



**AUDIT REPORT
ON
THE ACCOUNTS OF
DISTRICT GOVERNMENT
CHARSADDA
AUDIT YEAR 2012-13**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AP	Advance Para
AT	Arabic Teacher
ADP	Annual Development Programme
BHU	Basic Health Unit
CPWA Code	Central Public Works Account Code
CPWD Code	Central Public Works Department Code
C&W	Communication and Works
CSR	Composite Schedule of Rates
CT	Certificate of Teaching
DAC	Departmental Accounts Committee
DCO	District Coordination Officer
DDO	Drawing and Disbursing Officer
DG	Director General
DHQ	District Headquarter
DPR	Disabled Persons Rehabilitation
DSM	District Support Manger
ECG	Electrocardiography
EDO	Executive District Officer
GFR	General Financial Rules
GGHS	Government Girls High School
GGMS	Government Girls Middle School
GHS	Government High School
GI	Galvanized Iron
GMS	Government Middle School
IPSAS	International Public Sector Accounting Standards
LG & RDD	Local Government and Rural Development Department
LGO	Local Government Ordinance
MIS	Management Information System
MS	Medical Superintendent
NGO	Non Government Organization
OPD	Outdoor Patient Department
OT	Operation Theater
PAO	Principal Accounting Officer

PAC	Public Accounts Committee
PC-I	Planning Commission Proforma I
PHE	Public Health Engineering
PPHI	People Primary Health Care Initiative
PLA	Personal Ledger Account
POL	Petroleum Oil and Lubricants
RDA	Regional Directorate Audit
RHC	Rural Health Center
TA/DA	Travelling Allowance/Daily Allowance
THQ	Tehsil Headquarters
SAP	Systems Application Product
SDA	Special Drawing Account
ZAC	Zilla Accounts Committee

Preface

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

The report is based on audit of the accounts of various offices of District Government, Charsadda for the financial years 2010-11 and 2011-12. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2012-13 on test check basis with a view to reporting significant findings to the relevant stakeholders.

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

The observations included in this Report have been finalized in the light of written responses of the departments and discussions in the DAC meetings.

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

Islamabad

Dated:

(Muhammad Akhtar Buland Rana)

Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General District Governments Audit, Khyber Pakhtunkhwa carries out the audit of 25 District Governments. Regional Directorate of Audit (RDA) Peshawar, on behalf of the DG District Governments Audit, Khyber Pakhtunkhwa carries out the audit of one City District Government and two District Governments namely Peshawar, Charsadda and Nowshera, respectively. The Regional Directorate has a human resource of 12 officers and staff, a total of 3636 man days. The annual budget amounted to Rs6.470 million. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of programmes/ projects.

District Government, Charsadda conducts its operations under Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended). It comprises one Principal Accounting Officer (PAO) covering seven groups of offices i.e. Finance & Planning, Revenue, Works & Services, Education, Health, Community Development and Agriculture. Financial provisions of the Ordinance describe the Government as District Local Fund and Public Account for which Annual Budget Statement is authorized by the District Nazim/Administrator in the form of budgetary grants as per Government of Khyber Pakhtunkhwa, Local Government and Rural Development Department Notification No. SO(E-I)E &AD/0-49/2010 dated 20th February 2010.

Administratively, District Charsadda comprises three Tehsils i.e. Charsadda, Shabqadar and Tangi. District Administration comprises Zilla Nazim/District Administrator and District Coordination Officer.

a. Audit Objectives

Audit was conducted to ensure that:

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

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

b. Audit Methodology

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

The selection of the audit formations i.e. DDOs was made keeping in view the significance and risk assessment; Samples were selected after prioritizing risk areas by determining significance and risk associated with identified key controls. Sample size selected in the audited formations ranged between 20% to 60%.

c. Expenditure audited

Total expenditure of District Government Charsadda for the financial year 2011-12, was Rs3,463.295 million covering one PAO and 138 formations. Out of this, Regional Directorate of Audit (RDA) Peshawar audited expenditure of Rs889.370 million, which in terms of percentage, is 26% of total expenditure. Five formations were planned and 100% achievement against the planned activities was made.

d. Receipts audited

The receipts of District Government Charsadda for the financial year 2011-12, were Rs14.629 million. Out of this, RDA Peshawar audited receipts of Rs8.669 million which, in terms of percentage, is 59% of auditable receipts.

e. Recoveries at the instance of audit

Recovery of Rs72.539 million was pointed out during the audit. However, recovery of Rs1.754 million was affected till the finalization of this report. Out of the total recoveries, Rs3.774 million was not in the notice of the executive before audit.

f. Desk Audit

The audit year 2012-13 witnessed intensive application of desk audit techniques in RDA. This was facilitated through SAP connectivity, review of permanent files which helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field activity. Desk Audit greatly facilitated the identification of high risk areas for substantive testing in the field.

g. Changes in Rules, Practices and Systems

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

h. The key audit findings of the report;

- i. Non production of record amounting to Rs22.779 million was noted in two cases¹.
- ii. Irregularities/non compliance were noted in one case amounting to Rs1.052 million².
- iii. Internal control weaknesses were noted in twelve cases amounting to Rs148.257million³.

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

¹ Para 1.2.1.1 & 1.2.1.2

² Para 1.2.2.1

³ Para 1.2.3.1 to 1.2.3.12

i. Recommendations:

- i. Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money.
- ii. Strenuous efforts need to be made by the departments to recover long outstanding dues on account of water charges.
- iii. All sectors of District Government 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 needs to be ensured.
- v. Unspent balances/lapsed deposits needs to be deposited into government treasury.
- vi. Inquiries need to be held to fix responsibility for losses, irregular payments and wasteful expenditure.
- vii. Decisions taken in DAC meetings need to be implemented.

SUMMARY TABLES & CHARTS

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

S.No	Description	No.	Budget
1	Total Entities (PAO) in Audit Jurisdiction	01	3,478.554
2	Total formations in audit jurisdiction	138	3,478.554
3	Total Entities(PAO) Audited	01	898.039
4	Total formations Audited	5	898.039
5	Audit & Inspection Reports	5	898.039
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

Table 2: Audit observation Classified by Categories **(Rs in million)**

S.No.	Description	Amount Placed under Audit Observation
1.	Unsound asset management	12.559
2.	Weak financial management	17.630
3.	Weak Internal controls relating to financial management	119.120
4.	Others	22.779
Total		172.088

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

S.No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year	Total last year
1.	Outlays Audited	108.412	143.912	8.669	637.046	898.039	731.802
2.	Amount Placed under Audit Observation /Irregularities of Audit	12.559	51.379	6.614	101.536	172.088*	95.206
3.	Recoveries Pointed Out at the instance of Audit		4.798	6.614	61.127	72.539	77.300
4.	Recoveries Accepted /Established at the instance of Audit		4.798	6.614	61.127	72.539	39.422
5.	Recoveries Realized at the instance of Audit			1.754		1.754	1.201

***The amount placed under audit observation pertains to 2010-11 and 2011-12.**

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	1.052
2.	Report cases of fraud, embezzlement, thefts and misuse of public resources.	-
3.	Accounting Errors (accounting policy departure from NAM ¹ , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4.	Quantification of weaknesses of internal control systems.	46.581
5.	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	72.539
6.	Non-production of record	22.779
7.	Others, including cases of accidents, negligence etc.	29.137
	Total	172.088

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

CHAPTER-1

1.1 District Government Charsadda

1.1.1 Introduction

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

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

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

1.1.2 Brief comments on Budget and Expenditure (Variance analysis)

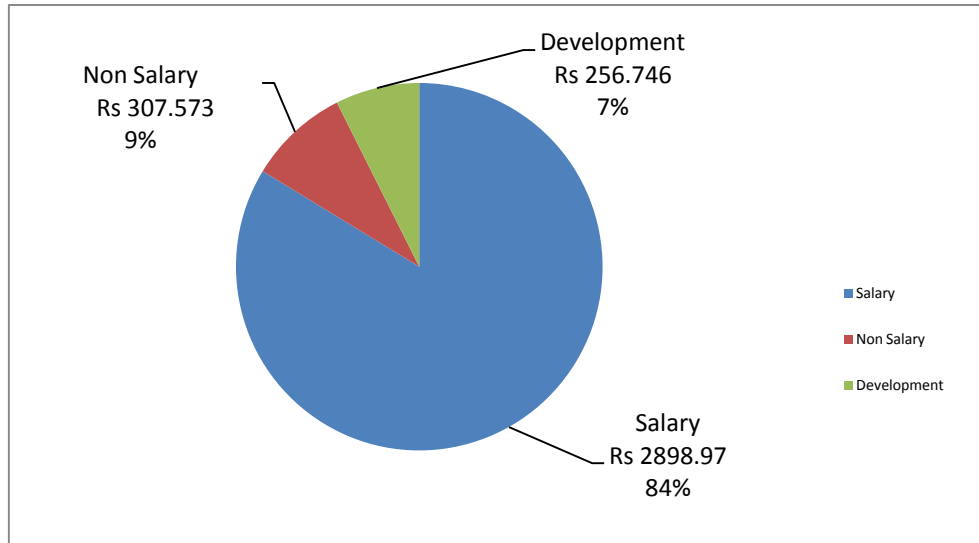
(Rs in million)

2011-12	Budget	Expenditure	Excess/ Saving
Salary	3,019.192	2,898.975	(120.217)
Non-salary	449.967	307.574	(142.393)
Developmental	297.674	256.746	(40.928)
Total	3,766.833	3,463.295	(303.538)

A budget of Rs3,766 million was allocated, against which an expenditure of Rs3,463.295 million was incurred by the District Government, Charsadda with a saving of Rs303.538 million during 2011-12.

EXPENDITURE 2011-12

(Rs in million)



Detail is given at Annex-B

1.1.3 Comments on the status of compliance with ZAC / PAC Directives

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

S #	Audit Year	PAC/ZAC meeting convened /Not convened
1	2002-03	ZAC Convened
2	2003-04	Not convened
3	2004-05	Not convened
4	2005-06	Not convened
5	2006-07	Not convened
6	2007-08	Not convened
7	2008-09	Not convened
8	2009-10	Not convened
9	2010-11	Not convened
10	2011-12	Not convened

1.2 AUDIT PARAS

1.2.2 Non Production of record

1.2.2.1 Non-Production of auditable record -Rs19.899 million

According to Section 14(1-b) & (3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 the Auditor General has the authority to require any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to transactions to which his duties in respect of audit extend hence any person or authority hindering the auditorial functions of the Auditor General of Pakistan regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Executive District Officer Health Charsadda paid Rs19,899,336 under the head of account 073101-Basic Health Units (BHUs) during 2011-12. Record in support of expenditure was not produced.

Audit observed that due to non availability of record, authenticity of record remained unverified.

When reported in July 2012, Management stated that DSM PPHI was approached for production of record. No progress was intimated till finalization of this Report.

DAC in its meeting held on 14.12.2012, directed to produce record to audit within 10 days. No progress was intimated till finalization of this Report.

Audit recommends fixing responsibility on the person(s) at fault under intimation to Audit.

AP 28/2011-12

1.2.2.2 Non-production of auditable record-Rs2.88 million

According to Section 14(1-b) & (3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 the Auditor General has the authority to require any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to transactions to which his duties in respect of audit extend hence any person or authority hindering the auditorial functions of the Auditor General of Pakistan regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Executive Engineer, Public Health Engineering Division Charsadda incurred an expenditure of Rs2,880,000 on various objects during 2011-12. The following auditable record not produced.

1. Detail of expenditure incurred on POL.
2. List of vehicles and Log Books of Vehicles.
3. Detail of expenditure incurred on TA/DA.
4. Administrative Approvals of all ongoing schemes during 2011-12.
5. Machinery and equipment received from NGO after Flood
6. Stock Register of all the machinery, equipment and furniture etc.
7. Flood damages Report and physical verification report.
8. List of Machinery and equipment destroyed during flood.
9. List of water supply schemes damaged due to flood
10. PLA register and reconciled figure of PLA/SDA for June, 2012.

Audit observed that due to non production of record, authenticity of expenditure incurred thereon remained unverified.

When reported in August 2012, Management stated that detailed reply would be given after scrutiny of our office record. No reply was furnished till finalization of this Report.

DAC in its meeting held on 20.12.2012 directed to produce record to audit within 15 days. No progress was intimated till finalization of this Report.

Audit recommends fixing responsibility on the person(s) at fault under intimation to Audit.

AP55/2011-12

1.2.2 Irregularities/Non-compliance

1.2.2.1 Unauthorized payment of electricity charges -Rs1.052 million

Para 23 of GFR Vol-I requires that every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part or on the part of his subordinate staff.

Medical Superintendent, District Headquarter Hospital Charsadda paid Rs1,052,484 on account of electricity charges of Doctor & Nursing Hostel during 2010-11, which was required to be paid by the occupants, availing the residential facilities. Detail at Annex-C.

Audit observed that that unauthorized payment of electricity charges occurred due to weak internal control, which resulted in loss to government.

When reported in July 2012, Management stated that the payment on account of electricity charges of nursing hostel mainly pertained to conference room and laundry of the hospital. Reply was not convincing as documentary proof for contribution/ payment of electricity bills by the occupants was not produced.

Requests for the convening DAC meeting were made on 14.09.2012, 15.11.2012, 27.11.2012 and 30.11.2012. DAC meeting was not convened till finalization of this Report.

Audit recommends fixing responsibility on the person(s) at fault and recovery of electricity charges under intimation to Audit.

AP10/2011-12

1.2.3 Internal Control Weaknesses

1.2.3.1 Non-deduction of income tax-Rs46.581 million

According to Finance Department of Government of Khyber Pakhtunkhwa letter No.BO(RES-I) FD/1-8/2012 dated 27-02-2012 and in the light of FBR letter No. E&C-XII/RTO-PR/2011-12/1161 dated 01-02-2012 income tax @ 6% shall be deducted on all schemes reflected in the ADP 2011-12.

Executive Engineer C&W Division Charsadda paid Rs776,343,300 to various contractors during 2011-12. Income tax @6% amounting to Rs46,580,778 was not deducted.

Audit observed that non-deduction of income tax occurred due to weak internal control, which resulted in loss to government.

When reported in November 2012, Management stated that detailed reply would be furnished after verification of record. Reply was not satisfactory as record was already available with the department.

Requests for the convening DAC meeting were made on 19.11.2012, 27.11.2012 and 30.11.2012. DAC meeting was not convened till finalization of this Report.

Audit recommends fixing responsibility on the person(s) at fault and recovery of income tax under intimation to Audit.

AP85/2011-12

1.2.3.2 Non-realization of water charges -Rs43.020 million

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.

Executive Engineer PHE Division Charsadda did not recover the long outstanding dues amounting to Rs430,020,281 on account of water charges from water users up to June, 2012. Detail at Annex-D.

Audit observed that non-realization of water charges occurred due to weak internal controls, which resulted in loss to government.

When reported in August 2012, Management stated that efforts were being made for recovery and due to constitution of special teams for recovery of water charges during 2011-12, the percentage of receipt on account of water charges had been improved as compared to previous year. Reply was not convincing as government dues were required to be recovered particularly in presence of special teams for recovery.

Requests for the convening DAC meeting were made on 14.09.2012, 15.11.2012, 27.11.2012 and 30.11.2012. DAC meeting was not convened till finalization of this Report.

Audit recommends fixing responsibility on the person(s) at fault and recovery of outstanding water charges under intimation to Audit.

AP 41/2011-12(A/C-I)

1.2.3.3 Non credit of lapsed deposit into Government revenue - Rs16.578 million

According to Para 399(iii) of CPWA Code balances unclaimed for more than three complete accounting years should be credited to Government as lapsed deposits.

Executive Engineer C&W Division Charsadda did not credit Rs16,578,331 to Government Treasury lying in deposited-II as unclaimed balances for more than three accounting years as lapsed deposit.

Audit observed that non credit of lapsed deposits occurred due to weak financial management, which resulted in loss to government.

When reported in November 2012, Management stated that the unclaimed balances lying in Deposit-II for more than three years would be credited to Government revenue during the month of December 2012.

DAC in its meeting held on 13.12.2012 directed that the entire unclaimed amount, except court cases and ongoing schemes, lying in deposit-II for more

than three years for the completed works should be credited into the Government treasury during the month of December 2012. No progress intimated till finalization of this Report.

Audit recommends fixing responsibility on the person(s) at fault and crediting lapsed deposit into government treasury under intimation to Audit.

AP 84/2011-12(A/C-I)

1.2.3.4 Excess drawal of stipend over & above the actual enrollment- Rs13.020 million

According to Para 13 of GFR controlling Officer must satisfy himself by internal check against irregularities, waste and fraud against loss of public money and store and copy of inspection report endorsed to audit.

District Officer (Female) Elementary and Secondary Education, Charsadda withdrew an excess amount of Rs13,020,600 on account of stipend of girls students during 2010-11. Detail as under:

Amount drawn (Rs)	Enrollment as per EMIS	Rate of stipend Per annum (Rs)	Required (Rs)	Over payment (Rs)
42,279,000	12,191	2,400	29,258,400	13,020,600

Audit observed that excess withdrawal of stipend occurred due to weak internal control, which resulted in loss to government.

When reported in April 2012, Management stated that detail reply would be furnished after scrutiny of record. Reply was not satisfactory as record was available with the department.

Requests for the convening DAC meeting were made on 11.06.2012 and 27.11.2012. DAC meeting was not convened till finalization of this Report.

Audit recommends fixing responsibility on the person(s) at fault and recovery of excess amount under intimation to Audit.

AP130/2010-11

1.2.3.5 Loss to Government due to blockage of machinery -Rs12.559 million

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

Executive District Officer (Health) Charsadda paid Rs12.559 million for purchase of various machinery and equipments for upgradation of BHU Umerzai to RHC during 2009-10 but were remained uninstalled and non functional for the last 2 years.

Audit observed that non installation of machinery and equipment occurred due to weak internal control, which resulted in loss to government.

When reported in August 2012, Management stated that the machinery was purchased for the newly upgraded RHC Umerzai under ADP scheme, but due to non completion of civil work at RHC Umerzai, the equipments were lying non functional for the last 2 years.

Requests for the convening DAC meeting were made on 14.09.2012, 15.11.2012, 27.11.2012 and 30.11.2012. DAC meeting not convened till finalization of this Report.

Audit recommends fixing responsibility on the person(s) at fault under intimation to Audit.

AP19/2011-12

1.2.3.6 Non-deposit of Government revenue -Rs5.384 million

According to Para 5 of GFR Vol-I, money received as dues of government should be credited into Government account.

Executive Engineer C&W Division Charsadda realized Rs53,841,219 as income tax, auction money and rent of cable car from the contractors and retained in Deposit-V instead of depositing into Government Treasury during 2011-12. Detail as under:

S.No	Head	Amount (Rs)
1	Auction money	3,598,250
2	Income tax	1,701,969
3	Rent of cable car	84,000
Total		5,384,219

Audit observed that non-deposit of Government revenue occurred due to weak internal control, which resulted in loss to government.

When reported in November 2012, Management stated that reply would be furnished after verification of record. No reply was furnished till finalization of this Report.

Requests for the convening DAC meeting were made on 26.11.2012, and 30.11.2012. DAC meeting was not convened till finalization of this Report.

Audit recommends fixing responsibility on the person(s) at fault and depositing the amount into Government Treasury under intimation to Audit.

AP 69/2011-12(A/C-I)

1.2.3.7 Non-recovery of taxes -Rs3.188 million

According to Section 50(4) of the Income Tax Ordinance 2001 deduction of 6% income tax on supply of taxable goods from the supplier should be made. Section 3 of Sales Tax Act 1990 requires the deduction of sales tax @ 18% from the value of supplies made to Government offices. Government of Khyber Pakhtunkhwa, Excise and Taxation Department vide letter No. SO (TAX) E&T

/2-3/2005/Vol-IV/1123-24 dated 5th May 2006, prescribed deduction of professional tax.

Executive Engineer PHE Division Charsadda paid Rs18,508,890 to the contractors on account of installation of hand pumps, submersible pumps, voltage regulators, purchase of chemicals and glassware for laboratory during 2011-12. However, sales tax Rs2,869,905, income tax Rs210,340 and professional tax Rs108,000 was not recovered from the suppliers. Detail at Annex-E.

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

When reported in August 2012, Management stated that the contractors / firms were exempted from deduction of income tax and sales tax as per invoice attached. Professional tax, in some cases, would be recovered from their final bills /deposits and proof thereof would be shown to audit. No documentary proof regarding exemption had been produced for verification. Moreover, recovery of professional tax from the contractors had also not been intimated.

Requests for the convening DAC meeting were made on 14.09.2012, 15.11.2012, 27.11.2012 and 30.11.2012. DAC meeting was not till finalization of this Report.

Audit recommends fixing responsibility on the person(s) at fault and recovery under intimation to Audit.

AP 38/2011-12(A/C-I)

1.2.3.8 Overpayment due to allowing higher rates -Rs2.727 million

According to item No.7-30 of Composite Schedule of Rates 2009, rate for Sand filling under floor is Rs418/M³.

Executive Engineer C&W Division Charsadda, overpaid Rs2,727,245 in an item of work "Sand filling under floor" to various contactors due to allowing higher rates during 2011-12. Detail at Annex-F.

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

When reported in November 2012, Management stated that recovery would be made from the contractor.

DAC in its meeting held on 13.12.2012, directed to effect recovery within a month and credit it into Government Treasury. No progress was intimated till finalization of this Report.

Audit recommends fixing responsibility on the person(s) at fault and recovery under intimation to Audit.

AP71 /2011-12(A/C-I)

1.2.3.9 Non-deposit of Government receipts –Rs1.899 million

According to Rule 7 (i) of Federal Treasury Rules, all the money received by or tendered to Government officers on account of the revenue shall without undue delay be paid in full into a treasury.

Medical Superintendent District Headquarter Hospital Charsadda did not deposit hospital receipts of Rs1,899,962 into Government Treasury during 2011-12. Detail at Annex-G.

Audit observed that non deposit of Government receipt occurred due to weak internal control, which put Government to loss.

When reported in July 2012, Management stated that an amount of Rs841,814 had been deposited into Government Treasury and the remaining amount would be deposited shortly.

DAC in its meeting held on 14.12.2012 directed to deposit complete amount into Government Treasury within 3 days. No progress was intimated till finalization of this Report.

Audit recommends fixing responsibility on the person(s) at fault and depositing the receipts into government treasury under intimation to Audit.

AP 3/2011-12

1.2.3.10 Overpayment due to allowing inadmissible rates -Rs1.047 million

According to item No.03-06-a of CSR 2009, the rate for “earth filling” is Rs50.36/M³ instead of Rs375/M³.

Executive Engineer C&W Division Charsadda during 2011-12, overpaid Rs1,046,770 to various contractors on account of item of work “earth filling” @Rs375/M³ instead of admissible rate of Rs50.36/ M³ as per item No.03-06-a of CSR 2009. Detail at Annex-H.

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

When reported in November 2012, Management stated that the rate of Rs375/M³ for the item earth filling included 5 to 8 Km lead. The reply was not convincing as excavated earth was neither utilized nor transported.

DAC in its meeting held on 13.12.2012 directed to produce record for verification to audit within a week time. No record was produced till finalization of this Report.

Audit recommends fixing responsibility on the person(s) at fault and recovery under intimation to Audit.

AP 81/2011-12(A/C-I)

1.2.3.11 Overpayment to contractor due to allowing higher rates -Rs1.024 million

According to Para 220 Note 3(b) of CPWA Code, no increase in an authorized rate is suggested without the prior sanction in writing of the competent authority.

Executive Engineer C&W Division Charsadda overpaid Rs1,024,046 to a contractor vide Vr.No.78-C, dated 25/6/2012 due to allowing higher rates instead of admissible as per CSR 2009. Detail at Annex-I.

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

When reported in November 2012, Management stated that the recovery would be made from the next running bill of the contractor and would be shown to audit.

DAC in its meeting held on 13.12.2012, directed to effect recovery within a week time. No progress of recovery was intimated till finalization of this Report.

Audit recommends fixing responsibility on the person(s) at fault and recovery under intimation to Audit.

AP 83/2011-12(A/C-I)

1.2.3.12 Loss due to non-deposit of Government receipts -Rs1.230 million

According to Treasury Rule 7 (i), all the money received by or tendered to Government officers on account of the revenue shall without undue delay be paid in full into a treasury

Executive District Officer (Health) Charsadda did not deposit various hospital receipts amounting to Rs1,230,220 into the Government Treasury up to 30.06.2012. Detail at Annex-J.

Audit observed that non deposit of Government receipts occurred due to weak internal control, which resulted in loss to Government.

When reported in July 2012, Management stated that the amount would be deposited and challan would be shown to Audit. No progress was intimated till finalization of this Report.

In the DAC meeting held on 14.12.2012, challan for deposit of ambulance charges amounting to Rs346,093 was produced. DAC directed for complete recovery within 15 days. No progress of recovery was intimated till finalization of this Report.

Audit recommends fixing responsibility on the person(s) at fault and recovery under intimation to Audit.

AP 16&21/2011-12

ANNEXURE

Annex-A

Detail of MFDAC Paras

S. No	AP No	Department	Title of the Para	Nature of observation	Amount (Rs)
1	2	DHQ Hospital	Misappropriation on account of purchase of medical gases	Misappropriation	87,400
2	5		Doubtful expenditure on account of MRC	Irregularity	366,316
3	7		Loss to Government due to non-utilization of machinery & equipments	Non-utilization	2,550,000
4	9		Unauthorized payment of salary	Violation of Rules	1,392,000
5	12		Non supply of medicines and non-imposition of penalty	Non supply	1075620 53781
6	13		Irregular expenditure	Irregularity	615,080
7	14		Non-conducting of physical verification	Violation of rules	
8	15		EDO (Health)	Misappropriation	Misappropriation
9	17	Irregular and Doubtful expenditure and non-recovery of sales tax		Irregularity	604,775 108,860
10	18	Unauthorized deposit of hospital receipts to PPHI		Unauthorized deposit	79,030
11	22	Misappropriation on account of POL Charges		Misappropriation	99,936
12	24	Unauthorized expenditure on account of electricity		Unauthorized payment	394,804
13	25	Misappropriation		Misappropriation	209,770
14	29	Unauthorized payment of on account of NPA		Unauthorized payment	621161
15	30	Doubtful payment of and non deduction of income tax		Non-compliance	172,250 10335
16	34	XEN PHE	Irregular purchase of lab equipments & chemicals	Irregularity	4,691,000
17	37		Unauthorized expenditure on account installation of hand pumps and excess expenditure	Unauthorized exenditure	240,000 345,730
18	39		Excess expenditure	Unauthorized expdr	1,444,300
19	43		Unauthorized retention in deposit-III	Violation of rules	3,056,167

20	49		Misappropriation	Misappropriation	175,000
22	57	DCO	Unauthorized purchase of Generator	Unauthorized expenditure	264,900
23	59		Non-deduction of Income tax	Non-recovery	42,892
24	63		Doubtful withdrawals of CMD fund	Violation of rules	3,500,000
25	64		Suspected misappropriation of Red Crescent funds of arms license	Misappropriation	158,400
26	66		Unauthorized expenditure from PDMA/PaRRSA fund	Unauthorized payment	5,157,000
27	68		XEN C&W	Unauthorized payment of wire gauze	Irregularity
28	74	Overpayment to contractor due to allowing higher rates		Overpayment	481,453
30	80	Irregular payment as escalation charges		Irregularity	2,267,000
31	86	Unauthorized expenditure on non-devolved departments		Violation of rules	3,130,000

Annex-B**EDO wise Expenditure Summary****District Charsadda 2011-12****(Amount in Rupees)**

S. No	Name of Office	Salary	Non salary	Total	% of Total Expenditure
1	District Coordination Officer	92,702,742.9	9,844,539.07	102,547,282	
2	EDO Finance & Planning	12,017,857.4	1,276,232.64	13,294,090	
3	EDO Revenue	32,827,861.4	3,486,144.58	36,314,006	
4	EDO Works & Services	138,549,317	14,713,201.8	153,262,519	
5	EDO Education	2128,140,844	225,997,258	2,354,138,102	
6	EDO Health	348,476,608	37,006,365.5	385,482,974	
7	Social Welfare/ Community Development	57,519,811.4	6,108,298.56	63,628,110	
8	EDO Agriculture	88,484,234.2	9,396,555.84	97,880,790	
	Total Current Expenditure	2,898,975,000	307,574,000	3,206,547,873	
		84%	9%		93%
	Total Developmental Expenditure			256,746,000	7%
	Total Expenditure			3,463,295,873	100%

Detail of unauthorized payment of electricity charges

Nursing Hostel			Doctor Hostel		
S.No	Month	Amount (Rs)	S.No	Month	Amount (Rs)
1	Sep 2011	177,266	1	Sep 2011	210,920
2	Nov 2011	52,833	2	Nov 2011	53,392
3	Dec 2011	19,839	3	Dec 2011	15,090
4	Feb 2012	145,640	4	Feb 2012	45,512
5	March 2012	91,611	5	March 2012	37,167
6	April 2012	46,608	6	April 2012	5,127
7	May 2012	50,913	7	June 2012	46,696
8	June 2012	53,870			
	Total (A)	638,580		G. Total	413,904

Detail of outstanding water user charges

Sub Division PHE Charsadda			
Total connections	Arrears upto to 03/2012 (Rs)	Arrears accrued during the quarter (Rs)	Total arrears up to June, 2012 (Rs)
4310	22,113,895	2,398,650	24,512,545
Sub Division PHE Tangi			0
2023	17,779,456	728,280	18,507,736
Total			43,020,281

Annex-E

Detail of non recovery of income tax, sales tax and professional tax

S#	Voucher # & date	Particulars	Amount Paid (Rs)	Sales Tax@18% (Rs)	Income Tax @5% (Rs)	Professional Tax (Rs)
1	4/C /19.01.2012	38 Hand pumps	570,000	102,600	28,500	2,000
2	3/C /19.01.2012	32 Hand pumps	480,000	86,400	24,000	2,000
3	39/C/22.06.2012	Misc. items	222,000	39,960	11,100	2,000
4	4/C /03.05.2012	Polythene water tanks	101,490	18,268	5,075	2,000
5	3/C /18.10.2011	Lab. Equipt & G.Wares	4,445,000	666,750	0	10,000
6	40/C /22.06.2012	Lab. chemicals	246,100	44,298	14,766	2,000
7	Work order#G-3/14 /28.11.2011	Voltage regulator	60,000	10,800	3,600	2,000
8	Work order#G-03/25 /28.11.2011	Voltage regulator	60,000	10,800	3,600	2,000
9	Work order#G-3/26 /28.11.2011	Voltage regulator	60,000	10,800	3,600	2,000
10	Work order#G-3/24 /28.11.2011	Voltage regulator	60,000	10,800	3,600	2,000
11	Work order#G-3/23 /28.11.2011	Voltage regulator	60,000	10,800	3,600	2,000
12	Work order#G-3/22 /28.11.2011	Voltage regulator	60,000	10,800	3,600	2,000
13	Work order#G-3/21 /28.11.2011	Voltage regulator	60,000	10,800	3,600	2,000
14	Work order#G-3/8 /28.11.2011	Voltage regulator	60,000	10,800	3,600	2,000
15	4/C /06.02.2012	Voltage regulator	60,000	10,800	3,600	2,000
16	3/C /01.02.2012	Submersible pump	615,000	92,250	36,900	2,000
17	4/C /03.03.2012	Submersible pump	700,000	105,000	0	2,000
18	3/C /03.03.2012	Submersible pump	690,000	103,500	0	2,000
19	2/C /03.03.2012	Submersible pump	700,000	105,000	0	2,000
20	2/T /01.02.2012	Submersible pump	549,800	82,470	0	2,000
21	2/C /01.02.2012	Submersible pump	549,800	82,470	0	2,000
22	26/C /14.06.2012	Submersible pump	549,000	82,350	0	2,000
23	25/C /14.06.2012	Submersible pump	549,800	82,470	0	2,000
24	24/C /14.06.2012	Submersible pump	550,000	82,500	0	2,000
25	26/C /22.05.2012	Submersible pump	549,800	82,470	0	2,000
26	23/C /14.06.2012	Submersible pump	549,500	82,425	0	2,000
27	10/C /04.06.2012	Submersible pump	549,500	82,425	0	2,000
28	09/C /04.06.2012	Submersible pump	549,700	82,470	0	2,000
29	08/C /04.06.2012	Submersible pump	549,900	82,470	0	2,000
30	07/C /04.06.2012	Submersible pump	549,800	82,470	0	2,000
31	03/C /04.06.2012	Submersible pump	549,800	82,470	0	2,000
32	05/C /04.06.2012	Submersible pump	549,900	82,470	0	2,000
33	04/C /04.06.2012	Submersible pump	593,000	88,950	0	2,000
34	02/C /01.03.2012	Submersible pump	500,000	75,000	0	2,000
35	36/C /23.05.2012	Voltage regulator	60,000	10,800	3,600	2,000
36	21/C /21.05.2012	Voltage regulator	60,000	10,800	3,600	2,000
37	19/C /21.05.2012	Voltage regulator	60,000	10,800	3,600	2,000
38	16/C /21.05.2012	Voltage regulator	60,000	10,800	3,600	2,000
39	11/C /21.05.2012	Voltage regulator	60,000	10,800	3,600	2,000
40	13/C /21.05.2012	Voltage regulator	60,000	10,800	3,600	2,000
41	114/C /21.05.2012	Voltage regulator	60,000	10,800	3,600	2,000
42	17/C /21.05.2012	Voltage regulator	60,000	10,800	3,600	2,000
43	18/C /21.05.2012	Voltage regulator	60,000	10,800	3,600	2,000

44	20/C /21.05.2012	Voltage regulator	60,000	10,800	3,600	2,000
45	22/C /21.05.2012	Voltage regulator	60,000	10,800	3,600	2,000
46	31/C /23.05.2012	Voltage regulator	60,000	10,800	3,600	2,000
47	32/C /23.05.2012	Voltage regulator	60,000	10,800	3,600	2,000
48	33/C /23.05.2012	Voltage regulator	60,000	10,800	3,600	2,000
49	Work order#G-3/12 /28.11.2011	Voltage regulator	60,000	10,800	3,600	2,000
50	Work order#G-3/07 /28.11.2011	Voltage regulator	60,000	10,800	3,600	2,000
Total			18,508,	2,869,	210,340	108,000

Detail of overpayment due to allowing higher rates

S. No	Vr No & Date	Rate Paid (Rs)/M ³	Rate Admissible (Rs)/M ³	Difference (Rs)/M ³	Quantity M ³	Overpayment (Rs)
1	99-C 25.6.2012	712	418.91	293.09	115.51	33,854.83
2	98-C 25.6.2012	712	418.91	293.09	284.88	83,495.48
3	90-C 25.6.2012	712	418.91	293.09	314.88	92,288.18
4	89-C 25.6.2012	712	418.91	293.09	160.28	46,976.47
5	81-C 25.6.2012	712	418.91	293.09	226.43	66,364.37
6	116-C25.6.2012	712	418.91	293.09	195.17	57,202.38
7	228-B25.6.2012	712	418.91	293.09	487	142,734.8
8	224-B25.6.2012	712	418.91	293.09	530	155,337.7
9	182-B25.6.2012	712	418.91	293.09	367.30	107,652
10	50-B12.6.2012	712	418.91	293.09	4471.11	1310,438
11	45-B04.6.2012	712	418.91	293.09	166.27	48,732.07
12	40-B04.6.2012	712	418.91	293.09	95.76	28,066.3
13	32-B04.6.2012	712	418.91	293.09	102.26	29,971.38
14	191-C25.6.2012	712	418.91	293.09	404.76	118,631.1
15	180-C25.6.2012	712	418.91	293.09	258.125	75,653.86
16	193-C25.6.2012	712	418.91	293.09	906.41	265,659.7
17	195-C25.6.2012	712	418.91	293.09	219	64,186.71
Total						2,727,245

Detail of non-deposit of hospital receipts

S No.	User charges	Amount required to be deposited as per Progress Report (Rs)	Amount deposited as per Reconciled Receipt Statement (Rs)	Amount not deposited (Rs)
1	C02825-OPD Fee	1,237,381	930,228	307,153
2	C02827-Private Room charges	8,511	0	8,511
3	C02840- Lab charges	1,078,931	1,020,450	58,431
4	C02840-X-Ray	703,147	433,609	296,538
5	C02841-Blood Bank	245,530	56,045	199,485
6	C02841-Admission	264,351	233,625	30,726
7	C02841-Ambulances	1,122,860	343,659	779,201
8	C02841-Ultrasound	805,594	602,956	202,638
9	C02841-ECG	114,347	112,014	2,333
10	C02841-Physiotherapy	42,088	27,142	14,946
Total				1,899,962

Overpayment due to allowing inadmissible rates

V#&Date	Rate Paid (Rs)	Rate Adm (Rs)	Diff (Rs)	Qty M ³	Overpayment (Rs)
124-b 15/06/12	375	50.36	324.64	1266.18	411,053
207-b 25/06/12	375	50.36	324.64	185.22	60,130
180-b 25/06/12	428	50.36	377.64	317.37	119,852
51-b 12/06/12	428	50.36	377.64	608.267	229,706
101-c 25/06/12	404	50.36	353.64	639.15	226,030
Total					1,046,770

Annex-I**Detail of overpayment due to allowing higher rates**

Vr No & date	Item of Work	Rate paid (Rs)	Rate admissible (Rs)	Difference (Rs)	Quantity M³	Amount (Rs)
Vr.No.78-C, Dated 25/6/2012	Earth Filling	512.38	383.85	128.53	5,893.22	757,456
	Pit Run Gravel	1066.60	634.02	201.44	1,323.42	266,590
	Total					1,024,046

Detail of non -deposit of Government receipts

Ambulance Receipts			
S#	Name of institution	2010-11 (Rs)	2011-12 (Rs)
1.	Incharge THQ Hospital Tangi	96,915	94,030
2.	RHC Jamal Abad	15,840	29,340
3.	Civil Hospital Shabqadar	38,816	28,200
4.	RHC Battagram	28,832	10,122
		182,402	163,691
Sub total (A)		346,093	

User charges/receipts	Amount deposited by Hospital authority to EDO (H) Charsdda (Rs)	Amount deposited by EDO (H) as per Reconciled statement (Rs)	Amount not deposited by EDO (H) to Govt (Rs)
OPD	849,008	657,734	191,274
Laboratory	764,737	553,407	211,330
Ultrasound	405,658	320,438	85,220
ECG	10,350	7,500	2,850
Car park	53,000	44,200	8,800
Labour Room	2,532	330	2,202
Blood Bank	16,951	Nil	16,951
Sub total (B)			518,627

Total No. of patients treated in OT of THQ Hospital Tangi	Total No. of patients treated in OT of Civil Hospital Shabqadar	Total No. of patients treated in OT	Rate (Rs)	Amount (Rs)
1,652	2,003	3,655	100	365,500
Sub total (C)				365,500
Grand Total (A+B+C)				1,230,220