 95 of GFR Vol-I requires that unspent funds are to be deposited into Government treasury before 30th June of each year.

District Officer (Revenue & Estate) Bannu did not utilize funds amounting to Rs 1.100 million provided by the Board of Revenue, Revenue & Estate Department, Government of Khyber Pakhtunkhwa vide No. 61842/Kamara Works/2012-13, dated 16-11-2012 for Kamara Works. Neither the funds were utilized nor surrendered. Due to non utilization of funds, users were deprived from prospective benefits. If the funds were timely surrendered it could have been utilized for some other important objects.

Audit observed that non utilization of funds occurred due to weak financial control, which resulted into loss to Government.

When reported in July 2013, Management did not respond to audit observation.

Request for the convening of DAC meeting was made on 12.07.2013. DAC meeting was not convened till finalization of this Report.

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

AP 341 (2012-13)

1.2.2.14 Non-deduction of Sales tax -Rs 1.047 million

Section 3 of Sales Tax Act 1990, read with the notifications issued by government from time to time states that 17% sales tax on supply of taxable goods is to be made.

Executive Engineer Public Health Engineering Division Bannu paid Rs 6,161,337 to contractors for the procurement of pumping machineries etc without deducting sales tax, which deprived the Government from Sales Tax Rs 1,047,427.

Audit observed that non deduction occurred due to weak financial control, which resulted into loss to Government.

When reported in August 2013, Management stated that it was a repair work and the items used in this work were purchased from local market, hence no deduction of sales tax was required. Reply was not tenable as taxable goods were procured and no sales tax was deducted.

Request for the convening of DAC meeting was made on 02.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 351 (2012-13)

ANNEXURE

Annex - A

Detail of MFDAC Paras

Sr. No.	AP No.	Department	Caption	(Rs in million)
1.	330	Deputy Commissioner	Non-production of auditable record	0.482
2.	331	Deputy Commissioner	Loss to government	0.620
3.	333	Deputy Commissioner	Excess consumption of POL	2.353
4.	334	Deputy Commissioner	Irregular and doubtful expenditure	1.380
5.	335	Deputy Commissioner	Overpayment	0.478
6.	336	Deputy Commissioner	Misappropriation	0.655
7.	337	Deputy Commissioner	Misappropriation	0.283
8.	338	Deputy Commissioner	Loss to government	0.134
9.	339	Deputy Commissioner	Irregular payment of Salaries	15.760
10.	340	Deputy Commissioner	Irregular expenditure	0.600
11.	342	Deputy Commissioner	Irregular payment	97.977
12.	343	Deputy Commissioner	Un-authorized payment	97.977
13.	344	PHE Division Bannu	Non-realization of water charges	161.834
14.	345	PHE Division Bannu	Loss to government	0.329
15.	346	PHE Division Bannu	Overpayment	0.569
16.	347	PHE Division Bannu	Non-production of auditable record	0
17.	348	PHE Division Bannu	Overpayment	0.597
18.	349	PHE Division Bannu	Un-authorized advance payment	2.659
19.	350	PHE Division Bannu	Un-authorized expenditure	0.500
20.	352	PHE Division Bannu	Misappropriation	0.118
21.	353	C & W Division Bannu	Un-authorized expenditure	2.460
22.	354	C & W Division Bannu	Doubtful expenditure	1.679
23.	355	C & W Division Bannu	Suspected misappropriation	0.090
24.	356	C & W Division Bannu	Suspected misappropriation	0.095
25.	357	C & W Division Bannu	Un-authorized expenditure	2.039
26.	358	C & W Division Bannu	Misappropriation	0.189
27.	359	C & W Division Bannu	Irregular expenditure	2.280
28.	362	C & W Division Bannu	Loss due to missing of valuable items	0
29.	363	C & W Division Bannu	Un-authorized execution of work	2.002
30.	364	C & W Division Bannu	Fraudulent payment	0.142
31.	365	C & W Division Bannu	Un-authorized payment	26.144
32.	366	C & W Division Bannu	Misappropriation	0.694
33.	367	DHO Bannu	Irregular withdrawal of funds	8.000
34.	368	DHO Bannu	Irregular payment	5.629

35.	369	DHO Bannu	Loss to government	0.062
36.	370	DHO Bannu	Irregular expenditure	0.055
37.	371	DHO Bannu	Un-authorized expenditure	1.000
38.	372	DHO Bannu	Un-authorized expenditure	0.194
39.	373	DHO Bannu	Loss to government	0.355
40.	374	DHO Bannu	Loss to government	0.505
41.	376	DHO Bannu	Loss to government	3.945
42.	377	DHO Bannu	Non-forefieture of security	0.183
43.	378	DHO Bannu	Irregular expenditure	0.026
44.	379	DHO Bannu	Non-production of auditable record	0.046
45.	3	PHE Division Bannu	Loss to government	0.250
46.	4	PHE Division Bannu	Wasteful expenditure	443.000
47.	5	PHE Division Bannu	Non-accountal of valuable items	0
48.	6	PHE Division Bannu	Irregular retention of funds	0.644
49.	8	PHE Division Bannu	Irregular retention of funds	0.259
50.	10	PHE Division Bannu	Irregular advance payment	3.200
51.	11	PHE Division Bannu	Overpayment	0.362
52.	16	C & W Division Bannu	Irregular retention of funds	11.507
53.	17	C & W Division Bannu	Fraudulent payment	16.646
54.	18	C & W Division Bannu	Fraudulent payment	1.658
55.	19	C & W Division Bannu	Fraudulent payment	1.267
56.	20	C & W Division Bannu	Fraudulent payment	2.485
57.	21	C & W Division Bannu	Non-imposition of penalty	11.459
58.	22	C & W Division Bannu	Doubtful expenditure	6.483
59.	23	C & W Division	Misappropriation	1.006
60.	24	C & W Division Bannu	Irregular expenditure	23.097
61.	25	C & W Division Bannu	Non-imposition of penalty	10.700
62.	26	C & W Division Bannu	Irregular expenditure	70.166
63.	27	C & W Division Bannu	Non-imposition of penalty	2.442
64.	28	C & W Division Bannu	Misappropriation	2.442
65.	29	C & W Division Bannu	Non-deduction of income tax	0.294
66.	30	C & W Division Bannu	Non-imposition of penalty	1.030
67.	31	C & W Division Bannu	Non-deposit of government dues	0.320
68.	32	C & W Division Bannu	Irregular payment	0.183
69.	33	C & W Division Bannu	Loss to government	1.255
70.	36	C & W Division Bannu	Irregular payment	7.107
71.	37	C & W Division Bannu	Loss to government	4.200
72.	38	C & W Division Bannu	Suspected misappropriation	0.718
73.	40	C & W Division Bannu	Irregular expenditure	9.537
74.	42	C & W Division Bannu	Loss to government	0.327

75.	43	C & W Division Bannu	Non-deposit of government dues	0.171
76.	44	C & W Division Bannu	Loss to government	0.596
77.	45	C & W Division Bannu	Irregular retention of funds	37.390
78.	46	C & W Division Bannu	Irregular retention of funds	0.364
79.	47	C & W Division Bannu	Non-deduction of sales tax	0.467

Annex – B

**EDO Wise Expenditure Summary
District Bannu 2012-13**

Department	Salary (Rs)	Non Salary (Rs)	Total Expenditure (Rs)	Percentage
DCO	9,993,077	5,795,540	15,788,617	0.47
EDO (Agriculture)	186,636,467	62,658,593	249,295,060	7.37
EDO (Community Development)	74,605,122	51,266,121	125,871,243	3.72
EDO (Education)	1,986,428,907	66,642,865	2,053,071,772	60.65
EDO (Finance and Planning)	10,606,283	4,855,001	15,461,284	0.46
EDO (Health)	244,150,120	25,333,697	269,483,817	7.96
EDO (Revenue)	36,578,526	4,922,954	41,501,480	1.23
EDO (Works and Services)	256,657,238	131,225,229	387,882,467	11.46
Total Current Expenditure	2,805,655,740	352,700,000	3,158,355,740	93.32
Percentage	82.90	10.42	93.32	93.32
Developmental Expenditure			226,050,000	6.68
Grand Total			3,384,405,740	100

Detail of non-functional schemes

S. No	Name of Scheme	Amount (Rs in million)
1	WSS Nurrar No. 2 C/O Yaqoob Khan	2.820
2	WSS Issa Khel	1.340
3	WSS Akbar Jan Azad Mandai	2.158
4	WSS Kotka Amir Jan	1.377
5	WSS Waligi Musa Khel (Baik Khel)	2.326
6	WSS Sher Ali Jan Baka Khel	1.591
7	WSS Bachaki Jani Khel	2.026
8	WSS Mali Khel Jani Khel	1.381
9	WSS Dandi Killa Wazir	1.291
10	WSS Gula Dari	3.744
11	WSS Baka Khel Gulbajat Khan	0.689
12	WSS Vial Umer Zai	0.818
Total		21.561

Annex - D**Detail of Machinery Items**

S. No	Name of Item	Quantity	Model	Location	Amount as per Assets Register (In Million)
1	Shahzoor No. 1- Road Roller	1	1974	C&W Work Shop Bannu	1.000
2	Skoda No. 1- Road roller	1	1970	C&W Work Shop Bannu	1.000
3	Skoda No. 1- Road roller	1	1970	C&W Work Shop Bannu	1.000
4	Fedroma No. 1 Road roller	1	1969	C&W Work Shop Bannu	1.000
5	Fedroma No. 1 Road roller	1	1969	C&W Work Shop Bannu	1.000
6	Romania No. 4 Road roller	1	1973	C&W Work Shop Bannu	1.000
7	Road Rollers-Kohat	3	1973	C&W Work Shop Bannu	3.000
8	Road Rollers-D. I. Khan	1	1973	C&W Work Shop Bannu	1.000
9	Grader-D. I. Khan	1	1972	C&W Work Shop Bannu	0.600
10	Motor Grader No. 1	1	1972	C&W Work Shop Bannu	0.750
11	High Steel Girders	5 Tons	-	C&W Work Shop Bannu	0.200
12	Misc. Items	-	-	C&W Work Shop Bannu	0.050
Total Value					11.600

Annex-E**LIST SHOWING DETAIL OF SALARIES**

S. No	Name	Designation	Amount (Rs)
1	Hadayatullah	SMO	1,685,556
2	Muhammad Arif	Medicle Tech:	395,484
3	Mahmood khan	D.A	219,804
4	Asmat Ali khan	Behishti	145,968
5	Babar Zaman Khan	Sweeper	137,844
6	Shah Nawaz khan	SMT	497,580
7	Fadaullah khan	Asstt: Store Keeper	148,968
8	Ejaz Ahmand	X-Ray attendant	130,896
9	Shaheen Azira	Cahokidar	133,344
10	Sajad khan	Ward Orderly	130,896
11	Kamran Khan	Sweeper	133,056
12	Iqbal BiBi	Dai	185,604
		Total	3,945,000

Annex - F**Detail of Sales Tax and Income Tax****(Amount in Rs)**

S. No	Name of Building	Contractor	Bid Amount (Rs)	Sales tax 17% (Rs)	Income tax 6% (Rs)
1.	Old portion in GGPS Nar Shukrullah	Kashif Gul	143,000	24,310	7,150
2.	5 No. class rooms in GGPS Nar Shukrullah	T.S Constn	115,500	19,635	5,775
3.	GPS Haibat Khan	Saif Ullah Khan	62,000	10,540	3,100
4.	GPS Nawaz Abad	Javid Khan	97,500	16,575	4,875
5.	GPS Pir Sakhi Zaman	Usman	17,300	2,941	865
6.	GPS Shir Daraz (Daud Shah)	Rafi Gul	67,000	11,390	3,350
7.	GGMS Mavya Killa	Khalid Nawaz	51,000	8,670	2,550
8.	GGPS Shahid Baba Mama Khel	Akhter Munir	88,000	14,960	4,400
9.	GGHS Miryan Atta ullah	Bakhtiar Ali	100,000	17,000	5,000
10.	GHS Nurar	Ashraf Ali	286,000	48,620	14,300
11.	GHS/ GPS Jani Khel Mali Khel	Liaq Khan	178,500	30,345	8,925
12.	GGPS Shir Daraz Mandev	Saddar Khan	68,000	11,560	3,400
13.	GGPS Ibrahim Khel Mamash Khel No. 2	Rasool Nawaz	33,500	5,695	1,675
14.	Session court Building	Kifayat Ullah	5,800,000	986,000	290,000
Total			7,107,300	1,208,241	355,365
Grand total					1,563,606

Annex - G

Detail of old machinery

(Amount in Rs)

S. No	Name of Scheme	Name of item	Book Value (Rs)	Scrap Value (Rs)
1	WSS Jehingir Lalo Zai Surrani	Pumping Machinery	840,000	100,000
2	WSS Jehingir Lalo Zai Surrani	Voltage Regulator	95,000	15,000
3	WSS Nurar No. 2 C/O Chaper Malik	Pumping Machinery	800,000	100,000
4	WSS Nurar No. 2 C/O Chaper Malik	Voltage Regulator	74,000	15,000
5	WSS Nurar No. 2 C/O Yaqoob Khan	Pumping Machinery	800,000	100,000
6	WSS Nurar No. 2 C/O Yaqoob Khan	Voltage Regulator	74,000	15,000
7	WSS Zarger Mama Khel	Pumping Machinery	80,000	100,000
8	WSS Zarger Mama Khel	Voltage Regulator	87,000	15,000
9	WSS Waligi Musa Khel (Baik Khel)	Pumping Machinery	800,000	100,000
10	WSS Zarger Mama Khel	Voltage Regulator	80,000	15,000
11	WSS Banochi Mama Khel	Pumping Machinery	800,000	100,000
12	WSS Banochi Mama Khel	Voltage Regulator	87,000	15,000
13	WSS Ismail Khani	Pumping Machinery	800,000	100,000
14	WSS Mushtarika Jani Khel	Transformer	488,000	50,000
15	WSS Gari Sher Ahmad/ Gharib Abad	Pumping Machinery	840,000	100,000
16	WSS Sikander Khel Bala and Abad Khel	Voltage Regulator	80,000	15,000
17	WSS Domel City (Extention)	Pumping Machinery	800,000	100,000
18	WSS Amir Muhammad Urf Mamri	Pumping Machinery	800,000	100,000
19	WSS Haved C/O Gul Daud Khan	Pumping Machinery	800,000	100,000
20	WSS Haved C/O Gul Daud Khan	Voltage Regulator	87,000	15,000
21	WSS Bazid Kokal Khel	Voltage Regulator	80,000	15,000
22	WSS Barlashti Daud Shah	Pumping Machinery	890,000	100,000
23	WSS Barlashti Daud Shah	Voltage Regulator	80,000	15,000
24	WSS Ghorl Wala	Pumping Machinery	86,000	100,000
25	WSS Ghorl Wala	Voltage Regulator	80,000	15,000
26	WSS Ghorl Wala	Transformer	405,000	50,000
27	WSS Ghani Khel	Pumping Machinery	800,000	100,000
28	WSS Ghorl Wala	Voltage Regulator	80,000	15,000
Total			10,004,000	1,450,000

Annex – H

Detail of Overpayment

(Amount in Rs)

S. No	Name of Scheme	ADP No.	Contractor	Voucher No.	Voucher date	Premium Paid (Rs)	Premium Allowed (Rs)	Overpayment (Rs)
1	WSS Amandi Hanif-Distribution Sys	188/2012-13	Taj Ali Khan	7/B	21-11-2013	147,429	134,911	12,517
						1,287,138	1,055,453	231,684
						20,485	14,127	6,357
2	WSS Khandar Khan khel Zone-A-Drilling	193/2012-13	Zait Ullah Khan	2(i)/B	8/2/2013	142,090	0	142,090
3	WSS Khandar Khan khel Zone-B-Drilling	193/2012-13	Zait Ullah Khan	2(ii)/B	8/2/2013	135,972	0	135,972
4	WSS Sady Khel-Distribution system	191/2011-12	Azim Khel Const.	8/B	24-12-2012	2,013,433	1,544,551	468,881
5	WSS Amandi Hanif-P/Chamber etc	188/2012-13	Taj Ali Khan	3/B	12/11/2012	72,463	49,974	22,488
6	WSS Sokari Zabta Khan-	191/2011-12	Taj Ali Khan	9/B	12/10/2012	382,527	289,479	93,047
						59,675	41,155	18,519
Total						4,261,212	3,129,650	1,131,555