



**AUDIT REPORT
ON
THE ACCOUNTS OF
TEHSIL MUNICIPAL ADMINISTRATION
CHARSADDA**

AUDIT YEAR 2013-14

AUDITOR GENERAL OF PAKISTAN

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	i
PREFACE.....	ii
EXECUTIVE SUMMARY.....	iii
SUMMARY TABLES & CHARTS.....	vii
I: <i>Audit Work Statistics</i>	vii
II: <i>Audit Observation classified by Categories</i>	vii
III: <i>Outcome Statistics</i>	viii
IV: <i>Table of Irregularities pointed out</i>	ix
V: <i>Cost-Benefit</i>	ix
CHAPTER-1	1
1.1 Tehsil Municipal Administration Charsadda	1
1.1.1 <i>Introduction</i>	1
1.1.2 <i>Comments on Budget and Expenditures (Variance Analysis)</i>	1
1.1.3 <i>Brief comments on the status of compliance with ZAC / PAC Directives</i>	2
1.2 AUDIT PARAS	3
1.2.1 <i>Irregularity & Non Compliance</i>	3
1.2.2 <i>Internal Control Weakness</i>	10
Annex-1 Detail of MFDAC Paras.....	14
Annex-2 Audit Impact Summary.....	15
Annex-3 Detail of non depositing of income tax.....	16
Annex-4 Detail of non realization of arrears from the contractors	17
Annex-5 Detail of Irregular and unauthorized payment on account of POL	18
Annex-6 Detail of non imposition of penalty due to non-completion of schemes	19
Annex-7 Detail of doubtful expenditure on account of developmental work	24

ABBREVIATIONS AND ACRONYMS

AP	Advance Para
CSR	Composite Schedule of Rate
DAC	Departmental Accounts Committee
DG	Director General
ETO	Excise and Taxation Officer
GFR	General Financial Rules
LG and RDD	Local Government and Rural Development Department
M ³	Cubic Meter
NAM	New Accounting Model
PAO	Principal Accounting Officer
PAC	Public Accounts Committee
PC-I	Planning Commission Performa I
PUGF	Provincial Unified Group of Functionaries
RDA	Regional Directorate of Audit
S/S	Supply and Spreading
TMA	Tehsil Municipal Administration
TS	Technical Sanction
UAs	Union Administrations
UCs	Union Councils
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 and Conditions of Service) Ordinance, 2001 and 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 Local Fund and Public Account of Town Municipal Administration.

The report is based on audit of the accounts of Tehsil Municipal Administration Charsadda for the Financial Year 2012-13. The Director General of Audit, District Governments, Khyber Pakhtunkhwa Peshawar conducted audit on test check basis during 2013-14 with a view to reporting significant findings to the 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 response of the Department. DAC meeting could not be convened despite repeated requests.

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

Islamabad
Dated:

(Muhammad Akhtar Buland Rana)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General of Audit, District Governments, Khyber Pakhtunkhwa, Peshawar, is responsible to conduct the audit of all District Governments in Khyber Pakhtunkhwa, Tehsil/Town Municipal Administrations (TMAs) and Union Administrations (UAs). Its Regional Directorate of Audit Peshawar has audit jurisdiction of District Governments, TMAs and UAs of three Districts i.e. Peshawar, Nowshera and Charsadda.

The Regional Directorate has a human resource of 12 officers and staff, constituting 3636 man days and a budget of about Rs 12.060 million was allocated during 2013-14. It has the mandate to conduct financial attest audit, audit of sanctions, audit of compliance with authority and audit of receipts as well as the performance audit of entities, projects and programs. Accordingly Regional Director Audit Peshawar carried out audit of the accounts of TMA Nowshera for the Financial Year 2012-13 and the findings included in the Audit Report.

Tehsil Municipal Administration Nowshera 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 three groups of offices i.e. Tehsil Office Finance, Tehsil Office Infrastructure and Services and Tehsil Office Regulation. Financial provisions of the Ordinance describe the Government as Tehsil Local Fund and Public Account for which Annual Budget Statement is authorized by the Tehsil Nazim / Tehsil Council / Administrator in the form of budgetary grants.

Tehsil Municipal Administration Nowshera comprises Tehsil Nazim, Niab Tehsil Nazim and Tehsil Municipal Officer/Administrator.

a. Scope of audit

Out of total expenditure of the TMA Charsadda, for the Financial Year 2012-13, the auditable expenditure under the jurisdiction of RDA was Rs 109.172 million. Out of this, RDA Peshawar audited an expenditure of Rs 65.503 million which, in terms of percentage, is 60% of auditable expenditure.

The receipts of TMA Charsadda for the Financial Year 2012-13, were Rs 39.017 million. Out of this, RDA Peshawar audited receipts of Rs 39.017 million which, in terms of percentage, was 100% of auditable receipt.

b. Recoveries at the instance of audit

Recovery of Rs 36.889 was pointed out during the audit. However, no recovery was affected till the finalization of this report. Out of the total recoveries, Rs 11.832 million was not in the notice of the executive before audit.

c. Audit Methodology

Audit was conducted after understanding the business processes of TMAs with respect to its functions, control structure, prioritization of risk areas by determining their significance and identification of key controls. This helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field audit activity. Audit used desk audit techniques for analysis of compiled data and review of permanent files/record. Desk Audit greatly facilitated identification of high-risk areas for substantive testing in the field.

d. Audit Impact

On pointation of audit, the management of the Tehsil Municipal Administration Chrsadda 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 the department agreed.

e. Comments on Internal Control and Internal Audit department

The purpose of internal control system is to ensure effective operation of an organization. It consists of measures employed by the management to achieve objectives, safeguard assets, ensure accuracy, timeliness and reliability of financial and accounting information for decision making.

One of the basic component of Internal Control System, as envisaged under Para 13 of GFR Volume-I, is Internal Audit which was not prevalent in TMA Charsadda. Neither rules for internal audit have been framed nor internal audit report as required was provided to audit.

f. Key audit findings of the report;

- i. Irregularity & Non Compliance were noticed in nine cases amounting to Rs 37.158 million.¹
- ii. Internal control weaknesses were noticed in two cases amounting to Rs 8.759 million.²

Audit paras for the audit year 2013-14 involving procedural violations including internal control weaknesses and irregularities not considered worth reporting to the PAC were included in Annex-1 (MFDAC).

¹ Para 1.2.1.1, 1.2.1.2,1.2.1.3, 1.2.1.4,1.2.1.5, 1.2.1.6, 1.2.1.7, 1.2.1.8 and 1.2.1.9

² Para 1.2.2.1, 1.2.2.2, 1.2.2.3, 1.2.2.4, 1.2.2.5 and 1.2.2.6

g. Recommendations

- i. Disciplinary action needs to be taken for non production of record as well as violation of the rules and regulations in spending the public money.
- ii. Concerted efforts need to be made to recover long outstanding dues.
- iii. All sectors of TMA/District Council need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc to ensure that reported lapses are preempted and fair value for money is obtained from public spending.
- iv. Deduction of taxes on supplies and contracts need to be ensured.
- v. Inquiries need to be held to fix responsibility for losses, irregular payments and wasteful expenditure.

SUMMARY TABLES AND CHARTS

Table 1: Audit Work Statistics

(Rs in million)

Sr. No	Description	No.	Budget
1	Total Entities (PAO) in Audit Jurisdiction	01	148.189
2	Total formations in audit jurisdiction	01	148.189
3	Total Entities (PAO) Audited	01	148.189
4	Total formations Audited	01	104.520
5	Audit and Inspection Reports	01	104.520
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

Table 2: Audit Observations classified by Categories

(Rs in million)

S. No	Description	Amount Placed under Audit Observation
1	Unsound asset management	0
2	Weak financial management	34.223
3	Weak Internal controls relating to financial management	8.759
4	Others	2.935
	Total	45.917

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

S #	Description	Expenditure on Acquiring Physical Assets Procurement	Civil Works	Receipts	Others	Total for the year 2012-13	Total for the year 2011-12
1	Outlays Audited	-	27.662	39.017	37.841	104.520	48.442
2	Amount Placed under Audit Observation/ Irregularities of Audit	-	9.314	33.483	3.120	45.917	-
3	Recoveries Pointed Out at the instance of Audit	-	5.102	33.483	-	38.585	-
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	1.976	-
5	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

Table 4: Table of Irregularities pointed out

		(Rs in million)
S. No	Description	Amount Placed under Audit Observation
1.	Violation of Rules and regulations, principle of propriety and probity in public operation	34.491
2.	Report cases of fraud, embezzlement, thefts and misuse of public resources.	-
3.	Accounting Errors (accounting policy departure from NAM misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4.	Quantification of weaknesses of internal control systems.	9.450
5.	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies.	1.976
6	Non production of record	-
7.	Others, including cases of accidents, negligence etc.	-
Total		45.917

Table 5: Cost-Benefit

		(Rs in million)
S. No	Description	Amount
1.	Outlays Audited (Items 1 of Table 3)	104.520
2.	Expenditure on Audit	0.518
3.	Recoveries realized at the instance of Audit	0
	Cost-Benefit Ratio	1:0

CHAPTER-1

1.1 Tehsil Municipal Administration Charsadda

1.1.1 Introduction

Tehsil Charsadda is one of the 03 Tehsils of District Charsadda. Tehsil Municipal Administration Charsadda consists of Tehsil Nazim, Tehsil Naib Nazim and Tehsil Municipal Officer/Administrator. TMA Charsadda comprises two Drawing and Disbursing Officers i.e. Tehsil Municipal Administrator and Tehsil Officer Finance. According to 1998 population census, the population of Tehsil Charsadda is 767,903.

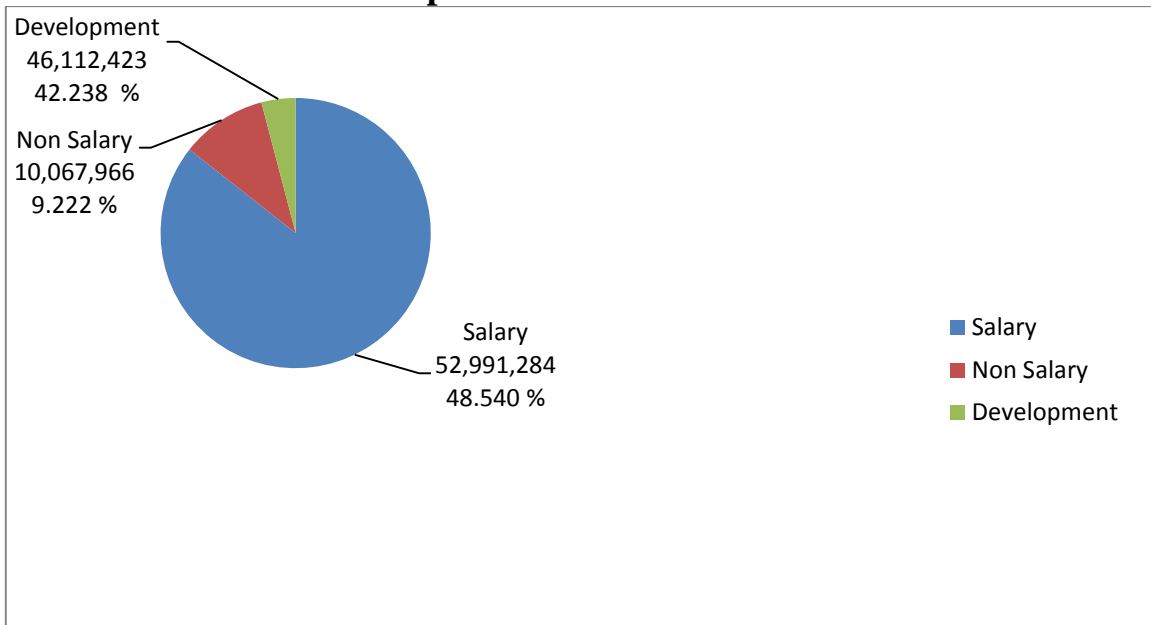
1.1.2 Comments on Budget and Expenditures (Variance Analysis)

(Amount in Rupees)

Particular of Budget	Total Allocation	Total Expenditure	Savings/ Excess	% of Savings/Excess
Salary	98,710,045	52,991,284	45,718,761	83.77
Non Salary	11,736,532	10,067,966	1,668,566	3.06
Developmental	53,300,000	46,112,423	7,187,577	13.17
Total	163,746,577	109,171,673	54,574,904	100

A budget of Rs 163.747 million was allocated, against which an expenditure of Rs109.172 million was incurred by Tehsil Municipal Administrator, Charsadda with a saving of Rs 54.575 million during 2012-13

Expenditure 2012-13



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

The audit reports pertaining to Financial Year 2012-13 have not yet been discussed in PAC/ZAC.

1.2 AUDIT PARAS

1.2.1 Irregularity & Non Compliance

1.2.1.1 Non recovery of water charges –Rs 27.356 million

According to Para-54 (m) of Local Government Ordinance, 2001 “functions and powers of the Tehsil Municipal Administration shall be to collect approved taxes, cess, user fees, rates, rents, tolls, charges, fines and penalties”.

Town Municipal Officer Charsadda did not recover water user charges amounting to Rs 27,356,404 outstanding against 18468 consumers during 2012-13 and till the date of audit. Detail is as under:

S. No.	Co-unit	No of Users	Rate	Months	Amount required to be recovered	Actual Recovery	Outstanding amount
1	Charsadda	9485	150	12	17,072,932	831,902	16,241,030
2	Utmanzai	8983	150	12	16,168,765	5,053,391	11,115,374
Total		18468			33,241,697	5,885,293	27,356,404

Audit observed that water rate was not recovered from defaulters indicated weak financial management which resulted in loss to Government.

When pointed out in February 2014, the management replied that detailed reply would be submitted after consulting the record. However, the reply was not received till finalization of the report in November 2014.

Request for convening the DAC meeting was made on 04.02.2014. DAC meeting was not convened till finalization of this Report.

Audit recommends recovery of water charges and disconnection of water supply connections to defaulter water users besides action against the person(s) at fault.

AP No. 73 (2012-13)

1.2.1.2 Non depositing of income tax-Rs 1.265 million

According to Regional Tax Office Peshawar Letter No: 22 Dated: 22-08-2009, TMA is required to ensure recovery of the tax at the time of sale of property and goods through public auction @ 5% and deposit it into Government treasury.

Town Municipal Officer Charsadda awarded various contracts to contractors during 2011-12 and 2012-13. Income tax amounting to Rs 1,265,411 @ 5% was recovered from the contractors but not deposited into Government Treasury. Detail is given at Annexure-3.

Audit observed that non-depositing of income tax into Government Treasury indicated weak financial management which resulted in loss to Government.

When pointed out in February 2014, the management replied that detailed reply would be submitted after scrutiny of record. However, the reply was not received till finalization of the report in November 2014.

Request for convening the DAC meeting was made on 04.02.2014. DAC meeting was not convened till finalization of this Report.

Audit recommends depositing Government taxes into Government treasury and action against the person(s) at fault.

AP No.74 (2012-13)

1.2.1.3 Non depositing of Government dues into treasury-Rs 2.049 million

According to Para 28 of GFR Volume-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.

Tehsil Municipal Officer Charsadda did not deposit various Government dues of Rs 2,049,150 into Government Treasury during the year 2012-13 as per detail given below:-

Sr. No.	Description	Amount (Rs)
1	Stamp duty	207,450
2	Rent of shops	907,000
3	Self Help	575,200
4	Contingent Charges	359,500
	Total	2,049,150

Audit observed that non recovery and deposit of rent of shops, stamp duty, self help and contingent charges into Government Treasury indicated weak financial management which resulted in loss to Government.

When pointed out in February 2014, the management replied that detailed reply would be submitted after scrutiny of record. However, the reply was not received till finalization of the report in November 2014.

Request for convening the DAC meeting was made on 04.02.2014. DAC meeting was not convened till finalization of this Report.

Audit recommends recoveries from the defaulters and depositing into Government Treasury with intimation to audit

APs No.75, 81, 82 (2012-13)

**1.2.1.4 Non recovery of license fee from CNG and petrol pump stations-
Rs 1.620 million**

According to Government of Khyber Pakhtunkhwa Notification No.AO II/LCB/2-15/2008 dated 07-04-2008, license fee @15,000 per year is levied on the owners of CNG and petrol pumps station in Tehsil Charsadda.

Tehsil Municipal Officer Charsadda did not recover license fee amounting to Rs 1,620,000 from CNG and petrol pump stations during 2012-13 as per detail given below:-

Description	Total No.	Rate Per Annum (Rs)	Recoverable (2011-12) (Rs)	Recoverable (2012-13) (Rs)	Total Recoverable (Rs)
CNG Stations	27	15,000	405,000	405,000	810,000
Petrol pumps	27	15,000	405,000	405,000	810,000
Total	54	15,000	810,000	810,000	1,620,000

Audit observed that non recovery of license fees from CNG and petrol pump stations indicated non-compliance of Government Rules.

When pointed out in February 2014, management replied that detailed reply would be submitted after scrutiny of record. However, the reply was not received till finalization of the report in November 2014.

Request for convening the DAC meeting was made on 04.02.2014. DAC meeting was not convened till finalization of this Report

Audit recommends recovery of licenses fee from defaulters and action against the person(s) at fault.

AP No.76 (2012-13)

1.2.1.5 Less recovery from the contractor of Suzuki Stand Charsadda urban-Rs 0.624 million

According to Clause (i) of Model Terms and Conditions circulated by Local Council Board KPK, Peshawar vide No. AO-II/LCB/6-11/2012 dated 06-04-2012, the Local Council shall fix different dated in one advertisement for auctioning the contract of local taxes. If no reasonable bid is offered then another advertisement be got published in the renowned and widely circulated newspapers through Information Department at least seven clear working days before the date fixed for auction of the contract. The same practice shall continue till 15% or more reasonable bid is achieved.

Tehsil Municipal Officer Charsadda awarded the contract of Suzuki stand Charsadda (U) to a contractor for Rs 2,550,000 during 2012-13, which was awarded for Rs 2,760,000 during 2011-12. Audit observed that the contract awarded during 2012-13 was required to be higher up to 15% from the previous year as per criteria quoted above. Awarding contract by non compliance of term and conditions put the local office into loss of Rs 624,000. Detail is given below.

Year	Suzuki stand Charsadda	15% Above	Total (Rs)
2011-12	1,380,000 x 2=2,760,000	2,76,000 x 15% = 414,000 + 2,760,000	3,174,000
2012-13			2,550,000
	Difference		624,000

Audit observed that less recovery from the contractor of Suzuki Stand indicated non-observance of contract agreement.

When pointed out in February 2014, the management replied that detail reply would be submitted after scrutiny of record. However, the reply was not received till finalization of the report in November 2014.

Request for convening the DAC meeting was made on 04.02.2014. DAC meeting was not convened till finalization of this Report.

Audit recommends inquiry besides fixing responsibilities on person(s) at fault.

AP No.79 (2012-13)

1.2.1.6 Doubtful unforeseen expenditure -Rs 1.976 million

According to Para 9 of GFR Vol-I, as a general rule no authority may incur any expenditure until the expenditure has been sanctioned by an authority to which power has been duly delegated in this behalf and the expenditure has been provided in the authorized grants and appropriations for the year.

Town Municipal Officer Charsadda paid Rs 1,976,144 during 2012-13 and recorded as unforeseen expenditure in Income and Expenditure statement for June, 2013. No detail record of the expenditure was produced till finalization of this report.

Audit observed that unauthorized expenditure was incurred which indicated weak financial management.

When pointed out in February 2014, the management replied that detailed reply would be given after scrutiny of record. However, the reply was not received till finalization of the report in November 2014.

Request for convening the DAC meeting was made on 04.02.2014. DAC meeting was not convened till finalization of this Report.

Audit recommends inquiry besides fixing responsibility on person(s) at fault.

AP No. 89 (2012-13)

1.2.1.7 Excess payment to contractor-Rs 2.268 million

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

Town Municipal Officer Charsadda overpaid Rs 2,267,841 to contractor in scheme “ sanitation scheme in District Charsadda” through 4th running bill vide cheque No.A-077298 dated 06.01.2001. The contractor executed work amounting to Rs 22,588,823 whereas payment was made for Rs 25,328,423, which resulted excess payment of Rs 2,267,841 as per detailed below:-

Total amount of bill paid (Rs)	Actual amount of bill (Rs)	Amount paid in excess (Rs)	Less: 17.22% below of Rs 2,739,600 (Rs)	Recoverable amount (Rs)
25,328,423	22,588,823	2,739,600	471,759	2,267,841

Audit observed that overpayment to the contractor indicated weak financial management.

When pointed out in February 2014, the management replied that detailed reply would be given after scrutiny of record. However, the reply was not received till finalization of the report in November 2014.

Request for convening the DAC meeting was made on 04.02.2014. DAC meeting was not convened till finalization of this Report.

Audit recommends recovery of overpaid amount besides action against the responsible person(s).

AP No.90 (2012-13)

1.2.2 Internal Control Weakness

1.2.2.1 Non realization of arrears from the contractors-Rs 1.711 million

According to Para 28 of GFR Volume-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.

Tehsil Municipal Officer Charsadda did not recover an amount of Rs 1,711,493 from various contractors during 2012-13. Detail is given in Annex-4.

Audit observed that non recover of Government dues indicated weak internal controls.

When pointed out in February 2014, the management replied that detailed reply would be submitted after scrutiny of record. However, the reply was not received till finalization of the report in November 2014.

Request for convening the DAC meeting was made on 04.02.2014. DAC meeting was not convened till finalization of this Report.

Audit recommends recovery of Government dues from defaulters and action against the person(s) at fault.

AP No.77 (2012-13)

1.2.2.2 Unauthorized payment on account of POL-Rs 0.115 million

According to Local Govt. Department Khyber Pakhtunkhwa Peshawar letter No. AO-III/LG/LCB/2-6/2006 dated 12.10.2006; POL limit per month for TMAs (in liters) is as under:

S#	Category	Nazim	TMO	TO(I)/TO(R)
1	A	300 Liters	250 Liters	200 Liters
2	B	250 Liters	200 Liters	150 Liters
3	C	200 Liters	150 Liters	100 Liters

Town Municipal Officer Charsadda paid Rs 115,223 to Tehsil Officer Infrastructure on account of POL for vehicle No. A1141 in excess of the ceiling provided as per above-mentioned letter during 2012-13. Detail is given in Annex-5. Moreover, logbook of the above vehicle was also not produced for verification.

Audit observed that irregular payment indicated weak internal controls.

When pointed out in February 2014, the management replied that detailed reply would be submitted after scrutiny of record. However, the reply was not received till finalization of the report in November 2014.

Request for convening the DAC meeting was made on 04.02.2014. DAC meeting was not convened till finalization of this Report.

Audit recommends immediate recovery of Rs 115,223 from the person(s) at fault with intimation to audit.

AP No.84 (2012-13)

**1.2.2.3 Irregular expenditure on account of purchase of charcoal-
Rs 0.821million**

According to Local Govt. Department Khyber Pakhtunkhwa Peshawar letter No. AO/LCB/1-20/05 dated 23rd May, 2005, use of charcoal is permissible in the Government Offices where the Sui Gas facility is not available/ provided.

Town Municipal Officer Charsadda paid Rs 820,886 in cash to the employees on account of charcoal during 2012.13. The payment was irregular as charcoal was not purchased as the Sui Gas facility was available in the office

Audit observed that irregular payment indicated weak internal controls.

When pointed out in February 2014, the management replied that detailed reply would be submitted after scrutiny of record. However, the reply was not received till finalization of the report in November 2014.

Request for convening the DAC meeting was made on 04.02.2014. DAC meeting was not convened till finalization of this Report.

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

AP No.85 (2012-13)

1.2.2.4 Loss to Government due to non imposition of penalty-Rs 2.834 million

According to Clause 2 of the contract agreement, in case of non-completion of work within stipulated period of time, penalty @ 1 % per day subject to maximum of 10% of the estimated cost of the work shall be recovered from the contractor. Further according to clause-IX {B} of Item No.5 of Guidelines issued by Local Govt. Department Khyber Pakhtunkhwa Peshawar for Project Committees, a project leader/committee should follow all the rules and regulations issued for the Government contractors.

Town Municipal Officer Charsadda awarded various sanitation schemes to project committees during 2012-13, which were neither completed within stipulated period of time nor the project leader applied for extension of time limit and management did not impose penalty amounting to Rs 2,833,700. Detail is given in Annex-6.

Audit observed that non-imposition of penalty indicated weak internal controls which resulted in loss to Government.

When pointed out in February 2014, the management replied that detailed reply would be submitted after scrutiny of record. However, the reply was not received till finalization of the report in November 2014.

Request for convening the DAC meeting was made on 04.02.2014. DAC meeting was not convened till finalization of this Report.

Audit recommends recovery of Rs 2,833,700 from the defaulters with intimation to audit.

AP No.87 (2012-13)

1.2.2.5 Doubtful expenditure on account of developmental work-Rs 3.278 million

According to CSR-2012, rate of PCC (1:3:6) in foundation and plinth and PCC in foundation and plinth (Ratio 1:4:8) is Rs 4,049.61/M³ and Rs 3,327.97/M³, respectively.

Tehsil Municipal Officer Charsadda overpaid Rs 3.278 million to various Project Leaders in developmental schemes due to allowing higher rates on CSR-2012 during 2012-13. PCC 1:3:6 in foundation was paid for Rs 5,117.11/M³ instead of Rs 4,049.61/M³ and PCC 1:4:8/M³ in foundation for Rs 4,443.67/M³ instead of Rs 3,327.97/M³. Detail is given in Annex-7.

Audit observed that payment of higher rates than admissible rates indicated weak internal control which resulted in loss to Government.

When pointed out in February 2014, the management replied that detailed reply would be submitted after scrutiny of record. However, the reply was not received till finalization of the report in November 2014.

Request for the convening of DAC meeting was made on 04.02.2014. DAC meeting was not convened till finalization of this Report.

Audit recommends recovery of overpaid amount from concerned and action against the person(s) at fault.

AP No.88 (2012-13)

ANNEXURES

Annex-1

Detail of MFDAC Paras

(Rs in million)

Sr. No.	AP No.	Caption	Amount
1	78	Non deduction of Disable Person Rehabilitation fund.	0.080
2	80	Loss to Government due to less recovery of map fee	0.457
3	83	Irregular appointment during ban period and Un-authorized payment of salary	0.691
4	86	Irregular and un-authorized expenditure on account of developmental schemes	45.947

Audit Impact Summary

S.No	Rules/System/Procedure	Audit Impact
1	According to GFR, physical verification of store/assets should be carried out once in a year.	Increase probability for safeguarding the Government assets and stock
2	According to Financial and Treasury rules all dues of the government should be correctly and promptly assessed, collected and paid into Government Treasury.	Increase in revenue collection on account of Government dues
3	According to GFR, receipts and expenditure should be reconciled.	To ensure that the departmental accounts are sufficiently accurate to render possible and efficient Departmental control of expenditure and receipts.

Annex-3

1.2.1.2- None depositing of income tax

S#	Contract Name	Income tax @ 5% (Rs)		Total (Rs)
		2011-12	2012-13	
1	Bus Stand Charsadda	501,320	0	501,320
2	Property Tax (R) Charsadda	58,500	0	58,500
3	Suzuki Stand Charsadda	69,000	127,500	196,500
4	Cattle Fare Charsadda	56,791	0	56,791
5	Bus Stand Utmanzai	61,500	0	61,500
6	Rikshaw Stand Charsadda	67,500	0	67,500
7	Property Tax (U) Charsadda	59,000	0	59,000
8	Map Fee	75,000	0	75,000
9	Juma Bazar	13,400	0	13,400
10	Publicity/ Sign Board	44,700	0	44,700
11	Tehbazari Charsadda	47,700	0	47,700
12	Cattle Fare Nisatta	37,500	0	37,500
13	Cattle Fare Utmanzai	46,000	0	46,000
Total		1,137,911	127,500	1,265,411

Annex-4**1.2.2.1-Non realization of arrears from the contractors**

S#	Contract Name	Non Recovery (Rs)		Total (Rs)
		2011-12	2012-13	
1	Bus Stand Charsadda	746,396	0	746,396
2	Juma Bazar	12,232	0	12,232
3	Suzuki Stand Charsadda	180,000	0	180,000
4	Map Fee	97,465	0	97,465
5	License Fees	0	124,900	124,900
6	Bus Stand Utmanzai	0	77,500	77,500
7	Cattle Fare Dosehra	0	192,750	192,750
8	Load Un Load	0	140,000	140,000
9	Cattle Fare Nisatta	0	100,000	100,000
10	Cattle Fare Utmanzai	0	40,250	40,250
Total		1,036,093	675,400	1,711,493

Annex-5

1.2.2.2-Irregular and Un-authorized payment on account of POL

Vehicle No.A1141 (under the use of TOI)					
Month	POL Allowed	POL used	POL used in excess	Price P/L (Rs)	Amount withdrawn in excess (Rs)
07/2012	150 letters	270 letters	120 letters	102.52 P/L	12,302
08/2012	150 letters	270 letters	120 letters	102.52 P/L	12,302
09/2012	150 letters	245 letters	95 letters	102.52 P/L	9,739
10/2012	150 letters	235 letters	85 letters	102.52 P/L	8,714
11/2012	150 letters	235 letters	85 letters	104.90 P/L	8,917
12/2012	150 letters	235 letters	85 letters	104.90 P/L	8,917
01/2013	150 letters	230 letters	80 letters	105.40 P/L	8,432
02/2013	150 letters	235 letters	85 letters	105.40 P/L	8,959
03/2013	150 letters	235 letters	85 letters	105.40 P/L	8,959
04/2013	150 letters	235 letters	85 letters	109.40 P/L	9,299
05/2013	150 letters	235 letters	85 letters	109.40 P/L	9,299
06/2013	150 letters	235 letters	85 letters	110.40 P/L	9,384
Total					115,223

1.2.2.4-None imposition of penalty due to non-completion of schemes

S. No	Name of Schemes	Estimated Cost (Rs.)	Expenditure (Rs.)	Balance (Rs.)	Physical Progress	10% penalty (Rs.)
Tameer-E-Khyber Pakhtunkhwa Programme in R/O Fazle Shakoor Khan MPA PK-17 for 2012-13						
1.	Improvement/ Pavement of street, construction of drain, culverts, side wall, shingling of road at U/C Nisatta area Charsadda.	1,000,000	250,000	750,000	30%	100,000
2.	Improvement/ Pavement of street, construction of drain, culverts, side wall, shingling of road at U/C Sheikho area Charsadda	1,000,000	250,000	750,000	30%	100,000
3.	Improvement/ Pavement of street, construction of drain, culverts, side wall, shingling of road at U/C Dheri Zardad area Charsadda.	1,000,000	250,000	750,000	30%	100,000
4.	Improvement/ Pavement of street, construction of drain, culverts, side wall, shingling of road at U/C MC-I area Charsadda.	500,000	125,000	375,000	30%	50,000
5.	Improvement/ Pavement of street, construction of drain, culverts, side wall, shingling of road at U/C MC-III area Charsadda.	500,000	284,000	216,000	70%	50,000
6.	Improvement/ Pavement of street, construction of drain, culverts, side wall, shingling of road at U/C Ghunda Karkana area Charsadda.	500,000	125,000	375,000	30%	50,000

7.	Revised estimate for Improvement/ Pavement of street, construction of drain, culverts, side wall, shingling of road at U/C Nisatta area	500,000	125,000	375,000	30%	50,000
8.	Improvement/ Pavement of street, construction of drain, culverts, side wall, shingling of road at U/C Maira Prang area Charsadda.	500,000	125,000	375,000	30%-	50,000
9.	Improvement/ Pavement of street, construction of drain, culverts, side wall, shingling of road at U/C Sheikho area Charsadda.	500,000	432,000	68,000	90%	50,000
10.	Syed Masoom Shah Bacha Special Assistant to Chief Minister Khyber Pakhtunkhwa					0
11.	Sanitation work at U/C Area Sher Pao Phase – II	1,000,000	250,000	750,000	90%	100,000
12.	Sanitation work at U/C Area Abazai Phase II	810,000	202,500	607,500	90%	81,000
13.	Sanitation work at Dang Qilla U/C Mirza Dher.	817,000	204,250	612,750	95%	81,700
14.	Sanitation work at U/C Area ziam	810,000	202,500	607,500	90%	81,000
15.	Tameer-e-KPK programme for the Year 2012-13 in respect of Tabasum Shams MPA					0
16.	Pavement of street, construction of drain culverts, side wall from Sardar Shop to Faiz Mohammad House towards Juma Gul House Nahqo Koroona UC, Katozai.	1,000,000	250,000	750,000	90%	100,000
17.	Pavement of street, construction of drain culverts, side wall, shingling of road at Sardar Khel Baro Koroona UC Katozai.	1,000,000	250,000	750,000	80%	100,000

18.	Pavement of street, construction of drain culverts, side wall, shingling of road at Malik Abad UC Katozai.	1,000,000	250,000	750,000	60%	100,000
19.	Pavement of street, construction of drain culverts, side wall, shingling of road from Ikram Khan House towards Katozai Bazar UC Katozai.	1,000,000	250,000	750,000	30%	100,000
20.	Improvement, Pavement of street, construction of drain culverts, side wall, shingling of road at UC area, Hajizai Phase-I	1,000,000	250,000	750,000	40%	100,000
21.	Improvement, Pavement of street, construction of drain culverts, side wall, shingling of road at UC area, Hajizai Phase-II	1,000,000	250,000	750,000	30%	100,000
22.	Improvement, Pavement of street, construction of drain culverts, side wall, shingling of road at UC area, Hajizai Phase-III	500,000	125,000	375,000	30%	50,000
23.	Improvement, Pavement of street, construction of drain culverts, side wall, shingling of road at UC area Matta Phase-I	1,000,000	250,000	750,000	60%	100,000
24.	Improvement, Pavement of street, construction of drain culverts, side wall, shingling of road at UC area Matta Phase-II	1,000,000	250,000	750,000	40%	100,000
25.	Improvement, Pavement of street, construction of drain culverts, side wall, shingling of road at	1,000,000	250,000	750,000	30%	100,000

	UC area Kangra Phase-II					
(continue from first page) None imposition of penalty due to non-completion of schemes						
26.	Improvement, Pavement of street, construction of drain culverts, side wall, shingling of road at UC area Kangra Phase-III	1,000,000	250,000	750,000	90%	100,000
27.	Improvement, Pavement of street, construction of drain culverts, side wall, shingling of road at UC area Hassanzai Phase-I	600,000	150,000	450,000	40%	60,000
28.	Improvement, Pavement of street, construction of drain culverts, side wall, shingling of road at UC area Hassanzai Phase-II	700,000	175,000	525,000	30%	70,000
29.	Improvement, Pavement of street, construction of drain culverts, side wall, shingling of road at UC area Panjpao.	600,000	150,000	450,000	80%	60,000
30.	Improvement, Pavement of street, construction of drain culverts, side wall, shingling of road at UC area MC-II, Shabqadar	600,000	150,000	450,000	30%	60,000
31.	Improvement, Pavement of street, construction of drain culverts, side wall, shingling of road at UC area MC-III, Shabqadar Phase-I	1,000,000	250,000	750,000	40%	100,000
32.	Improvement, Pavement of street, construction of drain culverts, side wall, shingling of road at UC area MC-III, Shabqadar Phase-II	1,000,000	250,000	750,000	40%	100,000

33.	Improvement, Pavement of street, construction of drain culverts, side wall, shingling of road at UC area MC-III, Shabqadar phase-III	400,000	100,000	300,000	30%	40,000
34.	Sanitation Scheme at UC Matta Maghul Khel	800,000	607,000	193,000	90%	80,000
35.	Sanitation Scheme at UC Matta Maghul Khel	400,000	100,000	300,000	30%	40,000
36.	Nargis Samin MPA Reserve Seat-2012-13					0
37.	Sanitation and pavement of street at Kangra Teseel Shabqadar	1,000,000	25,0000	750,000	25%	100,000
38.	Sanitation and pavement of street at Ghari Hamid Gul Charsadda	300,000	7,5000	225,000	25%	30,000
39.	Sanitation and pavement of street at Jura Tangi	500,000	12,5000	375,000	25%	50,000
40.	Sanitation and pavement of street at Babara Chowk Charsadda	500,000	12,5000	375,000	25%	50,000
Total						2,833,70

Annex-7

Doubtful expenditure on account of developmental work

Name of Scheme	Item of work	Admissible Rate as per CSR-2012 (M3)	Rate claimed (M3)	Difference (Rs)	Quantity claimed	Recoverable Amount (Rs)
Sanitation at UC Rashakai	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	44.39	47,409
	PCC 1:4:8 in drain	3327.97(06-03-b)	4443.67(06-05-i)	1,115.7000	3.878	4,327
Improv. of street at UC MC1	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	25.48	27,213
Improv. of street at UC MC2	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	39.949	42,666
Improv. of street at Panjpao	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	32.984	35,227
Sanitation at scheme UC Rashakai	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	159.173	169,997
	PCC 1:4:8 in drain	3327.97(06-03-b)	4443.67(06-05-i)	1,115.7000	36.55	40,779
Improv. of street at UC MC2 Shabqadar	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	53.086	56,696
	PCC 1:4:8 in drain	3327.97(06-03-b)	4443.67(06-05-i)	1,115.7000	15.883	17,721
Sanitation scheme at Matta Mughalkhel	PCC 1:4:8 in drain	3327.97(06-03-b)	4443.67(06-05-i)	1,115.7000	7.276	8,119
	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	63.958	68,307
Sanitation scheme at Matta Mughalkhel	PCC 1:4:8 in drain	3327.97(06-03-b)	4443.67(06-05-i)	1,115.7000	7.219	8,054
	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	98.471	105,167
Sanitation scheme at Matta Mughalkhel	Common material filling	338.63 (03-61-a)	440 (03-61-c)	101.370	349.977	35,477
	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	27.208	29,058
Sanitation at Hassan Zai	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	49.206	52,552
Improv. of street at UC Kangra	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	39.21	41,876
Improv. of street at UC MC11	PCC 1:3:6 in foundations	3,188.30 (06-03-	3477.21 (06-05-h)	288.910	59.879	17,300

		a)				
Sanitation at UC MC1II	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	48.103	51,374
	Common material filling	338.63 (03-61-a)	440 (03-61-c)	101.370	41.577	4,215
Improv. of street at UCMC1II	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	76.263	81,449
Improv. of street at UCMC1II	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	45.468	48,600
Improv. of street at UC MC-1 Charsadda	B.B. on edge laid in 1:6	510.84(10-08)	714(10-09)	203.160	549.70	111,677
	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	60.315	64,416
	Common material filling	338.63 (03-61-a)	440 (03-61-c)	101.370	79.39	7,744
Improv. of street at UC MC-1 Charsadda	B.B. on edge laid in 1:6	510.84(10-08)	714(10-09)	203.160	294.96	59,924
	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	30.92	33,023
Improv. of street at UC MC-2 Charsadda	B.B. on edge laid in 1:6	510.84(10-08)	714(10-09)	203.160	283.478	57,591
	PCC 1:4:8 in drain	3327.97(06-03-b)	4443.67(06-05-i)	1,115.7	11.099	12,383
	Common material filling	338.63 (03-61-a)	440 (03-61-c)	101.370	113.40	11,495
Improv. of street at UC MC-3 Charsadda	PCC 1:4:8 in drain	3327.97(06-03-b)	4443.67(06-05-i)	1,115.7	47.60	53,107
	B.B. on edge laid in 1:6	510.84(10-08)	714(10-09)	203.160	322.18	65,454
	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	80.44	85,910
Improv. of street at UC MC-3 Charsadda	Common material filling	338.63 (03-61-a)	440 (03-61-c)	101.370	61.90	6,275
	PCC 1:4:8 in drain	3327.97(06-03-b)	4443.67(06-05-i)	1,115.70	18.76	20,931
	B.B. on edge laid in 1:6	510.84(10-08)	714(10-09)	203.160	111.204	22,592
	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	8.92	9,527
Improv. of street at UC MC-4	Common material filling	338.63 (03-61-a)	440 (03-61-c)	101.370	217.36	22,034

Charsadda	B.B. on edge laid in 1:6	510.84(10-08)	714(10-09)	203.160	375.42	76,270
	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	83.11	88,761
Improv. of street at UC Mira Prang Charsadda	PCC 1:4:8 in drain	3327.97(06-03-b)	4443.67(06-05-i)	1,115.70	15.20	16,959
	B.B. on edge laid in 1:6	510.84(10-08)	714(10-09)	203.160	163.88	33,394
	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	16.223	17,326
Improv. of street at Mira Prang	Common material filling	338.63 (03-61-a)	440 (03-61-c)	101.370	366.05	37,106
Proj. leader: Abdullah Shah Karkana Improv. of street at Ghundi Karkana	Common material filling	338.63 (03-61-a)	440 (03-61-c)	101.370	145.54	14,753
	PCC 1:4:8 in drain	3327.97(06-03-b)	4443.67(06-05-i)	1,115.70	21.067	23,504
	B.B. on edge laid in 1:6	510.84(10-08)	714(10-09)	203.160	154.02	31,291
	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	19.91	21,269
Improv. of street at Ghundi Karkana	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	34.46	36,803
Improv. of street at Nisatta	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	44.259	47,269
Improv. of street at Dosehra	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	156.7	167,365
Improv. of street at Dheri Zardad chasadda	B.B. on edge laid in 1:6	510.84(10-08)	714(10-09)	203.160	103.86	21,100
	PCC 1:4:8 in drain	3327.97(06-03-b)	4443.67(06-05-i)	1,115.70	5.04	5,623
	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	56.80	60,662
Improv. of street at Hajizai	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	98.543	105,244
Improv. of street at Katozai	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	54.048	57,723
Improv. of street at Hajizai II	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	63.618	67,944
Sanitation scheme at Matta	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	22.366	23,887
	Common material filling	338.63 (03-61-a)	440 (03-61-c)	101.370	188.84	19,143
Improv. of street at Kangra II	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	29.06	31,036

	Common material filling	338.63 (03-61-a)	440 (03-61-c)	101.37	87.84	8,905
(continue from first page) 1.2.2.5-Doubtful expenditure on account of developmental work						
Improv. of street at Panjpao	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	35.843	38,280
Improv. of street at mc2 shabd	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	52.359	55,920
Improv. of street at Nisatta	B.B. on edge laid in 1:6	510.84(10-08)	714(10-09)	203.160	303.04	61,566
	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	110.35	117,854
Improv. of street at Sheikho	B.B. on edge laid in 1:6	510.84(10-08)	714(10-09)	203.160	211.35	42,938
	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	96.33	102,881
Improv. of street at UC Sheikho	B.B. on edge laid in 1:6	510.84(10-08)	714(10-09)	203.160	102.75	20,875
	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	38.53	41,150
Improv. of street at Kangra	Common material filling	338.63 (03-61-a)	440 (03-61-c)	101.370	268.453	27,213
	PCC 1:3:6 in foundations	4049 (06-03-a)	5117 (06-05-h)	1,068	17.99	19,214
Total						3,277,601