



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

AUDIT YEAR 2013-14

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

ADO	Assistant District Officer
AP	Advance Para
CTR	Central Treasury Rules
DAC	Departmental Accounts Committee
DEO	District Education Officer
DDO	Deputy District Officer
DC	Deputy Commissioner
DFID	Department For International Development
DG	Director General
DHQ	District Headquarter
EDO	Executive District Officer
E&SE	Elementary & Secondary Education
GFR	General Financial Rules
GGHS	Government Girls High School
MS	Medical Superintendent
PAO	Principal Accounting Officer
PEC	Pakistan Engineering Council
PST	Primary School Teacher
PTC	Parent Teacher Council
RDA	Regional Directorate of Audit
XEN	Executive Engineer

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, Section-115 of the Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended) and Section 168 of 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, Battagram for the financial years 2011-12 and 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 written responses of the Departments and discussions during DAC meetings.

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) Abbottabad, on behalf of the DG District Governments Audit, Khyber Pakhtunkhwa carries out the audit of six District Governments namely Abbottabad, Mansehra, Haripur, Battagram, Tor Ghar and Kohistan. This Regional Directorate has a human resource of 13 officers and staff, a total of 3939 mandays. The annual budget amounting to Rs12.046 million was allocated to this office during financial year 2012-13. The office is mandated to conduct regularity (financial attest audit & compliance with authority audit) and performance audit of programs/ projects.

District Government, Battagram 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 Nazim/Administrator in the form of budgetary grants as per Government of Khyber Pakhtunkhwa, Local Government and Rural Development Department Notification No. SO(E-I)E &AD/0-49/2010 dated 20th February 2010.

Administratively, District Battagram is subdivided into two tehsils namely, Battagram and Allai. District Administration comprises Zilla Nazim/District Administrator and District Coordination Officer.

a. Audit Objectives

Audit was conducted with the objectives 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 audited formations ranged between 15% to 30%.

c. Expenditure audited

Out of total expenditure of the District Government, Battagram for the financial year 2012-13, auditable expenditure under the jurisdiction of RDA, Abbottabad was Rs1,537.979 million covering 01 PAO and 149 formations. Out of this RDA, Abbottabad audited an expenditure of Rs1,288.228 million which, in terms of percentage, was 84% of auditable expenditure. 10 formations were planned in Audit Plan and 100% achievement against the planned activities was made.

d. Receipts audited

The receipts of District Battagram for the financial year 2011-12 were Rs1,678.863 million. Out of this, RDA Abbottabad audited receipts of Rs2.887 million which, in terms of percentage, was 0.18% of auditable receipts.

e. Recoveries at the instance of audit

Recovery of Rs32.526 million was pointed out during the audit. Recovery of Rs1.207 million was affected till finalization of this report. Out of the total recoveries pointed out, Rs23.431 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 Abbottabad. This was facilitated through SAP connectivity 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, Practice 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. One case of misappropriation amounting to Rs1.646 million was noticed.¹
- ii. Non production of record was noted in one case amounting to Rs7.451 million.²
- iii. Irregularities and non compliance of rules amounting to Rs18.696 million were noticed in six cases.³
- iv. Internal control weaknesses were noted in eight cases amounting to Rs201.767 million.⁴

¹ Para 1.2.1.1

² Para 1.2.2.1

³ Para 1.2.3.1, 1.2.3.2, 1.2.3.4, 1.2.3.5, 1.2.3.6

⁴ Para 1.2.4.1, 1.2.4.2, 1.2.4.3, 1.2.4.4, 1.2.4.5, 1.2.4.6, 1.2.4.7, 1.2.4.8

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

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. Departments need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc to ensure that lapses of the kind reported in this audit report are preempted and fair value for money is obtained from public spending.
- iii. Decisions taken in DAC meetings need to be implemented.
- iv. Inquiries recommended by the DAC need to be held regularly in order to fix responsibility for losses, irregular payments and wasteful expenditure.

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rs in million)

S. No	Description	No.	Budget
1	Total Entities (PAO) in Audit Jurisdiction	1	3,216.840
2	Total formations in audit jurisdiction	149	3,216.840
3	Total Entities(PAO) Audited	04	1,291.110
4	Total formations Audited	10	1,291.110
5	Audit & Inspection Reports	10	1,291.110
6	Special Audit Reports	-	
7	Performance Audit Reports	-	
8	Other Reports	-	

*Included receipt of Rs1,678.863 million.

#Included receipt of Rs2.887million.

Table 2: Audit observations Classified by Categories

(Rs in million)

S. No	Description	Amount Placed under Audit Observation
1	Unsound asset management	
2	Weak financial management	18.696
3	Weak Internal controls relating to financial management	203.413
4	Others	7.451
	Total	229.560

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	0	72.722	2.887	1,215.506	1,291.110	898.019
2.	Amount Placed under Audit Observations /Irregularities of Audit		15.788		213.772	229.560	62.462
3.	Recoveries Pointed Out at the instance of Audit		13.288		19.238	32.526	53.727
4.	Recoveries Accepted /Established at the instance of Audit		8.797		14.634	23.431	51.779
5.	Recoveries Realized at the instance of Audit		1.147		0.060	1.207	-

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	2.450
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	1.646
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.	10.242
4	Quantification of weaknesses of internal control systems.	176.891
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	30.880
6	Non production of record	7.451
7	Others, including cases of accidents, negligence etc.	-
	Total	229.560

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

CHAPTER – 1

1.1 District Government Battagram

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 departments which manages 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, Khyber Pakhtunkhwa District Government Rules of Business, 2001 and provisions of Local Government Act 2012.

1.1.2. Comments on Budget and Expenditure 2012-13 (Variance Analysis)

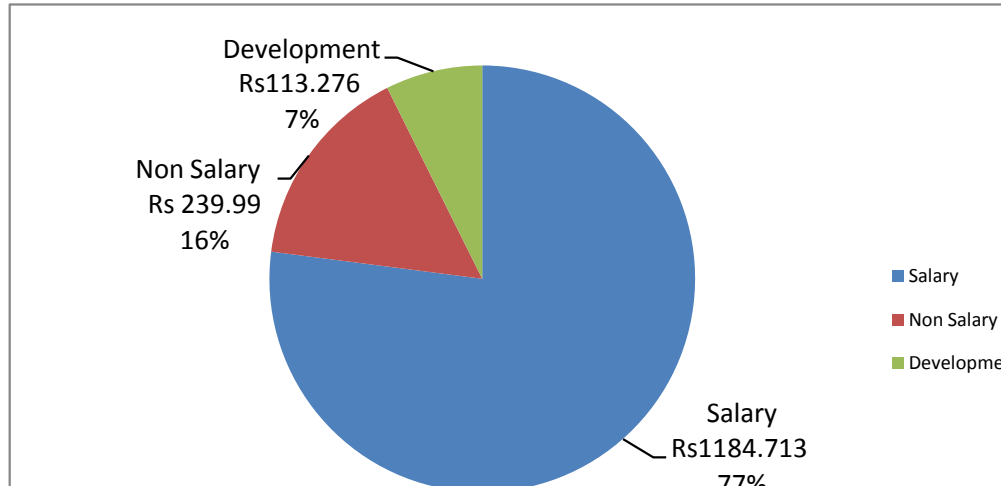
(Rs in million)

2012-13	Budget	Expenditure	Excess/ Saving	%age Excess/ Savings
Salary	1,272.117	1,184.713	(87.404)	6.87%
Non-salary	264.336	239.990	(24.346)	9.21%
Developmental	115.647	113.276	(2.371)	2.05%
Total	1,652.100	1,537.979	(114.121)	6.91%

A budget of Rs1,652.100 million was allocated, against which an expenditure of Rs1,537.979 million was incurred by the District Government, with a saving of Rs114.121 million during 2012-13.

Expenditure 2012-13

(Rs in million)



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:

S. No	Audit Year	PAC/ZAC meeting convened / not convened
1	2002-03	Not convened
2	2003-04	Not convened
3	2004-05	Not convened
4	2005-06	Not convened
5	2006-07	Not convened
6	2007-08	Not convened
7	2008-09	Not 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

1.2.1.1 Unauthorized payment on account of blasting work – Rs1.646 million

Para 23 of GFR Vol-1 states that every officer should realize fully that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his own part or any other person subordinate to him.

Executive Engineer C&W Division, Battagram paid Rs1,646,509 on account of item of work “Rock excavation requiring blasting” in the scheme “Upgradation of 150 High schools to Higher Secondary status - SH: GHS Thakot” vide voucher No 8-R dated 19-06-2013. The work was carried out in existing schools situated near village and blasting work was not possible at site. It is suspected that blasting work was not carried out and payment was made to extend undue benefit to contractor.

Audit observed that undue payment occurred due to weak internal control which resulted in loss to Government.

When reported in August 2013, Management stated that work had been physically executed and occasional blasting could be executed in middle of the school. The reply was not convincing as blasting in the existing school was not possible.

Request for convening of DAC meeting was made on 22-10-2013. DAC meeting could not be convened till finalization of this Report.

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

AP 19 A/C-1 (2012-13)

1.2.2 Non Production of Record

1.2.2.1 Non production of auditable record – Rs7.451 million

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

District Education Officer Battagram did not produce the following auditable record for the year 2012-13 despite repeated written & verbal requests:

1. Record related to refurbishing of schools – Rs1.250 million
2. Record related to ADP for provision of basic facilities amounting to Rs4.00 million
3. TA bills amounting to Rs508,500
4. Details of receipts amounting to Rs1,693,014
5. Appointments record.
6. Monitoring reports, visit notes of ADOs circle and other officers
7. Annual Plan of activities for 2012-13
8. Details of auctions during the year.
9. Details of enquiries and court cases.
10. Details of grants, donations etc from Government and Non Government Organizations

Audit observed that non production of record occurred due to weak internal control, which resulted in non verification of record.

When reported in August 2013, Management stated that matter would be investigated and detailed reply would be submitted in due course of time. The reply was not cogent as auditable record was not produced despite repeated requests.

DAC in its meeting held on 27.10.2013 directed production of record and disciplinary action against person (s) at fault within 15 days. No action was reported till finalization of this Report.

Audit suggests production of record for verification and action against the person(s) at fault.

AP 69 (2011-12) & AP 25 (2012-13)

1.2.3 Irregularities & Non Compliance

1.2.3.1 Loss to Government due to allowing higher premium – Rs6.110 million

According to Govt of Khyber Pakhtunkhwa Finance Department Notification issued vide No BO-I/FD/1-7/2010-11/CSR dated 29-03-2011, 20% premium is allowed on civil work.

Executive Engineer C&W Division Battagram overpaid Rs6,110,145 to various contractors due to allowing higher premium during 2012-13. Detail at Annex-C.

Audit observed that overpayment occurred due to weak financial control which resulted in loss to Government.

When reported in August 2013, Management stated that appropriate reply would be furnished in due course of time. No reply was given till finalization of this report.

Request for convening of DAC meeting was made on 22-10-2013. DAC meeting could not be convened till finalization of this Report.

Audit suggests recovery and action against the person(s) at fault under intimation to audit.

AP 11 A/C-1 (2012-13)

1.2.3.2 Non deposit of unspent balance into treasury – Rs4.604 million

According to Government of Khyber Pakhtunkhwa Finance Department letter No. BOU/FD/3-10/97-98/ WMP Sum/Vol, dated 21st January 2002, unspent balances in the respective designated bank accounts as well as in the accounts of the PTC at the end of the financial year shall be treated as lapsed and shall have to be refunded to the Government.

District Education Officer Battagram had a closing balance of Rs4,604,442 in the designated account No 2962-7 National Bank of Pakistan Battagram branch on 30-06-2013. The amount was required to be refunded to Government in light of aforementioned instructions, however it was not done.

Audit observed that amount was not refunded in violation of Government instructions, which resulted in loss to Government.

When reported in August 2013, Management stated that proper reply would be furnished after verification of record. The reply was not cogent as the amount was required to be refunded to Government as lapsed.

DAC in its meeting held on 02-11-2013 directed regularization of expenditure from Secretary Education within 15 days otherwise refund of the government money. No progress was reported till finalization of this Report.

Audit suggests investigation fixing responsibility and refund of money to Government.

AP 18 (2012-13)

1.2.3.3 Non imposition of penalty due to delay in completion of work – Rs2.845 million

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

According to S.No. V of circular issued by C&W Department Khyber Pakhtunkhwa vide No SO(B)II-5/2012-13/C&WD dated 30-04-2013, case of obtaining time extension should be processed 03 months prior to termination date of original contract.

Executive Engineer C&W Battagram Division awarded the following developmental schemes to contractors mentioned against each with stipulated period of 18 month. The contractors failed to complete the work within stipulated period; however, penalty @ 10% amounting to Rs2, 844,900 was not imposed.

Name of scheme	Name of contractor	Date of commencement	Reqd: date of completion	Actual Date of completion	Est. Cost (Rs)	10% penalty (Rs)
Flood damaged restoration of roads: SH Kadlow road etc	Nandeyar Engineering & Co	24-02-2011	23-08-2012	In Progress	15,319,000	1,531,900
Flood damaged restoration of roads: SH Bilandkot sadera Miran raod	Wazir Mohammad Wazir	04-04-2011	03-10-2012	In Progress	13,130,000	1,313,000
Total						2,844,900

Audit observed that non imposition of penalty occurred due to weak financial control, which resulted in loss to Government.

When reported in August 2013, Management stated that works were in progress and penalty would be imposed on contractors concerned on completion. Reply was not convincing as neither penalty was imposed nor time extension was obtained

Request for convening DAC meeting was made on 22-10-2013. DAC meeting was not convened till finalization of this Report.

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

AP 14 A/C-1 (2012-13)

1.2.3.4 Wasteful expenditure on account of purchase of jute tats – Rs2.450 million

Para 10 (ii) of GFR Vol-I provides that the expenditure should not be prima facie more than the occasion demands.

According to Para 162 of GFR Vol-I, balances of stores should not be held in excess of the requirements of a reasonable period or in excess of any prescribed maximum limit.

District Education Officer, Battagram incurred expenditure of Rs2,450,000 on account of purchase of jute tats during financial year 2012-13. According to Note sheet page 1, the Budget & Accounts Officer of local office stated that jute tats were neither required nor demanded by schools. Director Education Khyber Pakhtunkhwa was requested to re-appropriate the amount for

purchase of furniture. Purchase of jute tats without requirement and demand is held wastage of public money.

Audit observed that just tats were unnecessarily purchased due to weak internal control, which resulted in wastage of public money.

When reported in August 2013, Management stated that jute tats were purchased according to the demand of Government Primary Schools. The reply was not cogent as jute tats were not required but purchased.

DAC in its meeting held on 02-11-2013 directed investigation and action within one month. No progress was reported till finalization of this Report.

Audit recommends implementation of DAC decision.

AP 05 (2012-13)

1.2.3.5 Overpayment due to allowing composite rate instead of labour rate – Rs1.651 million

According to item No 8-15 of CSR 2009, labour rate Rs208/M³ should be paid for item of work “Stone/ Boulders filling behind retaining wall” when material is available at site.

Executive Engineer C&W Division Battagram overpaid Rs1,651,136 to contractor in the scheme “Nilli Shang Anderwali Road” due to allowing composite rate instead of labour rate for the item of work “Stone/ boulders filling behind retaining wall” vide voucher No 9-R dated 18-02-2013. Detail as under;

Item of work	Paid Rate(Rs)	Allowed Rate (Rs)	Diff (Rs)	Qty	Amount (Rs)
Boulders filling behind retaining wall	1,246.36	208	1038.36	646.35	671,143.99
Boulders filling in road	1,246.36	208	1038.36	826	857,685.36
Total					1,528,829.35
Location Factor 8%					122,306.35
Grand Total					1,651,135.70

Audit observed that overpayment occurred due to weak internal control which resulted in loss to Government.

When reported in August 2013, Management stated that specific size and shape of stones were required for the item of work “Boulders filling behind retaining wall”. Material obtained from heavy slides was not fit for use in the work.

The reply was not acceptable as item of work “Boulders filling behind retaining wall” did not require size & shape. Moreover, laboratory test report was also not available.

Request for convening DAC meeting was made on 22.10.2013. DAC meeting could not be convened till finalization of this Report.

Audit suggests recovery and action against the person(s) at fault under intimation to audit.

AP 18 A/C-1(2012-13)

1.2.3.6 Overpayment due to allowing higher premium-Rs1.036 million

According to Govt of Khyber Pakhtunkhwa Finance Department Notification issued vide No BO-I/FD/1-7/2010-11/CSR dated 22-03-2011, 41% premium was allowed on GI Pipes light quality and notification of even number dated 29-03-2011 allows premium of 20% on civil work.

Executive Engineer PHE Division Battagram overpaid Rs526,320 and Rs509,674 to contractors in the schemes “WSS Kucha to Bara” and “WSS Pagora” respectively due to allowing higher premium than admissible during 2012-13. Detail at Annex-D.

Audit observed that overpayment occurred due to weak internal control, which resulted in loss to Government.

When reported in July 2013, Management replied that rates had been approved by the competent authority. Reply was not acceptable as Government had allowed 41% and 20% premium on GI Pipes and Civil Works, respectively.

Request for convening DAC meeting was made on 11-09-2013. DAC meeting was not convened till finalization of this report.

Audit suggests recovery and action against the person(s) at fault under intimation to audit.

AP 02 & 05 A/C-1(2012-13)

1.2.4 Internal Control Weaknesses

1.2.4.1 Lapse of funds due to inefficiency – Rs171.737 million

Para 95 of GFR Vol-I provides that all anticipated savings should be surrendered to Government well before close of financial year. No savings should be held in reserve for possible future excesses.

District Education Officer Battagram surrendered Rs170.485 million and Rs1.252 million on account of DFID Fund and PTC Fund in the month of June 2013. The funds were released on 12-02-2013 for Provision of Basic Facilities on need basis through community driven PTC. Local office did not utilize the funds which were lapsed due to inefficiency.

Audit observed that funds were not utilized due to inefficiency of management, which resulted in lapse of funds.

When reported in August 2013, Management stated that amount could not be utilized due to non accordance of sanction by the competent authority.

The reply was not cogent as funds were released in February 2013 and request for sanction was made in May 2013. Moreover, proper survey of schools was not carried out and newly constructed schools were included in the list, which did not require any improvement/repair.

DAC in its meeting held on 02-11-2013, directed fixing responsibility for non utilization of funds within 15 days. No progress was reported till finalization of this Report.

Audit suggests investigation and action against the person(s) at fault under intimation to audit.

AP 27 (2012-13)

1.2.4.2 Overpayment on account of conveyance allowance – Rs7.943million

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

Executive District Officer and Deputy District Officer (Male & Female) Primary Education, Battagram overpaid Rs7,943,010 on account of conveyance allowance to teachers during summer (July, 2011) and winter vacations (January & February 2012) for which they were not entitled. Detail is given below:

S. No	Particular	No. of teachers	Amount (Rs)
1	District Officer (Male & Female)	216	1,019,910
2	Deputy District Officer (Male)	1018	4,870,050
3	Deputy District Officer (Female)	542	2,053,050
Total			7,943,010

Audit observed that overpayment was made due to negligence of the controlling officer which resulted in loss to Government. .

When reported in April 2013, Management stated that recovery would be made from the concerned teachers. The department admitted the irregularity but no proof of recovery was intimated so for.

DAC in its meeting held on 02-11-2013 directed complete recovery within one month. No progress was reported till finalization of this Report.

Audit suggests recovery and action against the person(s) at fault under intimation to audit.

AP 44, 50 & 64 (2011-12)

1.2.4.3 Excess allocation on account of pay and allowances - Rs5.744 million

According to Para 106 of GFR Vol-I, A disbursing officer may not on his own authority authorize any payment in excess of the funds placed at his disposal.

Executive District Officer, Finance and Planning Battagram released Rs1,091,371,000 against the allocated budget of Rs1,085,627,000 during the financial year 2011-12 resulted in excess allocation of Rs5,744,000 which was not authorized by the Provincial Finance Department.

Audit observed that excess allocation occurred due to weak financial control which resulted in unauthorized allocation of fund.

When reported in April 2013, Management stated that the excess demand for the adjustment had been made to the Provincial Finance and would be adjusted accordingly.

DAC in its meeting held on 02-11-2013 directed regularization of excess expenditure from Provincial Government within one month. No progress was reported till finalization of this Report.

Audit suggests inquiry and action against the person(s) at fault under intimation to audit.

AP 75 (2011-12)

1.2.4.4 Variation between Cashbook & Bank Statements – Rs4.498 million

Para 89(4) (viii-2) of GFR Vol-I requires that main object of the reconciliation is to ensure that the departmental accounts are sufficiently accurate to render possible and efficient departmental control of expenditure.

District Education Officer Battagram closed the cashbook for the financial year 2012-13 with a closing balance of Rs106,550 whereas as per bank statement of the designated bank account No 2962-7 National Bank of Pakistan, the closing balance as on 30-06-2011 was Rs4,604,442 resulting in a difference of Rs4,497,892.

Audit observed that reconciliation was not carried out due to weak internal control, which resulted in inaccurate presentation of accounts.

When reported in August 2013, Management stated proper justification would be provided after verification of record.

DAC in its meeting held on 02-11-2013 directed reconciliation of balances within 15 days. No progress was reported till finalization of this Report.

Audit suggests corrective measures and action against the person(s) at fault under intimation to audit.

AP 14 (2012-13)

1.2.4.5 Unauthorized payment of salaries to staff of closed school – Rs3.410 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 & Disciplinary Rules 1973.

Deputy District Officer Female Primary Education Battagram paid Rs3,410,379 on account of pay & allowances to the staff of the following schools during 2012-13, which were closed for more than one year.

S. No	Name of School	Amount
1	GGPS Dabaray	696,559
2	GGPS Yaqoob Abad	797,794
3	GGPS Seri Ishaq	635,407
4	GGPS Khurshid Abad	603,724
5	GGPS Seri Jehanzeb	676,895
Total		3,410,379

Audit observed that schools remained closed due to weak internal controls, which resulted in loss to Government.

When reported in October 2012, Management stated that ADO Circle had not reported closure of school to the office. The reply was not cogent as monthly reports were regularly submitted to DEO and DDO offices and copy of the reports was obtained from DEO office.

DAC in its meeting held on 02-11-2013 directed investigation and disciplinary action besides recovery within one month. No progress was reported till finalization of this Report.

Audit suggests investigation fixing responsibility and disciplinary action besides recovery of salaries.

AP 37, 38, 39, 40, 41(2012-13)

1.2.4.6 Unauthorized payment of salaries to the staff without performing duties– Rs3.281 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.

Deputy District Officer Female Primary Education Battagram paid Rs3,281,249 to various staff on account of pay & allowances who remained absent during 2012-13. Detail at Annex-E.

Audit observed that payment of salaries for absent period occurred due to weak internal controls, which resulted in loss to Government.

When reported in October 2012, Management stated that the officials were present in the school. The reply was not cogent as the staff had been absent from duty as per report of ADOs concerned.

DAC in its meeting held on 02-11-2013 directed disciplinary action and recovery within one month. No progress was reported till finalization of this Report.

Audit suggests recovery and action against the person(s) at fault under intimation to audit.

AP 42, 43, 44, 45, 48, 51, 52 & 53 (2012-13)

1.2.4.7 Wasteful expenditure on account of pay & allowances due to non rationalization of teachers – Rs2.654 million

According to rationalization of teachers' formula, teacher's students ratio should be 1:40 in female primary schools.

Deputy District Officer Female Primary Education Battagram paid Rs2,654,406 to the following PSTs on account of pay & allowances during

2012-13. The officials were posted in excess of requirements as per rationalization formula.

Name of School	No of students	Teachers required	Teachers posted	Excess	Amount (Rs)
GGPS Batta gram	342	09	12	03	425,667
GGPS Mera Ajmera	123	04	06	02	285,136
GGPS Kuz Bazargai	155	04	06	02	267,264
GGPS Bar Pao	136	04	06	02	232,456
GGPS Tamai	61	02	03	01	212,536
GGPS Maidan Payeen	115	03	04	01	205,734
GGPS Chapargram	82	02	05	03	265,412
GGPS Gul Mohammad	127	04	05	01	112,960
GGPS Ajmera	157	04	05	01	121,926
GGPS Phagora	75	02	04	02	525,315
Total					2,654,406

Audit observed that posting of excess teachers occurred due to weak internal control, which resulted in wastage of public money.

When reported in October 2012, Management stated that the schools were functioning and enrollment was increased. The reply was not cogent as no documentary proof was provided in support of reply.

DAC in its meeting held on 02-11-2013 directed rationalization of teachers according to criteria within 15 days. No progress was reported till finalization of this report.

Audit suggests investigation and action against the person(s) at fault.

AP 50 (2012-13)

1.2.4.8 Irregular award of scheme to unauthorized contractor – Rs2.500 million

According to Pakistan Engineering Council (PEC) registration issued vide No215515 dated 01.06.2011, “Employer to please ensure that no professional engineering work should be executed without employing adequate number of engineers duly registered with PEC. In case of violation, action would be taken under Section 27 of the act and relevant provisions of Bye-laws”.

Executive Engineer C&W Division Battagram awarded contract of scheme “Strengthening & Upgradation of road net work in KPK – SH: Nilli Shang Gijkot road” to a contractor at estimated cost of Rs2.500 million during 2012-13. However, the certificate issued by PEC showed that the said contractor had not a single professional engineer as his employee. Moreover, field of specialization of the contractor was CE10 which did not allow him to execute road work. Award of contract was therefore held irregular.

Audit observed that irregular award of scheme occurred due to weak internal controls, which resulted in violation of rules.

When reported in August 2013, Management stated that the contractor was registered with C&W Department since 1994 and registered with PEC in category “C Six “, therefore tender was awarded to him.

The reply was not cogent as provisional registration was allowed by Pakistan Engineering Council and the contractor had no technical staff.

Request for convening DAC meeting was made on 22-10-2013. DAC meeting could not be convened till finalization of this Report.

Audit suggests investigation and action against the person(s) at fault.

AP 15 A/C - 1(2012-13)

ANNEXURE

Annex-A

Detail of MFDAC Paras

(Rs in million)

S.No	AP No	Department	Caption	Amount
1	03	PHE	Unauthorized expenditure on repair of In Progress schemes	0.371
2	06	Education	Loss to Government due to purchase of jute tats at high	0.557
3	07	-do-	Irregular expenditure on account of law charges	0.160
4	08	-do-	Misappropriation on account of purchase of tyres	0.074
5	11	-do-	Irregular transfer of funds to Govt Centennial Model School Battagram	0.200
6	12	-do-	Unauthorized transfer of funds to GGHS Shamlai	0.500
7	13	-do-	Overpayment on account of Adhoc Relief 2011	0.146
8	15	-do-	Irregular payment of TA/DA	0.534
9	16	-do-	Misappropriation on account of repair of vehicle	0.150
10	19	-do-	Non collection and deposit of funds	0.238
11	22	-do-	Unauthorized payment and non recovery of loan out Scout Fund	0.153
12	23	-do-	Misappropriation on account of Basic Facilities Fund	0.250
13	24	-do-	Irregular payment of rent of office	0.312
14	36	-do-	Misappropriation on account of repair of vehicle	0.204
15	46	-do-	Unauthorized payment of salaries through DDO	49.876
16	10	PHE A/C-1	Loss to Government due to manipulation in tender form	0.702
17	07	-do-	Loss to Government due to non deduction of old material	0.799
18	03	-do-	Less deposit of revenue on account of tender form fees	0.070
19	09	-do-	Unauthorized release of security deposit	0.100
20	20	C&W A/C-1	Overpayment due to allowing composite rate	0.424
21	21	-do-	Unauthorized payment over & above BOQ	0.404
22	22	-do-	Non deduction of DPR Fund from contractors	0.179
23	23	-do-	Loss to Government due to non deduction of voids	0.094
24	24	-do-	Overpayment due to misapplication of rate	0.077
Total				56.574

Annex-B

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

S.No	Descriptions	Expenditure			
		Salary (Rs)	Non-Salary (Rs)	Total (Rs)	Percentage
1	District Coordination Officer	25,801,057	29,211,511	55,012,568	3.58
2	Executive District Officer (Agriculture)	38,944,903	6,332,236	45,277,139	2.94
3	Executive District Officer (Community Development)	2,374,884	3,312,538	5,687,422	0.37
4	Executive District Officer (Education)	946,589,421	15,902,804	962,492,225	62.58
5	Executive District Officer (Finance and Planning)	11,957,198	8,907,237	20,864,435	1.36
6	Executive District Officer (Health)	83,186,097	148,963,505	232,149,602	15.09
7	Executive District Officer (Revenue)	25,969,167	4,528,691	30,497,858	1.98
8	Executive District Officer (Works and Services)	49,890,880	22,830,832	72,721,712	4.73
Total current expenditure		1,184,713,607	239,989,354	1,424,702,961	92.64
Percentage		77.03%	15.61%	92.64%	
Developmental Expenditure				113,276,000	7.36
Grand Total				1,537,978,961	100

Detail of overpayment due to allowing higher premium

Vr. No & Date	Paid Premium	Allowed Premium	Diff	Work Done (Rs)	Overpayment (Rs)
51-B/19.6.13	24%	20%	4%	16,864,281	674,571
2-B/4-6-13	24.15%	20%	4.15%	15,022,860	623,449
3-B/4-6-13	30%	20%	10%	3,915,708	391,571
7-B/11.6.13	25%	20%	5%	1,972,911	98,646
8-B/12-6-13	29%	20%	9%	1,544,870	139,038
9-B/13-6-13	25%	20%	5%	4,175,398	208,770
58-B/19.6.13	25%	20%	5%	3,802,714	190,136
52-B/19.6.13	24%	20%	4%	9,766,496	390,660
20-B/19.6.13	25%	20%	5%	7,988,652	399,433
25-B/19.6.13	24%	20%	4%	10,092,734	403,709
29-B/19.6.13	25%	20%	5%	3,198,897	159,945
61-B/19.6.13	24%	20%	4%	11,042,802	441,712
40-B/19.6.13	25%	20%	5%	9,802,223	490,111
56-B/19.6.13	24%	20%	4%	5,537,865	221,515
15-R/19.6.13	24%	20%	4%	12,685,872	507,435
11-R/19.6.13	24%	20%	4%	99,392,922	375,717
16-R/19.6.13	24%	20%	4%	9,843,189	393,727
Total					6,110,145

Annex – D**WSS Kucha to Bara**

Particulars	Paid Premium	Allowed Premium	Diff	Work Executed (Rs)	Amount (Rs)
Water Works	29.90%	20%	9.90%	209443	20,735
Supply Main	51%	41%	10%	1904358	190,436
Surface Reservoir	29.90%	20%	9.90%	409346	40,525
-do-	51%	41%	10%	14714	1,471
Distribution System	51%	41%	10%	2698215	269,821
Public Stand Post	29.90%	20%	9.90%	33656	3,332
				Total (A)	526,320

WSS Pagora

Particulars	Paid Premium	Allowed Premium	Diff	Work Executed (Rs)	Amount (Rs)
Water Works	29.90%	20%	9.90%	97,883	9,294
Silt Chamber	29.90%	20%	9.90%	131,136	12,982
Supply Main	51%	41%	10%	1,119,200	111,920
Surface Reservoir	29.90%	20%	9.90%	477,200	47,243
Distribution System	51%	41%	10%	3,282,351	328,235
				Total (B)	509,674

Grand Total (A + B) Rs1,035,994

Annex – E**Detail of absent teachers**

S. No	Name	Designation	School	Amount (Rs)
1	Zakira Bibi	PST	GGPS Arghashori	83,568
2	Shahida Begum	PST	GGPS Arghashori	83,741
3	Amina Niazi	PST	GGPS Joze	77,388
4	Jia Gul	PST	GGPS Bar Pao	187,105
5	Menhaj	Chowkidar	GGPS Pagora	36,430
6	Abdur Rauf	Chowkidar	GGPS Tasa Afreen	19,795
7	Kashifa Khanu	PST	GGPS Mandarwali	87,840
8	Naheed Begum	PST	GGPS Rajdhari	31,260
9	Shabana Bibi	PST	GGPS Mera Ajmera	38,338
10	Sanwar Sultana	PST	GGPS Chino Rajdhari	68,428
11	Yasmin Aziz	PST	GGPS Kadlow	46,539
12	Noorul Huda	PST	GGPS Bar Pao	69,996
13	Jamila Bibi	PST		19,855
14	Shazia Bibi	PST	GGPS Kandi	138,455
15	Sikandar	Chowkidar	GGPS Hill	32,520
16	Shagufta	PST	GGPS Arghashori	82,413
17	Hajira Bibi	PST	GGPS	171,508
18	Naeema Akhter	PST		272,607
19	Shamim Un Nisa	PST		649,908
20	Saiqa	PST		388,662
21	Bibi Tayyeba	PST		394,547
22	Shazia Iqbal	PST	GGPS Sher Azar Dola	194,422
23	Shereen Gul	PST	GGPS Cholani	105,924
Total				3,281,249