



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
LOCAL GOVERNMENTS  
DISTRICT BUNER**

**AUDIT YEAR 2021-22**

**AUDITOR GENERAL OF PAKISTAN**

## TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS .....	i
PREFACE .....	iii
EXECUTIVE SUMMARY .....	iv
CHAPTER-1 .....	1
PUBLIC FINANCIAL MANAGEMENT .....	1
1.1 SECTORAL ANALYSIS .....	1
1.2 AUDIT PARAS.....	6
CHAPTER-2 .....	9
DISTRICT GOVERNMENT BUNER .....	9
2.1 Introduction .....	9
2.2 Comments on Budget and Accounts (Variance Analysis).....	10
2.3 Classified Summary of Audit Observations.....	10
2.4 Comments on the status of compliance with Zilla Accounts Committee Directives .....	11
2.5 AUDIT PARAS.....	12
2.5.1 Irregularities .....	12
Procurement related irregularities .....	12
Management of Accounts with Commercial Banks.....	14
2.5.2 Others including cases of accidents, negligence .....	17
CHAPTER-3 .....	22
TEHSIL MUNICIPAL ADMINISTRATIONS DISTRICT BUNER .....	22
3.1 Introduction .....	22
3.2 Comments on Budget and Accounts (Variance Analysis) TMAs.....	23
3.3 Classified Summary of Audit Observations.....	24
3.4 Comments on the status of compliance with Tehsil Accounts Committee Directives .....	24
3.5 AUDIT PARAS.....	25
3.5.1 Irregularities .....	25
Procurement related irregularities .....	25
Management of Accounts with Commercial Banks.....	26
3.5.2 Others including cases of accidents, negligence .....	27
CHAPTER-4 .....	31
AD LGE &RDD BUNER .....	31
4.1 Introduction .....	31

4.2	Comments on Budget and Accounts (Variance Analysis) .....	33
4.3	Classified Summary of Audit Observations .....	34
4.4	Comments on the status of compliance with Village/Neighborhood Accounts Committee Directives.....	34
4.5	AUDIT PARAS.....	36
3.5.1	Irregularities .....	36
	Procurement related irregularities .....	36
4.5.1	Others including cases of accidents, negligence .....	37
	ANNEXURE.....	38

## ABBREVIATIONS AND ACRONYMS

AD	Assistant Director
ADP	Annual Development Program
AIR	Audit & Inspection Report
AM&R	Annual Maintenance and Repair
BHU	Basic Health Unit
CA	Conveyance Allowance
CD	Civil Dispensary
CPWA	Central Public Works Account
DAC	Departmental Accounts Committee
DAO	District Accounts Officer
DC	Deputy Commissioner
DDO	Drying and Disbursing Officer
DEO	District Education Officer
DG	Director General
DHO	District Health Officer
DO	District Officer
DTL	Drug testing Laboratory
ECG	Electro cardiogram
EPI	Expanded Program of Immunization
FP	Family Planning
FY	Financial Year
GBS	General Bus stand
GER	Gross Enrollment Ratio
GGHS	Government Girls High School
GGHSS	Government Girls Higher secondary School
GGMS	Government Girls Middle School
HPA	Health Professional Allowance
HR	Human Resource
HRA	House Rent Allowance
INTOSAI	International Organization of Supreme Audit Institutions
KP	Khyber Pakhtunkhwa
KPPRA	Khyber Pakhtunkhwa Public Procurement Regulatory Authority
LCB	Local Council Board
LG E&RDD	Local Government Election and Rural Development Department
LGA	Local Government Act

MCC	Medicine Coordination Cell
MFDAC	Memorandum for Departmental Accounts Committee
MO	Medical Officer
NC	Neighborhood Council
NER	Net Enrollment Ratio
OPD	Out Patient Department
PAO	Principal Accounting Officer
PC-1	Planning Commission-1
PESCO	Peshawar Electric Supply Company
PLS	Profit and Loss Sharing
PTC	Parent Teacher Council
RDA	Regional Directorate of Audit
RHC	Rural Health Center
TAC	Tehsil Accounts Committee
TMA	Tehsil Municipal Administration
TS	Technical sanction
VC	Village Council
ZAC	Zilla Accounts Committee

## **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’s (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001 and Section 37 of Khyber Pakhtunkhwa Local Government Act, 2013 require the Auditor General of Pakistan to conduct audit of the accounts of receipts and expenditure of Local Governments of each District of the Khyber Pakhtunkhwa.

The report is based on audit of the accounts of offices of the District Government, Tehsil Municipal Administrations, Assistant Director Local Government, Elections and Rural Development Department in District Buner for the financial year 2020-21. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2021-22 on test check basis with a view to report significant findings to the relevant stakeholders. The main body of the audit report includes systemic issues and significant audit findings. Relatively less significant issues are listed in Annex-1 of the Audit Report. The audit observations listed in Annex-1 shall be pursued with the Principal Accounting Officers at the DAC level. In all cases where Principal Accounting Officers do not initiate appropriate action, the audit observations will be brought to the notice of appropriate legislative forum 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.

Some of the observations included in this report were finalized in the light of written replies of the departments. DAC meetings were also not convened despite reminders.

The Audit Report is submitted to the Governor Khyber Pakhtunkhwa, in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 37 of Khyber Pakhtunkhwa Local Government Act, 2013 for for causing it to be laid before the appropriate legislative forum.

Islamabad  
Dated:

**(Muhammad Ajmal Gondal)**  
**Auditor General of Pakistan**

## EXECUTIVE SUMMARY

The Directorate General Audit District Governments, Khyber Pakhtunkhwa carries out the audit of Local Governments in 35 Districts of Khyber Pakhtunkhwa. Regional Directorate of Audit (RDA) Mardan, on behalf of the DG Audit District Governments, Khyber Pakhtunkhwa carried out the audit of local Governments of four District Governments namely Mardan, Swabi, Malakand and Buner.

This Directorate General has a human resource of 61 officers and staff with a total of 15250 man-days. The annual budget amounting to Rs 172.467 million was allocated to the office during FY 2021-22. The office is mandated to conduct regularity audit, financial attest audit, performance audit and special studies etc.

Local Governments of District Buner consist of three tiers which perform their operations under Khyber Pakhtunkhwa Local Government Act, 2013. Financial provisions of the Act describe the Local Consolidated Fund and Public Account for which annual Budget Statement is approved by the respective councils in the form of budgetary grants. Top Tier, the District Government comprises one Principal Accounting Officer (PAO) i.e. Deputy Commissioner for the District Government, who is officer in charge (Administrator) of 11 devolved departments including AD Local Government Election & Rural Development Department. The second Tier, the Tehsil Municipal Administrations have one PAO i.e. Tehsil Municipal Officer, the (Administrator) for each administration. There are four Tehsils administrations in district Buner. The third Tier-village and neighborhood Councils have AD LGE & RDD as their Principal Accounting Officer. There are 105 VCs/NCs in District Buner.

### **a. Scope of audit**

This office is mandated to conduct audit of 134 formations working under 6 PAOs. Total expenditure and receipts<sup>1</sup> of these formations were Rs. 5,643.187 million and Rs. 27.145 million respectively for the financial year 2020-21.

Audit coverage relating to expenditure for the current audit year comprises 09 formations of 06 PAOs having a total expenditure of Rs. 2,247.142

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<sup>1</sup> District Government has no receipts

million for the financial year 2020-21. In terms of percentage, the audit coverage for expenditure is 39.82% of auditable expenditure.

Audit coverage relating to receipts for the current audit year comprises 09 formations of 06 PAOs (04 TMAs) having a total Receipts of Rs. 27.145 million for the financial year 2020-21. In terms of percentage, the audit coverage for receipts is 100% of auditable receipts.

In addition to this compliance audit report, Directorate of District Audit conducted Financial Attest audits, Performance audits and Special Studies for which reports are being published separately.

#### **b. Recoveries at the Instance of Audit**

As a result of audit, recovery of Rs. 32.083 million was pointed out in this report. No recovery was affected till finalization of this report..

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

Audit was conducted according to INTOSI guidelines for Compliance Audit and Financial Audit Manual of AGP.

Audit procedure employed to obtain evidence were inspections, analytical procedures, observations and computation.

#### **d. Audit Impact**

Recovery of Rs 32.083 million was pointed out by audit, however positive audit impact depends on management willingness to implement internal control framework and recommendations of audit.

#### **e. Comments on Internal Control**

Internal control is designed to address risks and to provide reasonable assurance that, pursuit of entity's mission, its objectives are being achieved.

Comments on the five components of internal control are given below:

The organizational structure followed in the local Government Offices was according to the LGA 2013.



No activity i.e. risks identification, risk evaluation and appropriate responses were carried out in the local government.

Accounts were not submitted by TMAs concerned to the DAO. No review was carried out of the performances.

TMAs did not follow the accounting procedure given in the APPM.

No system of monitoring was found to track the progress of District Government towards its objectives. No internal Auditor was appointed. An annual Review of internal control was also not carried out.

#### **f. Key audit findings of the report**

- i. Non compilation/consolidation of accounts of local governments- Rs. 439.947 million<sup>2</sup>
- ii. Unauthorized payments to DDOs instead of crossed cheques to vendors – Rs 92.331 million<sup>3</sup>
- iii. Unverified payment – Rs 88.157 million<sup>4</sup>
- iv. Procurement related irregularities were noticed in 04 no of cases amounting to Rs 25.241 million<sup>5</sup>
- v. Issues in management of accounts with commercial banks were noticed in 03 no of cases amounting -Rs 10.681 million<sup>6</sup>
- vi. Others, including cases of accidents, negligence etc. were noticed in 10 no of cases amounting to Rs 36.348 million<sup>7</sup>

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<sup>2</sup> Para 1.2.1

<sup>3</sup> Para 1.2.2

<sup>4</sup> Para 1.2.3

<sup>5</sup> Para 2.5.1.1 to 2.5.1.2, 3.5.1.1 & 4.5.1.1

<sup>6</sup> Para 2.5.1.3 to 2.5.1.4 & 3.5.1.2

<sup>7</sup> Para 2.5.2.1 to 2.5.2.5, 3.5.2.1 to 3.5.2.4 & 4.5.1.2

Minor irregularities/ weaknesses pointed during the audit are being pursued separately with the authorities concerned, as detailed in Annex-1.

**g. Recommendations**

- i. TMA accounts needs to be consolidated at DAO level.
- 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. Departments need to implement all the components of internal control for ensuring effective and efficient utilization of public money.
- iv. Strenuous efforts need to be made by the departments to recover outstanding dues on account of rent of shops, revenue contracts and income tax.
- v. The DAC meetings should be held more frequently.

## CHAPTER-1

### Public Financial Management

#### 1.1 Sectoral Analysis

In compliance to the Notification of Local Governments, Election and Rural Development Department (LGE&RDD) issued on 04.09.2019, Councils of all tiers of the District Government were stood dissolve on the culmination of their respective tenure on 29.08.2019. The same notification authorized Deputy Commissioner, Tehsil/Town Municipal Officers, and Assistant Director LGE&RDD to perform functions of respective Nazimeens as envisaged under Local Governments Act 2013, till the instillation of newly elected Local Governments. In the light of LGA 2013, District Buner is headed by Deputy Commissioner who is Principal Accounting Officer of the budget grant allocated to the 08 offices devolved at District level. Similarly, Tehsil Municipal Administration is headed by Tehsil Municipal Officer who is its Principal Accounting Officer. Furthermore, Assistant Director LGE& RDD is the Principal Accounting Officer of Village/ Neighborhood Councils.

In District Buner, funds amounting to Rs. 6,087.897 million were allocated to 133 formations working under 06 PAOs. Out of which, expenditure of 5,643.187 million was made resulting into saving of Rs.444.709 million. Receipts of Rs. 27.145 million were collected through these formations during the financial year 2020-21. Audit coverage relating to expenditure for the current audit year comprises 11 formations of 06 PAOs having a total expenditure of Rs. 2,247.142 million for the financial year 2020-21. In terms of percentage, the audit coverage for expenditure is 39.82% of auditable expenditure. Similarly, audit coverage for receipts is 100%.

(Rs in million)

District Buner					
2020-21	Budget	Actual Expenditure/ Receipts	(Saving)/ Excess	Expenditure / Receipts audited	%age
Salary	4,813.399	4,783.412	-29.987	2,247.142	39.82
Non-salary	666.005	540.315	-125.690		
Developmental	608.493	319.460	-289.032		
<b>Total</b>	<b>6,087.897</b>	<b>5,643.187</b>	<b>-444.709</b>	<b>2,247.142</b>	
<b>Receipts</b>	<b>27.145</b>	<b>27.145</b>	<b>0</b>	<b>27.145</b>	<b>100</b>

According to Section 36 (3) of Local Government Act 2013, the District Accounts Officer was required to consolidate accounts of the Local Government on quarterly and annual basis. However, District Accounts Officer, Buner did not reflect Rs. 1,109.776 million into the consolidated financial statement of Local Government, Buner.

District Government, Buner was found lagging behind in many areas envisioned as integral component of the Local Government in the Khyber Pakhtunkhwa Local Government Act, 2013. The District Government could not establish & maintain Public Fund account as required under section 30 of LGA 2013. Similarly, it also failed to prepare, present and approve the budget estimates of receipts from district council for District Government, Buner as required under section 18 of LGA 2013. Most importantly, Finance Department, Khyber Pakhtunkhwa could not provide District Account Office, Buner with prescribed format and necessary trainings to compile the accounts of TMAs and Village/Neighborhood councils and then reflect the same in the consolidated financial statement of the district, which resulted in disclaimer of its accounts by the Auditor General of Pakistan. Moreover, Internal Audit function could not be established as provided in sub section 4 of section 37 of LGA 2013, as internal auditors were not posted in the District and Tehsil Councils. In addition, Asset management by District Government was yet another area it could not address as required under section 38 of the LGA 2013.

The Local government provided services in the following sectors.

### **Education**

The education sector is one of the major sectors devolved at district level. Funds to the tune of Rs 3,794.173 million were provided to elementary & secondary education headed by District Officer. Expenditure of Rs 4,079.037 million was incurred, out of which expenditure of Rs 548.948 million was audited, thus 13.46% of expenditure was audited.

Statistics show that there are 753 primary & middle schools, 80 secondary and 39 higher secondary schools in District Buner. The estimated Teacher Student Ratio is 1:30 at primary, middle, secondary and at the level of higher secondary schools. District Buner literacy rate is 61%, the Gross Enrollment Rate

(GER) is 60%, and the Net Enrollment Rate (NER) is 52% at the primary level. On budgetary front, District Education office, Buner succeeded in spending 100% of District ADP and 95 % of non-salary budgets.

District Education Offices in Buner were given target of enrolment of 222,460 children for current year against which 196,342 kids were enrolled; wherein, DEO (male) and DEO (female) enrolled 105,171 and 91,171 children respectively. Annual average of teacher's attendance rate and student attendance rate as per independent Monitoring Unit (IMU) data were approximately 92% & 40.8 % respectively. Furthermore, 84% schools in district Buner were provided with all basic facilities like classrooms, water supply, group latrine, boundary walls and electrification. However, administrative visits of DEO, DDEO and SDEO were only 40% against the assigned targets.

## **Health**

Health is another important sector of District Buner with a total of 33 health facilities spread across the district, among which 32 are urban while the rest are rural based. Their further break-up is 18 BHUs, 8 CDs, 6 RHCs and 1 Category-D with the total catchment area population of approximately 945,968.

The Department of Health has established an "Independent Monitoring Unit" for continuous monitoring of the performance of health facilities through its field based Data Collection Assistants and District Monitoring Officers. Department twice examines data collected through various sources to improve efficiency and effectiveness in the business processes of service delivery.

On mother and child health care front, 9,953 babies were born in primary and secondary health facilities. Lab investigations and diagnostic facilities were also fully utilized as 43,522 lab tests, 4,981 X-rays, 1,335 ultrasounds, and 53 ECGs were done in both primary and secondary health facilities in district Buner. Figures of immunization from EPI register were also very impressive as 21,515 pregnant women received TT-2 vaccines, 30,301 kids under 12 months received full immunization, 32,737 children under 12 months received 1st measles vaccines and 32,831 kids under 12 received 3rd pentavalent vaccine. 130,490 families were provided family planning services as evident from FP register.

Human resource data from facility records revealed that these health facilities were amply provided with medical officers and paramedics as only very few positions were found vacant. As these facilities were frequently visited by patients so they also generated good revenue from OPD services, indoor patients' treatment and other lab investigations etc.

## **Social Welfare**

In Social Welfare and Women Empowerment sector, budgetary allocations were focused on providing social cushion to the deprived and marginalized segments of society especially, women and children. In the proposed development plan, the department had continued to proceed with its ongoing projects which included schemes for the wellbeing and safeguarding of destitute women, orphans, beggars, drug addicts and special persons.

Panagah(s) were established under Ehsaas Program of the Federal Government, in order to provide valued but temporary/overnight stay with two time meals to the needy individuals seeking bed and breakfast in pursuit of employment. Panagah(s) were established in major cities/Divisional Districts based on need assessment in 1<sup>st</sup> phase. However, panagah services were not existed in District Buner.

There is no Darual Kafalas for biggers in District Buner. Rehabilitation center for drug addicts did not exists in District Buner. 36 Public awareness compaign /seminars held by the department with objective to increase public awareness to achieve desire objectives of social welfare. Furthermore, various vocational and industrial trainings were provided by the Social Welfare Department. However, keeping in view the spread of drug use and incidence of poverty, the efforts made by Social Welfare office are not likely to bring about any visible improvement in the short or long run unless more resources are diverted to this sector.

## **Municipal Services**

Tehsil Municipal Administrations, District Buner did not fulfill some primary requirements envisioned as integral component of Local Government in the Khyber Pakhtunkhwa Local Government Act, 2013. The Local Government

could not establish & maintain Tehsil Public Fund Account as required under the section 30 of LGA 2013. Similarly, Tehsil Account Officers were not appointed in TMAs. The accounts of receipt and expenditure were also not maintained in such form as prescribed by Auditor General of Pakistan and required under section 36 of LGA 2013. Financial Statements, Finance Account and Appropriation Accounts of the TMAs were not prepared accordingly. Most importantly, Finance Department, Khyber Pakhtunkhwa could not provide District Account Office, Buner with prescribed format and necessary trainings to compile the accounts of TMAs and then reflect the same in the consolidated financial statement of the district, which resulted in disclaimer of its accounts by the Auditor General of Pakistan. Moreover, Internal Audit function could not be established as provided in sub section 4 of section 37 of LGA 2013, as internal auditors were not posted in the TMAs to support the Council. In addition, Asset management by tehsil councils was yet another area it could not address as required under section 38 of the LGA 2013.

## **1.2 AUDIT PARAS**

### **1.2.1 Non Compilation/Consolidation of Accounts of Local Governments- Rs. 1,109.776 million**

According to section 36(3) of Local Government Act 2013, the District Accounts Officer shall, quarterly and annually consolidate the accounts of Local Governments in the district separately for receipts from the Government and local resources and send a copy to the Government, Accountant General and Nazim District Council.

During certification audit of the accounts of the DAO Buner for the financial year 2020-21, audit observed incompleteness and incorrect presentation of the financial statements as the DAO failed to consolidate into the quarterly and annual accounts of the district, the government and local resources, as required under section-36(3) of the Local Government Act, 2013. Receipts and expenditure of Rs. 669.829 million and Rs. 439.947 million respectively, of the TMAs are not reflected in accounts.

During the certification audit of the accounts of the DAO Buner for the financial year 2020-21, audit observed incompleteness and incorrect presentation of the financial statements as the DAO failed to consolidate them into the quarterly and annual accounts of the district, both government, and local resources, as required under section-36(3) of the Local Government Act, 2013. Receipts and expenditure of Rs. 669.829 million and Rs 439.947 million respectively, of the TMAs are not reflected in accounts.

Due to non-consolidation of accounts of TMAs, the financial statements of local government remained incomplete which led to disclaimer of audit opinion.

As per decision of DAC meeting held in September 2021, Para stands till correction of these omissions.

Audit recommends that necessary action needs to be taken for the consolidation of Local Government Accounts into District Accounts.



### **1.2.2 Unauthorized payments to DDOs instead of crossed cheques to vendors – Rs 92.331 million**

According to Para 2.3.2.8 of APPM, the accounting system shall improve controls to minimize the risk of fraud and corruption. This objective shall be addressed by issue of payment through direct bank transfer and cheques (to employees/ vender concerned) instead of payment through DDOs.

Finance Department Letter No: BO (W&M) /6-5/2019-20 Dated 19/02/2020, provides that in order to streamline the management in public account and observe fiscal discipline, it has been decided to stop forthwith all payments through open cheques or cash payments.

District Accounts Officer Buner, paid Rs 92,331,021 to various DDOs instead of issuance crossed cheques to Vender/Payees accounts.

The lapse occurred due to weak internal controls, which resulted in unauthorized payments to DDOs.

As per decision of DAC meeting held in September 2021, Para stands for investigation of the matter and appropriate action.

The matter should be investigated and regularized by ensuring payments to the supplier/vendor instead of DDOs as per APPM.

### **1.2.3 Unverified payments on account of arrears of pay and allowances – Rs 88.157 million**

Para 296 of CTR read with Para 75(2) of KP City & District Govt. Budget Rules 2016, the controlling officer shall be responsible for seeing that the expenditure included in the bills, are of obvious necessity and are at fair and reasonable rates. Sanction and the requisite vouchers are all received and in order. The calculation is correct and the grants have not been exceeded over allotment.

During certification audit of DAO Buner for the year 2020-21 while analyzing HR data it was noticed that arrears of pay and allowances of

Rs.88,157,493 was paid; however, local office could not produce supporting documents for verification to audit.

The lapse occurred due to weak internal controls, which resulted in unverified expenditure.

As per decision of DAC meeting held in September 2021, Para stands till correction of these omissions.

Audit recommends inquiry in the matter and action against the person(s) at fault.

## CHAPTER-2

### District Government Buner

#### 2.1 Introduction

Under the Khyber Pakhtunkhwa Local Government Act 2013, activities of District Government are managed through offices of Deputy Commissioner and District Officers. Each department of the Districts is headed by a District Officer (DO). According to the Rules of Business of District Government 2015, work of the district departments is distributed among the officers, branches, and/or sections in the district departments. Deputy Commissioner is the Principal Accounting Officer for all the devolved departments of the district which includes District Officers Agriculture, Education, Health, Fisheries, Population Welfare, LGE & RDD, Sports, Animal Husbandry, Soil Conservation, and Cooperative Society & Social Welfare.

According to section 13 of the Khyber Pakhtunkhwa Local Government Act 2013, the authority and responsibilities of the District Government have been given as under:

- (1) The authority of district government shall comprise the operation, management and control of offices of the departments which are devolved to it; provided that district government shall exercise such authority in accordance with general policy of Government.
- (2) Every order in district government shall be expressed to be made in the name of the district government and shall be executed by a duly authorized officer.
- (3) The district government shall be responsible to the people and the Government for improvement of governance and delivery of services within the ambit of authority devolved to it.

#### Audit profile of the District Government Buner

(Rs in million)

S.No	Description	Total Nos	Audited	Expenditure audited FY 2020-21	Revenue /Receipts audited FY 2020-21
1	Formations	10	04	1,880.963	Nil

## 2.2 Comments on Budget and Accounts (Variance Analysis)

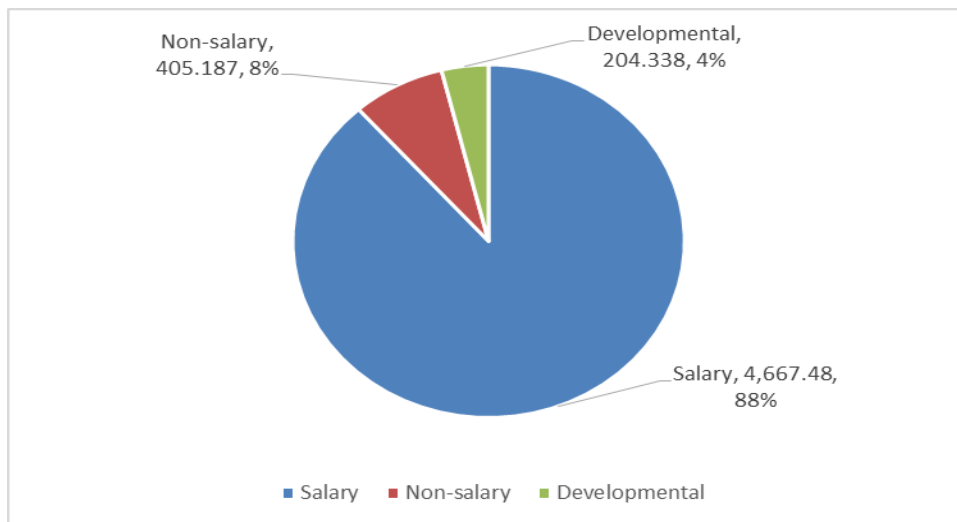
(Rs. in million)

District Government Buner				
2020-21	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	4,647.703	4,667.483	19.78	0.42
Non-salary	456.662	405.187	-51.475	11.27
Developmental	360.415	204.338	-156.077	43.30
<b>Total</b>	<b>5,464.78</b>	<b>5,277.01</b>	<b>-187.77</b>	<b>3.44</b>
<b>Receipts</b>	-	-	-	-

The savings of Rs. 187.77 million indicates inefficiency in the capacity of District Government Departments to utilize the amount allocated.

### EXPENDITURE 2020-21

(Rs. in million)



## 2.3 Classified Summary of Audit Observations

Audit observations amounting to Rs. 31.699 million were raised in this audit report. This amount also includes recoverable of Rs.19.16 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

<b>Sr. No.</b>	<b>Classification</b>	<b>Amount</b>
1	<b>Irregularities</b>	-
A	Procurement related irregularities	6.641
B	Management of Accounts with Commercial Banks	2.476
2	Others including cases of accidents, negligence	22.582
<b>Total</b>		<b>31.699</b>

#### **2.4 Comments on the status of compliance with Zilla Accounts Committee Directives**

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

<b>Sr. No.</b>	<b>Audit Year</b>	<b>ZAC meeting</b>
1.	2002-03	Not Convened
2.	2003-04	Not Convened
3.	2005-06	Not Convened
4.	2006-07	Not Convened
5.	2007-08	Not Convened
6.	2008-09	Not Convened
7.	2009-10	Not Convened
8.	2010-11	Not Convened
9	2011-12	Not Convened
10	2012-13	Not convened
11	2013-14	Not Convened
12	2016-17	Not Convened
13	2017-18	Not Convened
14	2018-19	Not Convened
15	2019-20	Not Convened
16	2020-21	Not Convened

## 2.5 AUDIT PARAS

### 2.5.1 Irregularities

#### A Procurement related irregularities

##### 2.5.1.1 Non-supply of medicine Rs 2.633 million

According to clause 17(a) of the contract agreement, the supply of the ordered goods under this agreement shall be completed by the suppliers within thirty (30) days after the receipt of supply orders from the Purchasing Entity, except in situation/s covered under clause 16 above.

According to clause 17(ii) of the contract agreement, Upon delay in supply from forty-six days up to sixty (46 to 60) days, in instead of three percent (03%) as in clause 17(a)(i) above, a lump sum total penalty amounting to seven percent (07%) of the total amount of the supply order for total number of items ordered in the same supply order issued to the Supplier, shall be levied through deducting the total amount of penalty from the total pre-tax payable billed amount by the Purchasing Entity, irrespective of the number of items supplied late.

Office of the District Health Officer Buner paid Rs 2,632,617 to (03) firms for supply of medicines during FY 2020-21. However, they could not complete the supply till the date of audit i.e. August, 2021. Penalty amounting to Rs 184,283 was also not recovered from the defaulters. Detail given below:

(Amount in Rs)

S.No	Supplier	Cost of Medicine	Supply order date	Delivery date	Penalty 7%
1	Karim Industries Lahore	373,750	08.05.2021	Nil	26,163
2	Bosch Pharma Karachi	817,596	03.06.2021	Nil	57,232
3	Bosch Pharma Karachi	311,912	03.06.2021	Nil	21,834
4	Bosch Pharma Karachi	1,129,359	8.05.2021	Nil	79,055
<b>Total non-supply</b>		<b>2,632,617</b>	<b>Total penalty</b>		<b>184,283</b>

The lapse occurred due to weak internal controls, which caused non-availability of medicines in time when required.

When pointed out in August 2021, management stated that the concerned suppliers issued notices for completion of supply; penalty would be imposed on

defaulters. Progress would be shown to audit. No progress was shown till finalization of this report.

Request for convening DAC meeting was made in August, 2021. However, meeting of DAC was not convened till finalization of this report.

Audit recommends to take up the case with the firms for completing supply and penalty be recovered from the defaulters besides fixing responsibility on the person(s) at fault.

**AIR Para # 01 (2020-21)**

### **2.5.1.2 Irregular purchase of furniture-Rs 4.008 million**

According to Para 06 Chapter 2 of KPPRA Rules 2014, the procuring entity shall use open competitive bidding as the principal method of procurement of goods over the value of Rs 100,000 (rupees one hundred thousands).

According to the judgment made by Peshawar High Court on 20.12.2016, “the department concerned shall take care of the healthy competition between the different entities, supplying material and would not make it practice nor precedent to deprive other competitors in the process of supply of items, in future nor this be precedent for the supply of the items from the same entities even if their record in supply is not healthy in the matter of quality, quantity, price and timely supply of the items”.

According to Directorate of Elementary and Secondary Education Peshawar letter No. 63-113 dated 2-12-2013, furniture should be purchased from open market instead of Pak German Wood Working Center.

Office of the District Education Officer (Male) Buner purchased furniture for Rs 4,008,740 from Wood Working Center, Swat during FY 2020-21 without adopting open tender system as prescribed in KPPRA Rules 2014 and as directed by Peshawar High Court vide above judgment.

The lapse occurred due to weak internal controls, which resulted into irregular purchase of furniture.

When pointed out in August 2021, management stated that purchase of furniture was made from Pak German on direction of E&SE Department Peshawar, however, matter would be referred to E&SE Department Peshawar for clarification and progress would be shown to audit. No documentary proofs in support of reply and progress was shown till finalization of this report

Request for convening DAC meeting was made in August, 2021. However, meeting of DAC was not convened till finalization of this report.

Audit recommends justification in the matter and action against the person(s) at fault.

**AIR Para # 11 (2020-21)**

## **B. Management of Accounts with Commercial Banks**

### **2.5.1.3 Non deposit of Bank profit and stamp duty into Government Treasury –Rs 1.252 million**

Finance Department Khyber Pakhtunkhwa Peshawar letter No. 2/3-(F/L)/FD/2007-08/vol-IX dated 10.02.2014 and subsequent reminder dated 16.3.2018, has allowed sanction of bank accounts in commercial banks for various departments/autonomous/corporation in KP now such accounts may be converted into PLS mode and profit earned may be deposited into government treasury under the relevant head of account not later than a week when declared by the bank.

According to Para 8 and 26 of GFR Vol-I, each administrative Department to see that the dues of the government are correctly and promptly assessed, collected and paid into Government Treasury.

Office of the Deputy Commissioner Buner and his subordinate offices realized bank profit and stamp duty amounting to Rs 1,252,384 but could not deposit into government treasury during FY 2020-21. Detail given below:



(Amount in Rs)

S#	Office	Bank Profit	Stamp Duty	Amount
1	DC Buner	636,620	0	636,620
2	AC Daggar	6,014	447,284	453,298
3	AC Gagra	5,304	120,866,	126,170
4	AC Chagharzai	0	36,349	36,349
<b>Total</b>		<b>647,938</b>	<b>604,499</b>	<b>1,252,437</b>

Non deposit of bank profit and stamp duty into government treasury occurred due to weak internal controls, which resulted in loss to Government.

When pointed out in July 2021, management stated the bank profit and stamp duty would be deposited into government treasury and progress would be shown to audit. No proof of deposit was shown to audit till finalization of this report.

Request for convening DAC meeting was made in August, 2021. However, meeting of DAC was not convened till finalization of this report.

Audit recommends deposit of the amount of bank profit and stamp duty into Government treasury and action against the person(s) at fault.

**AIR Para # 9 & 12(2020-21)**

**2.5.1.4 Unauthorized retention of penalty recovered from defaulters – Rs 1.224 million**

According to Para 28 of GFR Vol-I, 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.

Office of the District Education Officer (Male) Buner retained an amount of Rs 1,223,713 in designated bank account No.4016186082 NBP during FY 2020-21 on account of penalty recovered from the suppliers who were defaulters due to late supply of science equipment. However, the same was not deposited into Government treasury. Detail given below:

**(Amount in Rs)**

<b>S. No</b>	<b>Supplier</b>	<b>Amount of Penalty</b>
1	M/S Danyal Traders Timergara	265,757
2	M/S Frontier Traders Batkhela	78,709
3	M/S Ali Traders Swat	115,031
4	M/S Rahmat Traders Swat	764,216
<b>Total</b>		<b>1,223,713</b>

The lapse occurred due to weak internal controls, which resulted in loss to the Government exchquer.

When pointed out in August 2021, management stated that the same penalty would be deposited into government treasury and progress would be show to audit. No deposit was shown till finalization of this report.

Request for convening DAC meeting was made in August, 2021. However, meeting of DAC was not convened till finalization of this report.

Audit recommends deposit of the amount in government treasury and action against the person(s) at fault.

**AIR Para # 13 (2020-21)**

## 2.5.2 Others including cases of accidents, negligence

### 2.5.2.1 Non collection of Scout and Red Crescent funds –Rs 1.050 million

According to Directorate of Elementary & Secondary Education Khyber Pakhtunkhwa Peshawar Notification No.2616-50/F.No.P-7/Funds/General/DD (F&A) Dated 25.07.2011, all DEO(F) in Khyber Pakhtunkhwa shall collect red crescent fund @Rs2 per student and scout fund @Rs25 per students of middle & high schools and Rs30 per student of higher secondary schools to be deposited in private fund account

Office of the District Education Officer (Male), Buner did not collect an amount of Rs 1,050,311 on account of boys Scout and Red Crescent Funds @ Rs25&Rs30 and @ Rs2 per student respectively from the students of Middle, High and Higher Secondary Schools in the District during the FY 2020-21. Detail given below:

(Amount in Rs)

Category	Enrollment as per EMIS	Rate of Red Crescent fund	Rate of Scout fund	Amount
GMS	5798	2	25	156,546
GHS	19925	2	25	537,975
GHSS	15619	2	30	499,808
<b>Total</b>	41342	<b>Total</b>		<b>1,194,329</b>
Collected fund during FY 2020-21				144,018
<b>Non-Collection of fund</b>				<b>1,050,311</b>

Th lapses occurred due to weak internal controls, which resulted in non collection of funds.

When pointed out in August 2021, management stated that the same fund would be collected from the default schools and progress would be shown to audit. No progress was shown till finalization of this report.

Request for convening DAC meeting was made in August, 2021. However, meeting of DAC was not convened till finalization of this report.

Audit recommends collection of funds besides fixing responsibility for action against the person(s) at fault.

**AIR Para # 24 (2020-21)**

**2.5.2.2 Non deposit of receipts into government treasury - Rs 1.108 million**

According to Para 26 of General Financial Rules Volume 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.

Office of the District Health Officer Buner received Rs 1,107,591 from various health facilities on account of different receipts during FY 2020-21, but the amount was not deposited in government treasury and retained as cash.

The lapse occurred due to weak internal controls, which resulted in loss to government.

When pointed out in August 2021, management stated that the subject amount would be deposited into government treasury and progress would be shown to audit. No deposit of receipts/progress was shown till finalization of this report.

Request for convening DAC meeting was made in August, 2021. However, meeting of DAC was not convened till finalization of this report.

Audit recommends immediate deposit of the amount into government treasury and action against the person(s) at fault.

**AIR Para # 33 (2020-21)**

**2.5.2.3 Overpayment due to allowing compulsory acquisition charges –Rs 4.413 million**

According to section 23(2) of Land Acquisition Act 1894, “in addition to the market value of the land as above provided, the court shall in every case

award a sum of 15% on such market value, in consideration of the compulsory nature of the acquisition”.

According to Section 3(d) of the Act “Court” means a Principal Civil Court of original jurisdiction, unless the Provincial Government has appointed a special judicial officer within any specified local limits to perform the functions of the Court under this Act.

Office of the Deputy Commissioner Buner paid Rs 4,412,970 as 15% compulsory acquisition charges to various landowners during FY 2020-21, for acquisition of land without observing the due legal process and other codal formalities as per following details;

1. Compulsory acquisition charges were allowed without any court order as required under section 23(2) read with section 3(d) of Land Acquisition Act 1894.
2. No written objection, obstruction, refusal or appeal made to the Collector/Court by the owners as required under section 18 (1) & (2) of the Act.

In light of above mentioned points audit holds that the allowing 15% compulsory acquisition charges amounting to Rs 4,412,970 was in violation of Act. Detail given below:

**(Amount in Rs)**

S. #	Project	Cos of land	Compulsory acquisition charges
1	Acquisition of land in r/o upgradation of GGHS Matwani	6,043,296	785,728
2	Acquisition of land for BHU KozShamnalChagharzai	1,817,436	272,615
3	Purchase of land for construction of Police Line Daggar	22,364,180	3,354,627
<b>Totals</b>		<b>30,224,912</b>	<b>4,412,970</b>

The lapse occurred due to weak internal controls, which caused loss to Government exchequer.

When pointed out in July 2021, management stated that 15% compulsory acquisition charges were paid in light of Land Acquisition Act 1894. Repot is submitted for consideration. Reply is not convincing as compulsory acquisition

charges were paid without written objection and court order in violation of above sections of the Act 1894.

Request for convening DAC meeting was made in August, 2021. However, meeting of DAC was not convened till finalization of this report.

Audit recommends recovery of 15% compulsory charges and action against the person(s) at fault.

**AIR Para # 11 (2020-21)**

#### **2.5.2.4 Non-deposit of Arms Licenses receipts – Rs 14.526 million**

As per Agreement deed Para 6.1, monthly licenses receipts must be submitted by M/S M.Comm private limited into treasury on 5<sup>th</sup> date of next month and communication into this effect shall be made to the authorities.

Office of the Deputy Commissioner Buner collected Rs 14,525,720 through M/s M.Comm (A2Z E-Payments) on account of Arms licenses in District Buner during FY 2020-21, but no proof of deposit into treasury was available in the local office.

The lapse occurred due to weak internal controls, which resulted in the unauthentic collection of Arms Licenses fee and non-reconciliation.

When pointed out in July 2021, management stated that A2Z Company will be directed to reconcile the figures with Home Department and submit the report. No reconciliation was made with the Home Department till finalization of this report.

Request for convening DAC meeting was made in August, 2021, however meeting of DAC could not be convened till finalization of this report.

Audit recommends enquiry in the matter, provision of reconciliation to verify the receipts of the Home Department besides action against the person(s) at fault.

**AIR Para # 15 (2020-21)**

### **2.5.2.5 Non-deduction of Income Tax and stamp duty on supply of medicines and other items –Rs 1.485 million**

According to section 153(1)(a) of the Income Tax Ordinance 2001, Income Tax shall be paid @ 4% by a company and 4.5% by other than company on sale of goods on the gross amount.

According to Government of Khyber Pakhtunkhwa Revenue & Estate Department Notification No. 10837-52/AS(S)/3/240-C/III dated 01-06-2010, stamp duty @ 1% should be deducted from the bill on account of all kind of supply made by the contractor.

Office of the District Health Officer, Buner paid Rs 37,437,828 to various suppliers/ firms on account of supply of medicines and other items during the FY 2020-21. However, income tax @4.5% and stamp duty @1% amounting to Rs 1,485,277 was not deducted from the bills of the suppliers/firms. Detail at annexure-1.

Non deduction of income tax and stamp duty occurred due to weak financial controls, which resulted in loss to Government exchequer.

When pointed out in August 2021, management stated that recovery would be made from the concerned suppliers after scrutiny of record. Progress would be shown to audit. No progress was shown till finalization of this report.

Request for convening DAC meeting was made in August, 2021. However, meeting of DAC was not convened till finalization of this report.

Audit recommends recovery of income tax and stamp duty from the concerned suppliers/firms and deposit into government treasury besides action against the person(s) at fault.

**AIR Para # 06 (2020-21)**

## **CHAPTER-3**

### **Tehsil Municipal Administrations District Buner**

#### **3.1 Introduction**

District Buner has four Tehsils i.e. Daggar, Gagra, Khadukhel and Mandanr. The office of a Tehsil Municipal Administration is managed by the Tehsil Municipal Officer. He is assisted by a Tehsil Officer (Finance), a Tehsil Officer (Regulation) and a Tehsil Officer (Infrastructure).

According to section 22 of Local Government Act, 2013 the functions and powers of TMAs are briefly given as under:

- (a) Monitoring and supervising the performance of functionaries of Government offices located in the Tehsil,
- (b) Land management in the Tehsil, provision of municipal services, execution and management of development plans for improvement of municipal services and infrastructure.
- (c) Enforcing municipal laws, rules and bye-laws, Preventing and removing encroachments, regulate affixing of sign-boards and advertisements;
- (d) Financial management of the Tehsil such as, Preparation of budget and annual municipal development programmes, collection of revenue such as taxes, penalties, fines etc. manage municipal properties, assets and funds, and liaise with the district government in all these matters.
- (e) Maintaining a comprehensive data base and information system on services in the Tehsil municipal record and archives and provide public access to it on nominal charges;
- (f) Organizing sports, cultural, recreational events, fairs, cattle fairs and cattle markets;
- (g) Co-ordinate and support municipal functions amongst village and neighborhood councils;
- (h) Regulate markets and services, issue licenses, permits, grant permissions and impose penalties for violation thereof;



### Audit profile of TMAs of the District Buner

(Rs. in million)

Sr No	Description	Total Nos	Audit ed	Expenditure audited FY 2020-21	Revenue /Receipts audited FY 2020-21
1	Authorities/Autonomous Bodies etc under the PAO	4	4	272.899	27.145

### 3.2 Comments on Budget and Accounts (Variance Analysis) TMAs

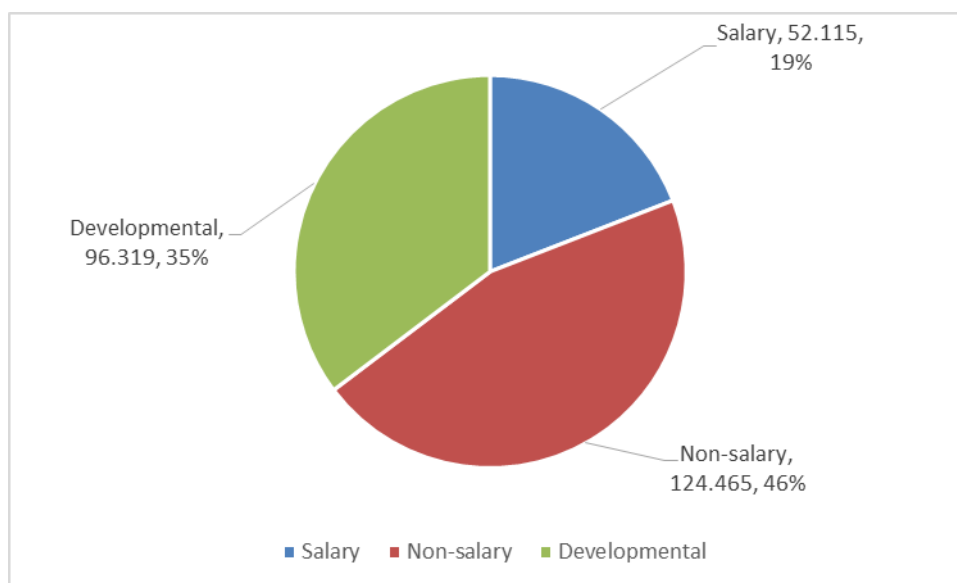
(Rs. in million)

2020-21	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	105.935	52.115	-53.820	-50.804
Non-salary	197.613	124.465	-73.149	-37.016
Developmental	222.055	96.319	-125.736	-56.624
<b>Total</b>	<b>525.603</b>	<b>272.899</b>	<b>-252.704</b>	<b>-48.079</b>
Receipts	<b>27.145</b>	<b>27.145</b>	<b>0</b>	<b>0</b>

The savings of Rs. 252.704 million indicates inefficiency in the capacity of the Tehsil Municipal Administrations to utilize the amount allocated

### EXPENDITURE 2020-21

(Rs in million)



### 3.3 Classified Summary of Audit Observations

Audit observations amounting to Rs.24.923 million were raised in this report. This amount also includes recoverable of Rs. 12.923 million pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	<b>Irregularities</b>	-
A	Procurement related irregularities	8.00
B	Management of accounts with Commercial Banks	8.205
2	Others, including cases of accidents, negligence etc.	8.718
<b>Total</b>		<b>24.923</b>

### 3.4 Comments on the status of compliance with Tehsil Accounts Committee Directives

The audit reports pertaining to following years have been submitted to the Governor of Khyber Pakhtunkhwa. Detail of TAC meetings are given below:

Sr. No.	Audit Year	TAC meeting
1.	2002-03	N/A
2.	2003-04	N/A
3.	2005-06	N/A
4.	2006-07	N/A
5.	2007-08	N/A
6.	2008-09	N/A
7.	2009-10	N/A
8.	2010-11	N/A
9.	2011-12	N/A
10.	2012-13	Not convened
11.	2013-14	Not Convened
12.	2014-15	Not Convened
13.	2015-16	Not Convened
14.	2016-17	Not Convened
15.	2017-18	Not Convened
16.	2018-19	Not Convened
17.	2019-20	Not Convened
18.	2020-21	Not Convened

**3.5 AUDIT PARAS**

**3.5.1 Irregularities**

**A. Procurement related irregularities**

**3.5.1.1 Irregular developmental expenditure without TS -Rs 8.00 million**

According to Para 2.4 of B&R Department Code, no work shall be started without administrative approval, technical sanction.

Office of the Tehsil Municipal Administration Daggar District Buner during FY 2020-21 incurred expenditure of Rs 8,000,000 on accounts of following developmental schemes but Technical Sanctions were not accorded from the competent authority. Details below:

**(Amount in Rs)**

<b>Sr No</b>	<b>Name Of Scheme</b>	<b>Cost</b>
1	PCC Pavement at Surkhaow Nawa kalay	3,000,000
2	Hand Pumps/pressure pumps at UC Malikhel	2,000,000
3	PCC Gogai Rad	3,000,000
<b>Total</b>		<b>8,000,000</b>

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

When pointed out in October 2021, management stated that TS would be obtain and would be shown to audit. However, no progress was shown till finalization of this report.

Request for convening DAC meeting was made in November, 2021. However, meeting of DAC was not convened till finalization of this report.

Audit recommends the regularization of expenditure from competent authority and action againsts the person(s) at fault.

**AIR Para # 02 (2020-21)**

## **B. Management of Accounts with Commercial Banks**

### **3.5.1.2 Non-deposit of profit into Government treasury – Rs 8.205 million**

Finance Department Khyber Pakhtunkhwa Peshawar vide letter No. 2/3-(F/L)/FD/2007-08/vol-IX dated 10.03.2018, has allowed sanction of bank accounts in commercial banks for various departments/autonomous/semi-autonomous /corporation in KP and directed that such accounts may be converted into PLS mode and profit earned may be deposited into government treasury under the relevant head of account not later than a week when declared by the bank

Office of the Tehsil Municipal Administration Daggar, District Buner realized Rs 8,205,172 on account of bank profit for the FY 2020-21. However, profit earned was not deposited into government treasury.

Non- deposit of profit occurred due to weak internal controls, which resulted in loss to Government.

When pointed out in October 2021, management stated that clarification would be obtain from the Provincial Government. However, no progress was shown till finalization of this report.

Request for convening DAC meeting was made in November, 2021. However, meeting of DAC was not convened till finalization of this report.

Audit recommends deposit of profit into Government treasury and action against the person(s) at fault.

**AIR Para # 03 (2020-21)**

### 3.5.2 Others including cases of accidents, negligence

#### 3.5.2.1 Irregular execution of schemes without location coordinates – Rs 4.00 million

According to Government of Khyber Pakhtunkhwa Local Government, Elections and Rural development department letter No.AO(planning)/LCB/2-1/General file/2019 dated 02/05/2019, location coordinates of each scheme must be available in files.

Office of the Tehsil Municipal Administration Gagra, District Buner during FY 2020-21 executed various developmental schemes worth Rs 4,000,000 without obtaining location coordinates. Details given below:

S.No	Name of Scheme	Amount (Rs)
1	P/Pump VC Banda	1,000,000
2	P/Pump Naway Kalay	2,000,000
3	P/Pump Mohala Yousaf	1,000,000
<b>Total</b>		<b>4,000,000</b>

The lapse occurred due to weak internal controls, which resulted into irregular execution and chances of duplication of schemes.

When pointed out in October 2021, management stated that location coordinates would be obtain and would be shown to audit. However, no progress was shown till finalization of this report.

Request for convening DAC meeting was made in November, 2021. However, meeting of DAC was not convened till finalization of this report.

Audit recommends obtaining of location coordinates and action against the person(s) at fault.

**AIR Para # 08 (2020-21)**

**3.5.2.2 Non-recovery of outstanding dues from contractor –Rs 1.557 million**

According to Para 6 of TMA budget rules 2016, ensuring all sums due to the TMA are regularly and promptly assessed, realized and duly credited in the Tehsil Fund.

Office of the Tehsil Municipal Administration Gagra, Buner could not recover outstanding dues against the Contractor of Cattle fair Swari amounting to Rs 1,557,850 during FY 2020-21.

The lapse occurred due to weak internal controls, which resulted in loss to TMA.

When pointed out in October 2021, management stated that notices would be issue to contractor for recovery. However, no progress was shown till finalization of this report.

Request for convening DAC meeting was made in November, 2021. However, meeting of DAC could not be convened till finalization of this report.

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

**AIR Para # 09 (2020-21)**

**3.5.2.3 Non-imposition of penalty for non-completion of works – Rs1.530 million**

According to clause 03 of the standard contract agreement, penalty of 1% per day and up to maximum of 10% of the bid cost may be imposed for delay in completion of work.

Office of the Tehsil Municipal Administration, Gagra Buner could not impose penalty of Rs 1,530,000 during FY 2020-21 on contractors for non-completion of schemes in stipulated period of time. Detail given below:

S. No	Scheme	Est. Cost	Work order Date	Required date of completion	Status/date of completion	10% Penalty (Rs.)
1	P/Pump VC Shalbandai	4,000,000	22.06.2020	22.03.2021	Not yet completed	400,000
2	P/Pump at VC Krapa	2,000,000	22.06.2020	22.03.2021	Not yet completed	200,000
3	Street Pvt Sonigram	4,000,000	22.06.2020	22.03.2021	Not yet completed	400,000
4	P/Pump VC Topi	2,000,000	17.09.2020	17.03.2021	Not yet completed	200,000
5	Drain in Rega	300,000	17.09.2020	17.03.2021	Not yet completed	30,000
6	Const. of Round about Shalbandi	3,000,000	01.01.2021	01.05.2021	Not yet completed	300,000
<b>Total</b>						<b>1,530,000</b>

The lapse occurred due to weak internal controls, which resulted in deprivation of public from the timely benefits of the schemes and loss to Government.

When pointed out in October 2021, management stated that penalty would be imposed if any after scrutiny of record. However, no progress was shown till finalization of this report.

Request for convening DAC meeting was made in November, 2021. However, meeting of DAC could not be convened till finalization of this report.

Audit recommends imposition of penalty and action against the person(s) at fault.

**AIR Para # 12 (2020-21)**

#### **3.5.2.4 Non-recovery of outstanding dues from contractor –Rs 1.631 million**

According to Para 6 of TMA budget rules 2016, ensuring all sums due to the TMA are regularly and promptly assessed, realized and duly credited in the Tehsil Fund.

Office of the Tehsil Municipal Administration Mandanr, District Buner during FY 2020-21 could not recover outstanding dues against the contractor of Cattle fare Nagri amounting to Rs 1,630,800.

Non-recovery of outstanding dues occurred due to weak internal controls, which resulted in loss to TMA.

When pointed out in October 2021, management stated that notices would be issue for recovery and progress will be shown to audit. However, no progress was shown till finalization of this report.

Request for convening DAC meeting was made in November, 2021. However, meeting of DAC was not convened till finalization of this report.

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

**AIR Para # 04 (2020-21)**



## CHAPTER-4

### AD LGE &RDD Buner

#### 4.1 Introduction

Assistant Director Local Government, Election and Rural Development Department in District Buner have 105 VCs/NCs. Each VC/NC has a Secretary. Assistant Director Local Government Election & Rural Development Department is Drawing and Disbursing Officer (DDO) for his office and PAO for VCs/NCs of the District Buner.

According to section 29 of the Khyber Pakhtunkhwa Local Government Act 2013, the authority and responsibilities of the District Government have been given as under:

Functions and Powers of Assistant Director, LGE&RDD includes:

- i. Providing secretarial support to the Council, matters relating to Local Government Commission
- ii. Coordination and supervision of village and neighbourhood councils
- iii. Matters related to local taxes, grants, budget of village and neighbourhood councils
- iv. Coordination of activities relating to local council elections, population census and surveys in the district
- v. Rural Development Works including water supply, rural access roads, embankment and drainage works
- vi. Overseeing registration of births, deaths and marriages in village and neighbourhood councils
- vii. Review, evaluation and assessment of local government system, processes and procedures in the district particularly at the village and neighbourhood level
- viii. Collection, compilation and dissemination of primary data Training and research in the areas of local governance.

**Functions and Powers of the Village Council or Neighborhood Council includes:**

- i. Monitoring and supervision of the performance of functionaries of all government offices located in the area of the respective village council or neighbourhood council, including education, health, public health engineering, agriculture, livestock, police and revenue, and hold them accountable by making inquiries and reports to the Tehsil municipal administration, district government or, as the case may be, the Government for consideration and action;
- ii. Providing effective forum for out of court amicable settlement of disputes and, for this purpose, constitute panels of members as conciliators;
- iii. Registration of births, deaths and marriages;
- iv. Implementation and monitoring of village level development works;
- v. Improving water supply sources, maintain water supply distribution system and take measures to prevent contamination of water;
- vi. Maintenance of village level infrastructure, footpaths, tracks, streets, playgrounds, graveyards, funeral places, eid-gah, parks, public open spaces and community centres.
- vii. Identifying development needs of the area for use by municipal administration and district government in prioritizing development plans;
- viii. Making arrangements for sanitation, cleanliness, disposal of garbage and carcasses, drainage and sewerage system;
- ix. Displaying land transactions in the area for public information;
- x. Mobilizing community for maintaining public ways, public streets, culverts, bridges and public buildings, de-silting of canals and other development activities;
- xi. Organizing cattle fairs and agriculture produce markets;
- xii. Organizing sports teams, cultural and recreational activities;
- xiii. Organizing watch and ward in the area;
- xiv. Promoting plantation of trees, landscaping and beautification of public places;
- xv. Regulating grazing areas, establish cattle ponds and provide protection against stray animals and animal trespass;
- xvi. Considering and approving annual budget presented by the respective Nazim, village council or neighborhood council;

- xvii. Facilitating formation of voluntary organizations for assistance in functions assigned to it;
- xviii. Facilitating the formation of co-operatives for improving economic returns and reduction of poverty;
- xix. Electing an Accounts Committee and review its recommendations on the annual statement of accounts and audit reports; and
- xx. Reporting cases of handicapped, destitute and of extreme poverty to district government.

**Audit profile of LGE&RDD District Buner**

Sr No	Description	Total Nos	Audited	Expenditure audited FY 2020-21 (Rs. in million)	Revenue /Receipts audited FY 2020-21 (Rs. in million)
1	Formations	01	01	93.280	-

**4.2 Comments on Budget and Accounts (Variance Analysis)**

**AD LGE&RDD**

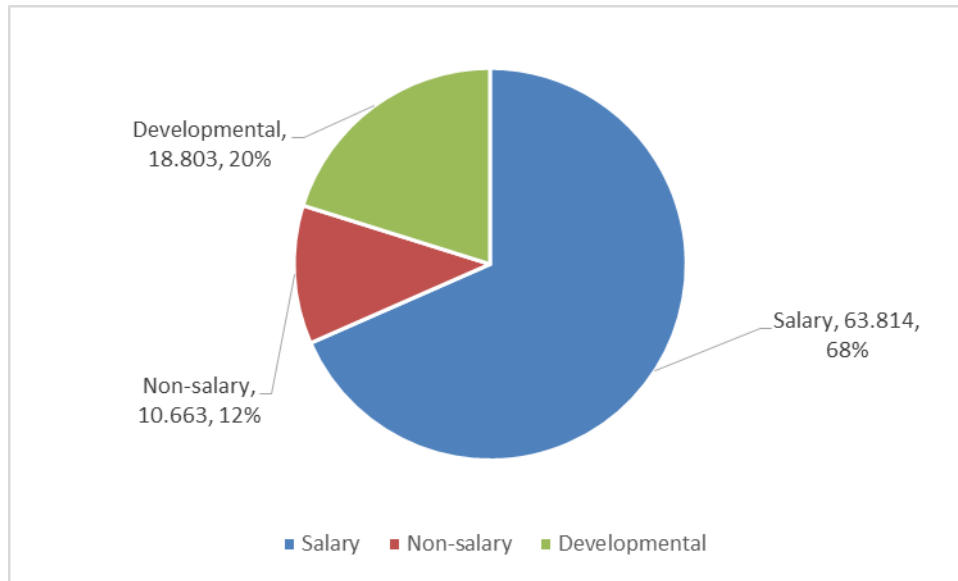
(Rs. in million)

2020-21	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	59.761	63.814	4.053	6.78
Non-salary	11.730	10.663	-1.067	-9.10
Developmental	26.023	18.803	-7.220	-27.74
<b>Total</b>	<b>97.514</b>	<b>93.280</b>	<b>-4.234</b>	<b>-4.34</b>
Receipts				

The savings of Rs. 4.234 million indicates inefficiency in the capacity of the AD LGE&RDD to utilize the amount allocated.

## EXPENDITURE 2020-21

(Rs. in million)



### 4.3 Classified Summary of Audit Observations

Audit observations amounting to Rs. 15.648 million were raised in this audit report. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	<b>Irregularities</b>	-
A	Procurement related irregularities	10.600
2	Others including cases of accidents, negligence	5.048
<b>Total</b>		<b>15.648</b>

### 4.4 Comments on the status of compliance with Village/Neighborhood Accounts Committee Directives

The audit reports pertaining to following years have been submitted to the Governor of Khyber Pakhtunkhwa. Detail of VAC/NAC meetings are given below:

<b>Sr. No.</b>	<b>Audit Year</b>	<b>VAC/NAC meeting</b>
1.	2002-03	N/A
2.	2003-04	N/A
3.	2005-06	N/A
4.	2006-07	N/A
5.	2007-08	N/A
6.	2008-09	N/A
7.	2009-10	N/A
8.	2010-11	N/A
9	2011-12	N/A
10	2012-13	N/A
11	2013-14	Not Convened
12	2014-15	Not Convened
13	2015-16	Not Convened
14	2016-17	Not Convened
15	2017-18	Not Convened
16	2018-19	Not Convened
17	2019-20	Not Convened
18	2020-21	Not Convened

## 4.5 AUDIT PARAS

### 4.5.1 Irregularities

#### A. Procurement related irregularities

##### 4.5.1.1 Irregular expenditure without Technical Sanction –Rs 10.600 million

According to Para 32 of CPWA Code, no work shall be executed without Administrative Approval /Technical Sanction and Budget allotment.

Office of the Assistant Director Local Government Elections & Rural Development Department Buner spent Rs 10,600,532 on the execution of four (04) developmental schemes during FY 2020-21. However, technical sanctions were not obtained from competent authority. Details given below:

S. #	Name of scheme	cost of work (Rs)
1	Installation of Hand Pump/pressure pump	1,113,032
2	Ext. of road Sultanwas Kara	2,487,500
3	PCC road Mahaban Malaka	1,000,000
4	Const. of Janazgah Sonigram	6,000,000
<b>Total</b>		<b>10,600,532</b>

Execution of scheme without T.S occurred due to non-compliance with rules, which resulted in irregular expenditure.

When pointed in October 2021, management stated that reply TS would be obtain from the competent authority and would be shown to audit. However, no progress was shown till finalization of this report.

Request for convening DAC meeting was made in November, 2021. However, meeting of DAC was not convened till finalization of this report.

Audit recommends obtaining T.S from the competent authority and action against the person(s) at fault.

**AIR Para # 15 (2020-21)**

#### 4.5.1 Others including cases of accidents, negligence

##### 4.5.1.2 Irregular execution of schemes without location coordinates – Rs 5.048 million

According to Government of Khyber Pakhtunkhwa Local Government, Elections and Rural development department letter No.AO(planning)/LCB/2-1/General file/2019 dated 02.05.2019, location coordinates of each scheme must be available in files.

Office of the Assistant Director Local Government Elections & Rural Development Department Buner executed the following schemes amounting to Rs 5,048,764 during the FY 2020-21 without location coordinates in violation of the above rules. Details below:

S. #	Name of scheme	cost of work (Rs)
1	PCC road Bampukha	915,354
2	Const. of community center at Malakpur	1,839,290
3	Const. of additional rooms DC office Buner	2,294,120
<b>Total</b>		<b>5,048,764</b>

The lapse occurred due to weak internal controls, which resulted in violation of Government orders and the chances of duplication of schemes.

When pointed in October 2021, management stated that reply location coordinates would be obtain and would be shown to audit. However, no progress was shown till finalization of this report.

Request for convening DAC meeting was made in November, 2021. However, meeting of DAC was not convened till finalization of this report.

Audit recommends obtaining of location coordinates of the schemes and action against the person(s) at fault.

**AIR Para # 16 (2020-21)**

## ANNEXURE

### Annexure-01

#### Detail of MFDAC Paras

(Rs in million)

S. No.	Department	Caption of Para	Amount
1	DC	Un authorized release of supplementary grants without approval & un authentic cation of the competent authority	440.778
2	DC	Un authorized exp in excess of budgetary provision	84.698
3	DC	Non reconciliation of receipts & payment under head revenue deposit	144.184
4	DC	variation in figures of actual receipts under cost centres BD-4173 & BD5073	8.544
5	DC	Loss to govt due to non achievement of receipts to target	20.066
6	DC	Loss to govt due to non deposit of fines, forfeitures and court fee	0.306
7	DC	Overpayment due to non deduction of CA, HRA, adhoc relief allowance 2019	0.464
8	DC	overpayment on a/c of patwar khana & stationery allowance	0.022
9	DC	Non revival of closing balances in designated bank accounts	55.442
10	DC	Non disbursement of land compensation to the owners & non mutation of land in name of aquiring deptt	55.507
11	DC	Loss to govt due to non collection of stamp duty & mutation fee from acquiring deptt	0.778
12	DC	Non execution of developmental schemes & blockage of public money	102.510
13	DC	Loss to govt due to non rcovery of circuit house charges & utility bills	1.420
14	DC	Un authentic closing cash balances of distt A/c-IV	561.853
15	DC	Un authorized allocation of fund out of Distt a/c-IV to non devolved deptts	64.872
16	DC	Un authorized allocation of funds for repair out of developmental funds	4.908
17	DC	Un justified allocation of funds for the schemes of last years out of saving of developmental funds	12.684
18	DC	Misclassification/over statement of distt A/c-IV developmental expenditure	162.689
19	DC	Non recovery of outstanding dues from residents of govt buildings	4.450
20	DC	Loss to govt due to placement of public funds in current bank account	2.542
21	DC	Overpayment due to allowing POL above the ceiling	0.047



22	DC	Loss to govt due to non deduction of stamp duty on procurement of firewook & charcoal	0.080
23	DC	Non maintenance of residential building record & illegal occupation of the distt administration residential builidngs and non recovery of dues	0.000
24	DC	Loss to govt due to non deduction of stamp duty & income tax on supply vehicles	2.744
25	DC	Un authorized purchase of vehicles without obtaining approval	47.760
26	DC	Un authentic expenditure on A/c of POL repair of transport	11.357
27	DC	Non auction of confiscated 174 weapons	0.000
28	DC	Un authorized exp on A/c o honoraria	4.605
29	DC	Un authentic expenditure out relief fund	32.615
30	DC	Non disbursement o financial assistance fund among the legal heirs	0.083
31	DC	Un-authentic exp on A/c of temporary shelters	0.859
32	DC	Failure to conduct departmenta accounts, committee meeting	0.000
33	DC	Non auction of condemn vehicles	0.000
34	DC	Double drawl on A/c of MRC Rs 16000/- and un-authorized payment of MRC without NOC & verification	0.088
35	DHO	Non reporting of clinical efficacy of medicines worth	21.340
36	DHO	Non recovery of penalty for late supply of medicines	0.678
37	DHO	Un authentic purchase of mdicines without obtaining DTL reports & performance guarrantee	4.859
38	DHO	Overpayment due to allowing high rate to supplier	0.062
39	DHO	Non deduction of HRA, conveyance allowance & 5% charges	1.825
40	DHO	Overpayment due to non deduction of conveyance allowance	1.920
41	DHO	un-authorized payment of rural compensatory allowance	0.407
42	DHO	Overpayment due to non deduction, non practicing allowance	0.156
43	DHO	Overpayment on A/c H.P.A	3.480
44	DHO	Overpayment due to non deduction of HPA & conveyance allowance during leave period	0.392
45	DHO	Non recovery of pay & allowance for the absent period reported by IMU	0.630
46	DHO	Un-authorized expenditure on A/c of pay & allowance of detailed staff	41.268
47	DHO	Irregular disbursement of pay & allowances in cash	6.607
48	DHO	Non utilization un-necessary blockage of fund under plant & machinery	2.736
49	DHO	Un-authorized purchase from un-approved firms, without adopting open tender system	1.612

50	DHO	Non-utilization illegal retention of fund provided for emergency medicines	12.845
51	DHO	Blockage & non utilization of fund allocated for immunization	1.880
52	DHO	Un-authorized expenditure on A/c of pay, allowances due to un-authorized appointment of staff	1.349
53	DHO	un-authorized cash payment	1.666
54	DHO	un-authentic expenditure on A/c of POL/repair of transport	2.784
55	DHO	Non disbursement/ non arrangement of payment of enhanced per diem to polio worker	14.042
56	DHO	Un authorized transfer of fund to un-approved bank account & disbursement with out revival	1.509
57	DHO	Non deposit of bank profit into govt treasury	0.098
58	DHO	Non conversion of current bank A/cs into PLS & loss to exchequer	0.000
59	DHO	Non maintenance of residential building register & illegal occupation of residential building & non recovery of rent	0.000
60	DHO	Recovery & A/c of 25 % Dr share in laboratory ultra sound & X ray receipts	0.345
61	DHO	Loss to govt due to non doubtful deposit of receipts	0.228
62	DHO	Lost to govt due to non deposit of receipts by health facilities	0.624
63	DHO	whereabout of Ambulances receipts	0.000
64	DEO (M)	overpayment due non deduction of conveyance allowance	0.480
65	DEO (M)	Overpayment on A/c of conveyance allowance during vacation	1.838
66	DEO (M)	Un authorized payment on DDO	10.680
67	DEO (M)	Un authorized absentee of DM teacher and non termination from service	0.000
68	DEO (M)	Non recovery of pay & allowance	0.064
69	DEO (M)	Non recovery of anbezeled amount of conditionl grant fund	0.590
70	DEO (M)	Un authorized transfer of fund to un-approved bank account & disbursement with out revival	7.503
71	DEO (M)	Non deposit of bank profit into govt treasury	0.173
72	DEO (M)	Excess transfer of funds on a/c of petty repair	0.043
73	DEO (M)	unverified expenditure of ptc fund	10.765
74	DEO (M)	Non conducting inspection of furniture	2.509
75	DEO (M)	Non deposit of un spent public money into govt treasury	0.524
76	DEO (M)	Non demolition and non auction of unserviceable building materials	0.857
77	DEO (M)	Non auctioning of condemn vehicles	0.000
78	DEO (M)	Loss to govt due to non doubtful deposit of receipts	0.301
79	DEO (M)	Non reconciliation of of receipts under head C02814	1.622

80	DEO (M)	Non arrangement of fund for provision of missing facilities into schools	0.000
81	DEO (M)	Non implementation teacher's rationalization policy	0.000
82	DEO (M)	Non recovery of overpayment amounts due to substandard works by ptcs	2.995
83	DEO (M)	Un authorized expenditure out of conditional grant on an approved item	0.670
84	DEO (M)	Irregular exp on A/c of conditional grant fund without observing approved specifications	6.263
85	DEO (M)	Non recovery of loan, out of scout & Red Crescent fund	0.100
86	DEO (M)	Non utilization of ptc fund blockage of public money	7.173
87	DEO (M)	Improper maintenance of cash book for payments	4.374
88	DEO (M)	Un authorized allocations & illegal retention of conditional grant	0.800
89	DEO (M)	Un verified/doubtful payments through DDO	1.200
90	DEO (M)	Un authorized cash payments	1.995
91	DEO (M)	Non production of record	0.000
92	DEO (M)	Un authentic and unverified disbursement books	0.000
93	DEO (F)	Un authorized payment on A/c of Pay & allowance for non sanctioned post	1.066
94	DEO (F)	Overpayment due to non deduction of conveyance allowance	0.180
95	DEO (F)	Loss to govt due to non deposit of room rent into govt treasury	0.058
96	DEO (F)	Irregular expenditure o A/c of pay & allowances due to detailment of staff	0.897
97	DEO (F)	Un authorized cash payment	0.814
98	DEO (F)	Non conversion of current bank A/cs into PLS & loss to exchequer	0.000
99	DEO (F)	Excess transfer of funds on a/c of petty repair	0.083
100	DEO (F)	unverified expenditure of ptc fund	12.935
101	DEO (F)	Irregular purchase of furniture	3.629
102	DEO (F)	Non conducting inspection of furniture worth	3.629
103	DEO (F)	Non disbursement non reconciliation blockage of stipend fund	52.240
104	DEO (F)	Un authentic expenditure on A/c of POL repair of transport	0.376
105	DEO (F)	Un authorized deposit of receipt into provincial Account-I	1.623
106	DEO (F)	Loss to govt due to non doubtful deposit of receipts	0.161
107	DEO (F)	Misappropriation ambezzelment of receipts	0.199
108	DEO (F)	Un authentic auction receipts	0.180
109	DEO (F)	Non utilization of conditional grant for provision of missing facilities in the schools	11.345
110	DEO (F)	Blockage of govt fund for hiring of teachers Rs 5.265 million and variation in budget figures as per FI data and	6.436

		reconciliation	
111	DEO (F)	In effective monitoring & evaluation framework for utilization of ptc fund	0.000
112	DEO (F)	Improper utilization of conditional grant fund due to substandard construction of class rooms	1.600
113	DEO (F)	Un authorized allocation & illegal retention of conditional grant	1.600
114	DEO (F)	Non arrangement of fund for provision of missing facilities into schools	0.000
115	DEO (F)	Non functional school due to pending & PC-IV and non handing taking over of schools	0.000
116	DEO (F)	Non implementation teacher's rationalization policy	0.000
117	DEO (F)	Non recovery of overpaid amount due to substandard works by ptes	7.220
118	DEO (F)	Non maintenance of separate bank account for ptc	0.000
119	DEO (F)	Non provision of external electrification in the office worth	0.406
120	DEO (F)	Non collection of girls guide & Red crescent fund	0.170
121	DEO (F)	Non utilization of ptc fund blockage of public money	9.985
122	DEO (F)	Irregular expenditure without parent teacher's council approval on a/c of conditional grant fund	9.276
123	DEO (F)	Non deposit of bank profit into govt treasury	0.282
124	DEO (F)	Improper maintenance of cash book for payments and non reconciliation of closing cash balance	14.359
125	DEO (F)	Non conversion of current bank A/cs into saving resulting loss to exchequer	0.000
126	DEO (F)	Irregular retention of pc tablets fund	0.315
127	DEO (F)	Un authorized payments on DDO	7.275
128	DEO (F)	Un authorized cash payments	8.604
129	DEO (F)	Non recovery of pay & allowance	0.041
130	TMA Totalai	Irregular retention of developmental funds due to non-utilization	39.183
131	TMA Totalai	Non recovery of outstanding loan	4.000
132	TMA Totalai	Non deposit of into govt treasury	3.369
133	TMA Totalai	Non submission of account of local Govt	54.467
134	TMA Totalai	Un authorized cash withdrawl from bank account	6.276
135	TMA Totalai	Loss due to decrease in TMA own receipts	1.021
136	TMA Totalai	Non deposit of deducted income tax	3.104
137	TMA Totalai	Non imposition of penalty for delay in completion of schemes	1.170

138	TMA Totalai	Non deposit of stamp duty professional tax & DPR	0.407
139	TMA Totalai	Irregular execution of schemes without locating coordinates	4.020
140	TMA Daggar	unauthorized expenditure without material test	1.420
141	TMA Daggar	Irregular execution of schemes without location coordinates	4.600
142	TMA Daggar	Un authentic receipts of 2 % property tax without reconciliation	2.322
143	TMA Daggar	Non deposit of stamp duty professional tax & DPR fund	1.035
144	TMA Daggar	Non execution of developmental schemes	7.600
145	TMA Daggar	Un authorized payment for non schedule items with out rate analysis	0.730
146	TMA Daggar	Non imposition of penalty for non completion works	0.648
147	TMA Daggar	Irregular execution of developmental schemes without mutation of land	4.600
148	TMA Daggar	Loss to TMA due to non recovery of amount fee from petrol pumps	0.400
149	TMA Daggar	Non submission of account of local Govt	80.453
150	TMA Daggar	Non recovery of outstanding due from contractors	0.941
151	TMA Daggar	Non recovery of hous building advance	0.420
152	TMA Mandanr	Non submission of a/c of local govt	81.950
153	TMA Mandanr	Un authorized opening of bank a/cs without approval	0.000
154	TMA Mandanr	Loss to TMA due to non recovery of annual fee from petrol pumps	0.350
155	TMA Mandanr	Irregular expenditure without material test	1.389
156	TMA Mandanr	Irregular developmental expenditure without TS	2.000
157	TMA Mandanr	Non deposit of profit into govt treasury	4.628
158	TMA Mandanr	Irregular execution of schemes without location coordinates	3.360
159	TMA Mandanr	Un authentic receipts of 2 % property tax without reconciliation	1.937
160	TMA Mandanr	Non deposit of stamp duty professional tax & DPR fund	0.106
161	TMA	Non execution of developmental schemes	0.770

	Mandanr		
162	TMA Mandanr	Un authorized payment for non schedule items with out rate analysis	0.663
163	TMA Gagra	Loss to TMA due to non recovery of annual fee from petrol pumps	0.425
164	TMA Gagra	Non execution of developmental schemes	7.000
165	TMA Gagra	unauthorized expenditure without material test	2.874
166	TMA Gagra	Irregular developmental expenditure without TS	10.260
167	TMA Gagra	Non deposit of profit into govt treasury	4.647
168	TMA Gagra	Non submission of a/c of local govt	255.346
169	TMA Gagra	Non deposit of 3 % RTA share	0.284
170	TMA Gagra	Un authentic receipts of 2 % property tax without reconciliation	3.850
171	TMA Gagra	Non deposit of stamp duty / DPR fund	1.063
172	TMA Gagra	Non imposition of penalty for non completion works	1.530
173	AD LGE &RDD	Non deduction of disable persons rehabilitation fund	0.228
174	AD LGE &RDD	Non deposit of stamp duty	0.143
175	AD LGE &RDD	Irregular retention of funds in designated bank account	39.723
176	AD LGE &RDD	Irregular purchase of vehicle	3.705
177	AD LGE &RDD	Loss to Govt due to non deduction of income tax	0.050
178	AD LGE &RDD	Loss to govt due to non cnversion of current accounts in to PLS	0.000
179	AD LGE &RDD	Un authorized developmental expenditure without material tests	5.160
180	AD LGE &RDD	Blockage of govt funds	19.209
181	AD LGE &RDD	Non submission of accounts of local Govt	4.777
182	AD LGE &RDD	Non imposition of penalty due to non completion of works	0.144
183	AD LGE &RDD	Non deposit of profit into govt treasury	0.602
184	AD LGE &RDD	Non conversion of current into saving bank by village councils	0.000

185	AD LGE &RDD	Non execution of developmental schemes	1.200
186	AD LGE &RDD	Irregular expenditure without proper agreements worth	5.260
187	AD LGE &RDD	Unauthorized payment for non scheduled items without rate analysis	0.306
188	AD LGE &RDD	Unauthorized execution of WSS without approval of PHE Department	2.539
189	AD LGE &RDD	Unauthorized payments on DDO	1.403
190	Do Social welfare	Irregular expenditure on account of procurement of various items without open tender system	0.148
191	Do Social welfare	Un-authorized cash withdrawl from bank account	0.102
192	Do Social welfare	Irregular expenditure on rent of Office building	0.226
193	Do Social welfare	Non auction of condemn vehicles	0.000