



**AUDIT REPORT
ON
THE ACCOUNTS OF
LOCAL GOVERNMENTS
DISTRICT CHITRAL LOWER**

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	8
District Government Chitral Lower	8
2.1 Introduction	8
2.2 Comments on Budget and Accounts (Variance Analysis)	9
2.3 Classified Summary of Audit Observations	9
2.4 Comments on the status of compliance with Zilla Accounts Committee Directives.....	10
2.5 AUDIT PARAS.....	11
2.5.1 Non production of record	11
2.5.2 Misappropriation, Fraud, Embezzlement	15
2.5.3 Irregularities	18
HR/Employee related irregularities.....	18
Procurement related irregularities	24
Management of Accounts with Commercial Banks.....	42
2.5.4 Value for money and service delivery issues	48
2.5.5 Others, including cases of accidents, negligence etc.....	50
Tehsil Municipal Administration	58
3.1 Introduction	58
3.2 Comments on Budget and Accounts (Variance Analysis)	59
3.3 Classified Summary of Audit Observations	60
3.4 Comments on the status of compliance with Tehsil Accounts Committee Directives	60
3.5 AUDIT PARAS.....	61
3.5.1 Irregularities:	61
Procurement related issues	61
Management of Accounts with commercial Banks.....	63
CHAPTER-4	65
Assistant Director LGE &RDD.....	65
4.1 Introduction	65
4.2 Comments on Budget and Accounts (Variance Analysis)	67

4.3	Classified Summary of Audit Observations	68
4.4	Comments on the status of compliance with Village/Neighborhood Accounts Committee Directives.....	69
4.5	AUDIT PARAS.....	70
4.5.1	Irregularities:	70
	Procurement issues	70
	ANNEXURE.....	72

ABBREVIATIONS AND ACRONYMS

AD	Assistant Director
ADEO	Assistant District Education Officer
ADP	Annual Development Plan
AIR	Audit and Inspection Report
AKHSP	Agha Khan Health Service, Pakistan
APPM	Accounting Policies and Procedures Manual
ASDEO	Assistant Sub-Divisional Education Officer
BHUs	Basic Health Units
BOD	Board of Directors
C & W	Communication & Works
CD	Civil Dispensary
CDR	Call Deposit Receipt
CHM	Clearing House Meeting
CTR	Central Treasury Rules
DAC	Departmental Accounts Committee
DAC	District Accounts Committee
DAO	District Accounts Office
DC	Deputy Commissioner
DDEO	Deputy District Education Officer
DDO	Drawing and Disbursing Officer
DEO	District Education Officer
DEO	District Education Officer
DG	Director General
DHO	District Health Officer
ECG	Electrocardiogram
EMIS	Education Management Information System
FTR	Federal Treasury Rules
GER	Gross Enrollment Rate
GFR	General Financial Rules
GHS	Government High School
GPO	Government Post Office
IMU	Independent Monitoring Unit
INTOSAI	International Organization of Supreme Audit Institutions
KP	Khyber Pakhtunkhwa
KPPRA	Khyber Pakhtunkhwa Public Procurement Regulatory Authority

LGA	Local Government Act
LGE&RDD	Local Government, Elections & Rural Development Department
MCH	Mother & Child Health
MFDAC	Memorandum for Departmental Accounts Committee
MRS	Market Rate System
NC	Neighborhood Council
NER	New Enrollment Rate
NOC	No Objection Certificate
OPD	Out Door Patients
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PHE	Public Health Engineering
PLS	Profit & Loss Sharing
POL	Petrol Oil Lubricant
PTC	Parents Teachers Council
RDA	Regional Directorate of Audit
RHC	Rural Health Center
SDEO	Sub-Divisional Education Officer
TAC	Tehsil Accounts Committee
TBC	Tuberculosis Control
THQ	Tehsil Head Quarter
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
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 and 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 Chitral Lower 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 the 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 actions, 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.

Most of the observations included in this report were finalized in the light of written replies of the departments whereas in some cases the departments did not furnish written replies till the finalization of this report. DAC meetings were 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 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) Swat, on behalf of the DG Audit District Governments, Khyber Pakhtunkhwa carried out the audit of Local Governments of seven Districts namely; Swat, Shangla, Dir Lower, Dir Upper, Chitral Lower, Chitral Upper and Bajaur.

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.

Local Governments of District Chitral Lower 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 of 11 devolved departments including AD LGE&RDD. The second tier-Tehsil Municipal Administrations have one PAO i.e. Tehsil Municipal Officer for each Administration. There are two Tehsil Administrations in District Chitral Lower. The third tier- Village and Neighborhood Councils have AD LGE & RDD as their Principal Accounting Officer. There are 61 VCs/NCs in District Chitral Lower.

a. Scope of audit

This office is mandated to conduct audit of 227 formations working under four (04) PAOs. Total expenditure and receipts¹ of these formations were Rs3,227.411 million and Rs 240.587 million respectively for the financial year 2020-21.

Audit coverage relating to expenditure for the current audit year comprises seven (07) formations of four (04) PAOs having a total expenditure of Rs

¹ District Government has no receipt

1,622.214 million for the financial year 2020-21. In terms of percentage, the audit coverage for expenditure is 50.264% of auditable expenditure.

Audit coverage relating to receipts for the current audit year comprises 02 formations of 02 PAOs (2 TMAs) having a total receipt of Rs 240.587 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, a recovery of Rs 76.899 million was pointed out in this report. No recovery was effected 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 procedures employed to obtain evidences were inspection, analytical procedures, observations and computation.

d. Audit Impact

Recovery of Rs 76.899 million was pointed out by audit, however, positive audit impact depends on management willingness to implement internal control framework and recommendations of the audit.

e. Comments on Internal Control and Internal Audit department

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

Comments on 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 DA. 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 the 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. 450.845 million.²
- ii. Unauthorized payments to DDO instead of cross cheques to vendor amounting to- Rs 113.184 million.³
- iii. Non production of record was noticed in two cases amounting to- Rs 51.975 million.⁴
- iv. Misappropriations of public money were noticed in two cases – Rs 10.296 million.⁵
- v. HR/Employee related issues were noticed in 04 cases amounting to- Rs 23.162 million.⁶
- vi. Procurement related issues were noticed in 20 cases amounting to- Rs 218.388 million.⁷
- vii. Management of banks accounts with commercial banks were noticed seven cases amounting to - Rs 99.054 million.⁸
- viii. Other issues of accidents and negligence etc were noticed in 01 cases amounting to- Rs 7.579 million.⁹
- ix. Other issues of accidents and negligence etc were noticed in 07 cases amounting to Rs 102.056 million.¹⁰

² Para 1.2.1

³ Para 1.2.2

⁴ Para 2.5.1.1 to 2.5.1.2

⁵ Para 2.5.2.1 to 2.5.2.2

⁶ Para 2.5.3.1 to 2.5.3.4

⁷ Para 2.5.3.5 to 2.5.3.19, 3.5.1.1 to 3.5.1.3 & 4.5.1.1 to 4.5.1.2

⁸ Para 2.5.3.20 to 2.5.3.25 & 3.5.1.4

⁹ Para 2.5.4.1

¹⁰ Para 2.5.5.1 to 2.5.5.7

g. Recommendations

- i. TMA accounts needs to be consolidated at DAO level.
- ii. Action may be taken against those responsible for not producing record before audit.
- iii. Responsibility needs to fixed for misappropriation of public funds.
- iv. Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money and mismanagement of placement of public funds in commercial bank accounts.
- v. 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 pre-empted and fair value for money is obtained from public spending.
- vi. The DAC meetings should be held more frequently.

CHAPTER-1

Public Financial Management

1.1 Sectoral Analysis

In compliance to the Notification of Local Government, Election and Rural Development Department issued on 4th September, 2019, councils of all tiers were stood dissolved on the culmination of their respective tenures on 29th August, 2019. The same notification authorized Deputy Commissioners, Tehsil/Town Municipal Officers and Assistant Directors LG&RDD to perform functions of respective Nazameen as envisaged under Local Government Act 2013, till the instillation of newly elected local Governments. In the light of LGA 2013, District Chitral Lower is headed by Deputy Commissioner who is Principal Accounting Officer of the budget grant allocated to the 10 offices devolved at district level. Similarly, Tehsil Municipal Administration is headed by Tehsil Municipal Officer who is the Principal Accounting Officer for the Tehsil Municipal Administration whereas Assistant Director LGE&RDD is the Principal Accounting Officer for Village/Neighborhood Councils.

In District Chitral Lower, funds amounting to Rs 4,258.131 million were allocated to 113 formations working under 04 PAOs. Out of which, expenditure of 3,227.411 million was made resulting into saving of Rs 1,030.720 million. Receipts of Rs 240.587 million were collected through these formations during the financial year 2020-21. Audit coverage relating to expenditure for the current audit year comprises seven (07) formations of four (04) PAOs having a total expenditure of Rs. 1,622.214 million for the financial year 2020-21. In terms of percentage, the audit coverage for expenditure is 50.264% of auditable expenditure. Similarly, audit coverage for receipts is 100%.

District Chitral Lower					
2020-21	Budget	Actual Expenditure/ Receipts	(Saving)/ Excess	Expenditure Audited	%age
Salary	2,868.13	2,542.78	325.35	1,622.214	50.264
Non-salary	593.118	337.934	255.18		
Developmental	796.88	346.70	450.19		
Total	4,258.131	3,227.411	1,030.720	1,622.214	50.264
Receipts	378	240.587	137.413	240.587	100.00

According to Section 36 (3) of Local Government Act 2013, the District Accounts Officer Lower Chitral was required to consolidate accounts of Local Government on quarterly and annual basis. However, District Accounts Officer, did not reflect Rs 450.845 million into the consolidated financial statement of Local Government, Chitral Lower.

District Government, Chitral Lower 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 the section 30 of LGA 2013. Similarly, it also failed to prepare, present and approve the budget estimates of receipts from the provincial Government for District Government, Chitral Lower as required under section 35 (4) of LGA 2013 and accordance with the Rule 67 of the District Government Budget Rules, 2016 as tenure of the District Council was expired and dissolved vide Government of Khyber Pakhtunkhwa Local Government, Election and Rural Development department in its notification dated 4th September, 2019. Most importantly, Finance Department, Khyber Pakhtunkhwa could not provide District Account Office, Chitral Lower 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 Government to support the Council. 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 in district Chitral like other districts. Statistics show that there are 267 primary, 40 middle, 43 secondary, 08 higher secondary and 74 middle primary schools in District Chitral Lower. The estimated Teacher Student Ratio is 1:35 at primary, 1:12 at middle, 1:18 at secondary and 1:21 at the level of higher secondary schools. District

Chitral Lower literacy rate is 62%, the Gross Enrollment Rate (GER) is 67 %, and the Net Enrollment Rate (NER) is 55 % at the primary level.

On budgetary front, District Education office, Chitral utilized 100 % allocated budget of Provincial ADP of furniture and 88% non-salary budget during the year.

District Education Offices in Chitral enrolled 29115 in boys schools while 20,901 students were enrolled in female Government schools. Similarly, annual average student attendance rate as per Independent Monitoring Unit (IMU) data was approximately 79%. Furthermore, 97% schools in district Chitral Lower were provided with all basic facilities like classrooms, water supply, group latrine, boundary walls and electrification against the target of 97% which shows that the target of provision of basic facilities was not achieved which ultimately suffered the poor students of 05% schools without provision of all basic facilities. Moreover, administrative visits of DEO, DDEO and SDEO were 100%.

Health

Health is another important sector of District Chitral Lower with 39 health facilities spread across the district rural based. Their further break-up is 09 BHUs, 20 CDs, 2 MCH Centers, 3 TB Clinics, 2 THQ Hospitals and 3 RHC with the total catchment area population of approximately 310,275.

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 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, 3261 babies were born in health facilities. Out of them, 20 infant and 05 maternal deaths were recorded. Lab investigations and diagnostic facilities were also utilized as 59895 lab tests, 13249 X-rays, 4975 ultrasounds and 2041 ECGs were done in both primary and secondary health facilities in district Chitral Lower. Figures of fully immunization from EPI register shows 4361/73% women and children received full immunization during 2019-20. 5722 families were provided family planning

services. Human resource data from facility records revealed that these health facilities were not provided the required medical officers and paramedics as 93 doctors and 52 paramedics' positions were found vacant which shows that most of health units are running without doctors. Moreover, the revenue target of OPD services, indoor patients' treatment and lab investigations for Rs 12 million were not achieved, as total revenue generated was Rs 5.643, which resulted in a shortfall of Rs 6.357 million.

Social Welfare

In the 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 1st phase. However, panagah services were not existed in District Chitral Lower.

There is no Dar-ul-Kafala for beggars and no centre for rehabilitation of drug addict people was established. However, keeping in view the spread of drug use and incidence of poverty, more resources are required to be diverted to this sector.

Municipal Services

Town Municipal Administrations, District Chitral Lower 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. The accounts of receipt and expenditure were also not maintained in such form as prescribed by the Auditor

General of Pakistan and required under section 36 of Local Government Act. 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, Chitral 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- Rs450.845 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 Chitral Lower for the financial year 2020-21, audit observed incompleteness and incorrect presentation of the financial statements as the DAO did not 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 240.887 million and Rs 209.958 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 113.184 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)/6-5/2020-21 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 Chitral Lower, paid Rs 113.184 million to various DDOs instead of issuance crossed cheques to Venders/Payees Accounts.

The lapse occurred due to weak internal controls, which resulted in unauthorized cash withdrawals.

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 suppliers/vendors instead of DDOs as per APPM.

CHAPTER-2

District Government Chitral Lower

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, Cooperative Society and 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 the 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 Chitral Lower

(Rs. in million)

S. No	Description	Total Nos	Audited	Expenditure audited FY 2020-21	Revenue / Receipts audited FY 2020-21
1	Formations	10	4	1,622.214	0
	Total	10	4	1,622.214	0

2.2 Comments on Budget and Accounts (Variance Analysis)

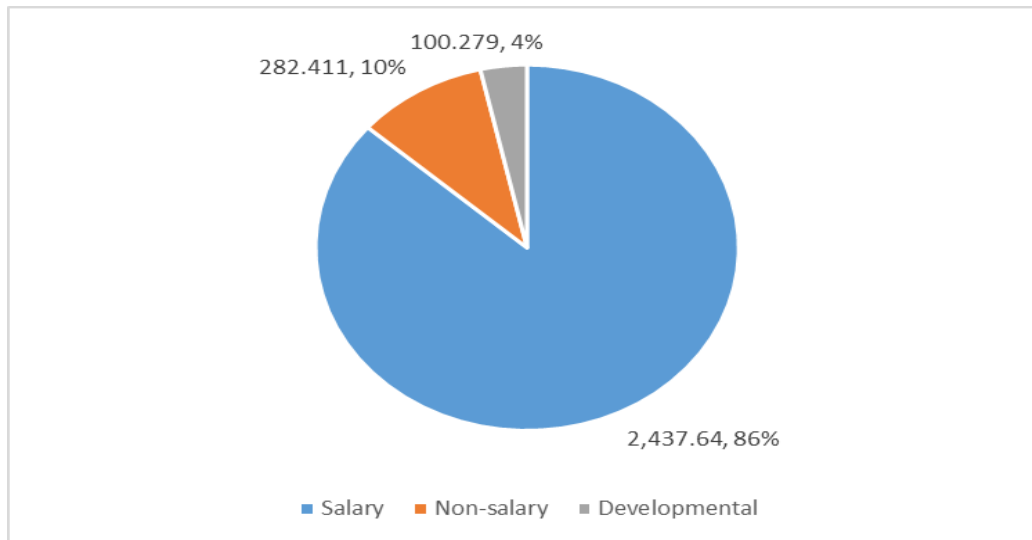
(Rs in million)

District Government Chitral Lower				
2020-21	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	2,744.762	2,437.637	307.125	11.19
Non-salary	512.303	282.411	229.892	44.87
Developmental	411.787	100.279	311.508	75.648
Total	3,668.852	2,820.327	848.525	23.13
Receipts	0	0	0	0

The savings of Rs 848.525 million indicate 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 439.507 million were raised in this audit report. This amount also includes recoverable of Rs 70.279 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Sr. No.	Classification	Amount (Rs)
1	Non production of record	51.975
2	Misappropriation, Fraud, embezzlement	10.296
3	Irregularities:	0
A	HR/Employees related irregularities	23.162
B	Procurement related irregularities	146.725
C	Management of Accounts with commercial bank	97.714
4	Value for money and service delivery issues	7.579
3	Others including accident, negligence etc	102.056
Total		439.507

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:

S#	Audit Year	ZAC Meeting
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	2019-20	Not Convened
15	2020-21	Not Convened

2.5 AUDIT PARAS

2.5.1 Non production of record

2.5.1.1 Unverified expenditure due to lump sum transfer of funds to PTC Accounts – Rs 44.605 million

According to the Financial Procedure, for Incurrence of expenditure by the Parents-Teachers-Council (PTCs) notified vide Government of Khyber Pakhtunkhwa Finance Department letter No.BO-V/FD/3-10/2006-07 dated 9th June 2007, serial No. B (6) the vouched accounts shall be subject to inspection by the functionaries of the Schools & Literacy Department and to Third Party validation. PTC shall maintain complete record of income and expenditure and shall also submit copies thereof to the DEO concerned at the closure of financial year.

According to Directorate of Elementary & Secondary Education Khyber Pakhtunkhwa P&D Branch letter No. 2397-98 F.No/DD (P&D)/Hiring of teachers dated 20th December 2020, the competent authority in Education Department has decided to hire teachers through PTC on fixed stipend @ Rs 20,000 per month at Primary level, Rs 25,000 per month at Middle level and Rs 30,000 per month at High level as stop gag arrangement in order to provide teachers in short time in needy schools.

District Education Officer (Male & Female) Lower Chitral withdrew Rs 44,605,600 from the Government treasury and transferred to PTC bank accounts of the schools on account of Petty Repair, Classroom Consumables, Play Area, Conditional Grant and Hiring of teachers during financial year 2020-21. Further utilization by the PTCs and relevant record was not provided to audit for detailed scrutiny. Hence, the expenditure was remained unverified. Detail of expenditure is as under:

S. No	Description	DEO Male (Rs)	DEO Female (Rs)	Total (Rs)
01	Petty Repair	7,230,000	2,604,000	9,834,000
02	Classrooms Consumables	4,800,000	1,846,600	6,646,600
03	Conditional Grant (Additional Classrooms, Group Latrine, Water Supply and Boundary Walls etc)	12,400,000	8,165,000	20,565,000

04	Play Area	2,040,000	0	2,040,000
05	Hiring of Teachers	2,640,000	2,880,000	5,520,000
Total		29,110,000	15,495,600	44,605,600

Unverified expenditure occurred due to violation of rules, which resulted in unauthentic expenditure.

When pointed out in August 2021, DEO (Male) replied that the said amount was transferred to PTC accounts but due to Covid-19, the schools remained closed for long time. However, 90% record had been received and available in office. Reply was not convincing as neither the funds were utilized till date of audit nor record of utilization of a single school was provided to audit. Reply was based on misstatement as the DEO admitted its non-utilization in a report provided to ADC (F&P) regarding utilization of funds vide his office letter No.10881/AB/(Admn) dated 30th July 2021 mentioned therein that the funds had been shifted to PTC accounts and utilization was in process.

DEO (Female) stated that complete record of petty repair, classroom consumable, conditional grant and hiring of teachers would be shown in DAC meeting. Reply was not tenable, as record should have been provided to audit during the course of audit. Scrutiny of such a huge expenditure in DAC meeting would not be possible.

The irregularity was reported to the PAO in September 2021 for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends provision of detailed record for scrutiny by audit.

AIR Para No. 02 & 05 /2020-21

2.5.1.2 Unverified expenditure due to non-provision of record by Agha Khan Health Services – Rs 7.370 million

According to clause 11 of the Agreement between the Khyber Pakhtunkhwa Health Foundation through its Chairman Board of Governors (BoGs) and Tehsil Headquarter Hospital through the District Health Officer Lower Chitral and Agha Khan Health Services, Pakistan through its Chief

Executive Officer, the Fund of the Assigned Health Facility may be annually audited by the Auditor General of Pakistan.

According to the clause 11.2 of the agreement *ibid*, the third party (AKHSP) shall get its project financial statements audited from the external audit firm within 6 months of close of Financial Year and submit it to the first and second party i.e. Khyber Pakhtunkhwa Health Foundation and DHO Lower Chitral. According to clause 11.4 of the Agreement *ibid*, the AKHSP (third party) shall maintain a clear, accurate and complete record in respect of the funds received under this agreement. The books and records shall be maintained in such a manner that the receipts and expenditures of the Assigned Health Facility are shown separately on such books and records in clear and precise manner.

District Health Officer, Lower Chitral transferred Rs 7,369,976 to Agha Khan Health Services, Pakistan on account of salary and non-salary budget during financial year 2020-21 but relevant record was not provided to audit despite proper requisition for provision of complete relevant record.

Audit further held:

1. Neither financial statements were prepared for the Assigned Health Facility nor such accounts were annually audited by the external audit firm during the entire period as such reports and statements were not shared with the second party i.e. DHO as required under clause 8.8.2 (c, e & f) of the agreement.
2. As per Financial proposal dated 19th September 2019, Government funding was about 90% and AKHS'P share was about 10 % but due to non-maintenance of separate set of account for THQ Garam Chashma, AKHS'P funding and Government funding and their closing balances could not be determined.
3. Government funding was not kept in separate bank account to ascertain actual position of receipts and expenditure since 2013.

The lapses occurred due to violation of the agreement, which resulted in unverified expenditure.

When pointed out in August 2021, management stated that the Para would be forwarded to AKHSP Chitral for furnishing proper reply. Management stance was not tenable as DHO was required to furnish proper reply. However, further progress was not reported.

The irregularity was reported to the PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility for non-provision of complete relevant record to audit.

AIR Para No. 16/2020-21

2.5.2 Misappropriation, Fraud, Embezzlement

2.5.2.1 Misappropriation of health receipts – Rs 6.253 million

According to Para 8 and 26 of the GFR Volume I, each administrative department is to see that all the dues of the Government are correctly and promptly assessed, collected and paid into Government Treasury.

Medical Superintendent Category-D Hospital Drosh, a health facility under the administrative control of DHO Chitral Lower, collected health receipts of Rs 6,253,000 on account of OPD, Indoor, Rent of private rooms, Laboratory fee, X-ray fee, ECG fee, Ultrasound fee and rent of Canteen etc. since July 2010 but not deposited into Government treasury and misappropriated.

Non-deposit of health receipts occurred due to violation of rules, which resulted in loss to the Government.

When pointed out in August 2021, management stated that the Medical Superintendent Category-D hospital would be directed to clear the factual position and an inquiry would be conducted in the matter. Further progress was not intimated.

The irregularity was reported to PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends deposit of Government revenue into Government treasury besides fixing responsibility for misappropriation of the Government revenue.

AIR Para No. 01/2020-21

2.5.2.2 Non-recovery of misappropriated amount of conditional grant –Rs 4.043 million

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

District Education Officer (Male & Female) Lower Chitral did not recover Rs 4,043,238 from the following teachers on account of misappropriations in utilization of conditional grants despite lapsed of considerable time and despite repeated directions for deposit of the misappropriated amount. Detail is as under:

S. No	Name of teacher	Designation	Name of school	Amount (Rs)
01	Mr. Taj Ahmad	Primary School Head Teacher	GPS Nodragh Istaru	1,520,000
02	Mr. Mukhtar Ahmad	Ex- Primary School Head Teacher	GPS Merdin	462,800
03	Mr. Muhammad Karim	Senior Science Teacher	GMS Orghuch	203,000
04	Mr. Seed Wali	Primary School Head Teacher	GPS Gobore	300,000
05	Mr. Mir Aziz	Senior Science Teacher	GPS Gazain	300,000
06	Mr. Nasirullah	Primary School Head Teacher	GPS Shekhandeh Rumboor	150,000
07	GGHS Drosh	Headmistress/Parent Teachers Council	GGHS Drosh	1,107,438
Total				4,043,238

Non-recovery occurred due to weak internal control system, which resulted in loss to the Government.

When pointed out in August 2021, DEO (Male) replied that three cases are related office of the DEO Upper Chitral to whom the matter would be taken up. One case was re-inquired while recovery from the other two teachers would be made. Reply was not convincing as the recovery was pointed out two years before the establishment of District Upper Chitral. Recovery should have timely been effected.

DEO (Female) stated that some deficiencies were point out by the concerned Engineer. The mentioned deficiencies were then removed. Hence, no recovery was involved. Management reply was not convincing as misappropriation was established after proper inquiry and the same was outstanding against the said school as per record of DEO (Female) office.

The irregularity was reported to the PAO in September 2021 for convening DAC meeting, however, DAC meeting could not be convened till finalization of this report.

Audit recommends recovery and deposit into Government treasury.

AIR Para No. 01 & 01/2020-21

2.5.3 Irregularities

A. HR/Employee related irregularities

2.5.3.1 Inadmissible payment of arrears of Health Allowance without admissibility sanction and budget provision - Rs 9.857 million

According to the notification issued by the Government of Khyber Pakhtunkhwa, Finance Department vide No FD(SOSR-11)8-7/2019 dated 25.11.2019, Health Allowance has been approved to the devolved employees working in the Special Education Institutions from the date of their devolution to the provincial Government of Khyber Pakhtunkhwa. The said allowance will be admissible only to the employees of Special Education Institutions of Khyber Pakhtunkhwa devolved under 18th Constitutions Amendment.

According to Serial No. 8 (i) of Khyber Pakhtunkhwa Delegation of Financial Power Rules, 2018, claim of arrear of pay and allowances more than six years old, shall require sanction of the Finance Department after investigation by Audit.

According to Rule 22 of the District or City District Government (Budget) Rules, 2016. (b) the estimates for each financial year shall provide only for such expenditure as are to be actually paid during the financial year; (e) all items of expenditure that can be foreseen shall be provided for in the budget estimates; (f) provision for each expenditure shall be included under the appropriate head as per the classification structure of Chart of Accounts.

District officer, Social Welfare Department, Lower Chitral withdrew arrears of Rs 9,857,490 in the month of June 2021 on account of Health Allowance for the last 10 years with effect from 01.12.2011 to 30.06.2021 without budget allocation, admissibility sanction of the allowance, investigation sanction of the Finance Department and sanction to the incurrence of expenditure of the competent authority. The said allowance was admissible only to the employees of Special Education Institutions of Khyber Pakhtunkhwa devolved under 18th Constitutional Amendment. Moreover, full payment was made to the employees from the District Account-IV Lower Chitral while they were not posted at Chitral and performed their duties somewhere else during the said

period. The correct nomenclature of the allowance was actually Health Allowance while the expenditure was charged to Health Professional Allowance whereas both have different heads of accounts as per Chart of Accounts. Detail is as under:

S. No	Name	Designation	Amount (Rs)	Period of claim
01	Mst. Nusrat Jabeen	District Officer Social Welfare BPS -17	5,353,115	01.12.2011 to 30.06.2021
02	Haji Habibullah	Senior Clerk BPS -14	2,675,320	01.12.2011 to 30.06.2021
03	Mr. Maqsood Ahmad Baig	Driver BPS-078	1,829,055	01.12.2011 to 30.06.2021
Total			9,857,490	

Inadmissible payment occurred due to violation of rules, which resulted in loss to the Government.

When pointed out in December 2021, management did not furnish reply.

The irregularity was reported to the PAO in December 2021 for convening DAC meeting. However, DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility on the persons at fault.

AIR Para No. 01 (2020-21)

2.5.3.2 Irregular transfer of funds to PTC accounts for hiring of teachers without approval - Rs 5.52 million and unauthorized transfer of excess funds – Rs 1.92 million

According to Directorate of Elementary & Secondary Education Khyber Pakhtunkhwa Peshawar letter No. F.No.DD/P&D)/Hiring of Teachers dated 20th November 2020, education department will hire teachers through PTC on fixed stipend @ Rs 20,000 per month at Primary level, Rs 25,000 per month at Middle level and Rs 30,000 per month at High level under the project as stop gap arrangement in order to provide teachers in short time in needy schools. The PTC committee under the supervision of SDEO and ASDEO (for primary) and ADEO (Estab: Secondary) at Secondary level after scrutiny of application will sign agreement with the selectee. Selection will be on merit based as per formula

already used for teacher's selection through E&SE department at Primary and Secondary level. Qualification will be the same as required for PST/SST, CT and others. The documents should be verified from the concerned board/university as per already laid down criteria.

According to DEO (Male) Lower Chitral letter No.11593-99/F.No/D-19 (P&D) dated 16th August 2021 addressed to the SDEOs Lower Chitral and Headmaster of Middle Schools with the directions to immediately stop the process of hiring of teacher through PTC till further orders.

District Education Officer (Male & Female) Lower Chitral withdrew Rs 5,520,000 from the Government treasury and transferred to PTC accounts of 22 schools on account of hiring of teachers during financial year 2020-21 for the next academic year i.e. from 1st August 2021. Audit held that:

1. ADP scheme of Rs 5,520,000 was approved for hiring of teachers of 11 schools and accordingly funds were released but withdrawal was made and funds were transferred to 22 schools in violation of approved ADP scheme and release of budget without approval of the competent authority.
2. Funds of Rs 5,520,000 were transferred to PTC accounts of the concerned schools against the actual requirements and demand of Rs 3,600,000 as submitted by the SDOs of Tehsil Chitral and Tehsil Drosh. Hence excess funds of Rs 1,920,000 than actual requirements were unnecessarily transferred to PTC Accounts.

S. No	Name of office	Demand (Rs)	Withdrawal and transferred (Rs)	Excess transfer (Rs)
01	SDEO (Male) Chitral	840,000	1,200,000	360,000
02	SDEO (Male) Drosh	600,000	1,440,000	840,000
03	12 Nos. Female Schools for nine months (12 x 9 x Rs20,000)	2,160,000	2,880,000	720,000
Total		3,600,000	5,520,000	1,920,000

3. No proofs of hiring of teachers were available for actual utilization of funds on hiring of teachers by the concerned schools.

Excess transfer than actual requirements occurred due to weak financial control, which resulted in loss to the Government.

When pointed out in August 2021, DEO Male replied that funds were demanded on the basis of IMU data for 2019 and need of the said schools were fulfilled through postings of teachers in 2021 therefore, the funds were shifted to other needy schools and transferred to PTC accounts of the needy schools. Request for grant of approval for re-appropriation of funds was made to the Directorate on 5th July 2021. Management reply was not convincing and incomplete as funds were shifted and transferred to other schools without approval of the competent authority and excess payment than requirement was not responded to. Moreover, the Directorate of Elementary & Secondary Education had stopped hiring.

DEO (Female) replied that ADP Schemes of Rs 2,880,000 was approved for hiring of teachers of five schools. Due to over staffing in the said schools, the funds, after discussion with the higher ups, were transferred to twelve needy schools for twelve months. Selection of teachers are in process and funds were lying in PTC accounts of the concerned schools. Management reply was not convincing as funds were transferred in violation of approved ADP schemes and excess funds than requirements were transferred. Moreover, the Directorate of Elementary & Secondary Education had stopped hiring.

The irregularity was reported to PAO in September 2021 for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility on the persons at fault for transfer of excess funds than actual requirements and provision of relevant record for scrutiny.

AIR Para No. 03 & 03 /2020-21

2.5.3.3 Inadmissible transfer of salaries of vacant posts to AKHSP – Rs 4.612 million

According to clause 6.4.2 of the Agreement between the Khyber Pakhtunkhwa Health Foundation through its Chairman Board of Governors

(BoGs) and Tehsil Headquarter Hospital through the District Health Officer Lower Chitral and Agha Khan Health Services, Pakistan through its Chief Executive Officer. The budgetary allocation under this sub-clause shall include the salaries along with the allowances of all the sanctioned positions in the Assigned Health Facility under all categories excluding vacant posts.

District Health Officer Lower Chitral transferred Rs 4,611,726 to Agha Khan Health Services, Pakistan as budgetary allocation of vacant posts of Tehsil Headquarter Hospital Garam Chashma during financial year 2020-21. Salaries of the regular employees posted at THQ Garam Chashma were paid by the DHO from his regular budget while budgetary allocation of salaries of vacant positions of the assigned Health Facility was paid through one-line transfer to the designated bank account of AKHSP. Transfer of salary budget of vacant positions was inadmissible as per agreement.

Inadmissible payment occurred due to violation of agreement, which resulted in loss to the Government.

When pointed out in August 2021, management stated that the irregularity would be forwarded to AKHSP Chitral for furnishing proper reply. Management reply was not convincing as funds were transferred to AKHSP Chitral in violation of the agreement.

The irregularity was reported to PAO for convening DAC meeting. However, DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility on the persons at fault besides recovery or regularization by the competent forum.

AIR Para No. 17/2020-21

2.5.3.4 Overpayment of pay & allowances during the period of willful absence and withdrawal of HPA at higher rate - Rs –1.253 million

According to Government of Khyber Pakhtunkhwa, Finance Department, regulation wing, notification No. FD (SOSR-II)8-18/2016 dated 07.01.2016,

Health Professional Allowance for MOs/Dental Surgeon was Rs 82,000 in Urban area in category-C districts.

District Health Officer Lower Chitral submitted a Source to the District Accounts Office Chitral for stoppage of pay of Dr. Farah Javed, Focal person TB Control Chitral, with effect from December 2020 due to her willful absence. Her pay was not stopped for three months i.e. till 28th February 2021 due to which overpayment of Rs 437,421 was made @ Rs 145,807 per month. Similarly, Health Professional Allowance at inadmissible higher rate of Rs 96,000 per month was allowed instead of Rs 82,000 for 27 months with effect from September 2018 to December 2020 as neither the post of Focal Person was Managerial in nature nor she was posted as Health Manager. Hence, further overpayment of Rs 815,421 was made @ Rs 14,000 (Rs 96,000 – Rs 82,000) per month for 27 months.

Overpayment occurred due to lack of internal control, which resulted in loss to the Government.

When pointed out in August 2021, management stated that the concerned officer would be intimated and the amount be deposited into Government treasury as and when received. Management reply was not convincing as her pay should have been stopped timely from the date of her willful absence and admissible rate of HPA was required to be paid. However, further progress was not intimated.

The irregularity was reported to the PAO for convening DAC meeting. However, DAC meeting could not be convened till finalization of this report.

Audit recommends recovery and action against the persons at fault.

AIR Para No. 07/2020-21

B. Procurement related irregularities

2.5.3.5 Loss to Government due to additional payment of 15% compulsory acquisition of land - Rs 5.160 million

According to Section 18 (1) of Land Acquisition Act 1894, any person who has not accepted the Award may, by written application to the collector, the matter be referred by the collector for the determination of the Court, whether his objection to the measurement of the land, the amount of the compensation, the person to whom it is payable or the apportionment of the compensation among the persons interested.

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.

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”.

Deputy Commissioner Lower Chitral transferred Rs 34,399,217 to Assistant Commissioner Chitral as land compensations of six (06) schemes with additional payment of Rs 5,159,881 on account of 15% compulsory acquisition charges during financial year 2020-21 for further payment to the land owners. The payment of 15% compulsory acquisition charges was not admissible. Detail is as under:

S. No	Name of scheme	Cost of land (Rs)	15% compulsory charges (Rs)
01	Jinjerate to Jinjirate koh Drosh	21,688,552	3,253,282
02	GHS Gahraite	2215400	332310
03	Residential Area Rumboor	346,931	52,039
04	GGPS Rumboor	2478080	371,712
05	Minority Graveyar Birir	3717120	557,568
06	Kalash Festival place	3953134	592,970
Total		34,399,217	5,159,881

Payment of compulsory acquisition charges occurred in violation of rules, which resulted in loss the Government.

When pointed out in July 2021, management stated that the nature of acquisition of land was compulsory hence 15% compulsory acquisition charges were allowed. The District Collector functions as Court also and all kind of acquisition cases are dealt with by the District Collector. Management reply was not convincing as 15% compulsory acquisition charges were initially included in the assessment without involvement of the Court. According to Section 3(d) of the Act “Court” means a Principal Civil Court of original jurisdiction.

The irregularity was reported to PAO in August 2021 for convening DAC meeting, however, DAC meeting could not be convened till finalization of this report.

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

AIR Para No. 21/2020-21

2.5.3.6 Irregular expenditure without open tender system on purchase of plant and machinery and its non-procurement – Rs 3.213 million

According to Rule 1 of Chapter-III of Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014, the procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods over the value of Rs 100,000/ rupees one hundred thousand.

According to Rule 75 (8) a, b & c, Part-XII of the Government of Khyber Pakhtunkhwa District or City District Government Budget Rules 2016, purchases must be made in the most economical manner in accordance with the definite requirements of the public service. Purchase orders should not be split up to avoid the necessity for obtaining the sanction of higher authority with reference to the total amount of orders. All material received should be examined, counted, measured or weighted, quality and quantity be checked and entered into a stock register.

Deputy Commissioner Lower Chitral spent Rs 3,213,000 from the District Council funds on purchase of plant and machinery during the month of June 2021 without open tender system and without actual purchase of the items. The purchase of items was not required as the District Council was not functional and the quantity of items was extraordinary over and above the actual requirements. Moreover, the purchases were not actually made as evident from the relevant record and as verified from the office of the Assistant Director, Local Government & Rural Development, Lower Chitral. Details at the annexure-2.

Irregular expenditure incurred and the items were not actually purchased due to violation of rules, which resulted in loss to the Government.

When pointed out in July 2021, management stated that the quotations were obtained through advertisement in KPPPRA website which would be presented to DAC. Management reply was not convincing and incomplete as open tender system was not adopted because the advertisement was not published in print media and extraordinary high rates were approved. Moreover, non-procurement portion of the observation was not responded.

The irregularity was reported to the PAO in August 2021 for convening DAC meeting; however, DAC meeting could not be convened till finalization of this report.

Audit recommends detailed inquiry for fixing responsibility on the persons at fault.

AIR Para No. 25/2020-21

2.5.3.7 Irregular expenditure without open tender system on civil work from the funds of the District Council - Rs 2.909 million

According to Rule 1 of Chapter-III of Khyber Pakhtunkhwa Public procurement of Goods, Works and Services Rules, 2014, the procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods over the value of Rs 100,000/ rupees one hundred thousand.

According to Rule 75 (8) a, b & c, Part-XII of the Government of Khyber Pakhtunkhwa District or City District Government Budget Rules 2016, purchases must be made in the most economical manner in accordance with the definite requirements of the public service. Purchase orders should not be split up to avoid the necessity for obtaining the sanction of higher authority with reference to the total amount of orders. All material received should be examined, counted, measured or weighted, quality and quantity be checked and entered into a stock register.

Deputy Commissioner Lower Chitral spent Rs 2,909,685 from the other head of District Council funds on civil work during the month of June 2021 without open tender system and other codal formalities. The incurrence of such a huge expenditure on civil work/renovation was not only un-necessary but it could easily be done in less than Rs 500,000 as very high rates were charged without competition. Details at annexure-3.

Irregular expenditure incurred due to weak financial control, which resulted in loss to the Government.

When pointed out in July 2021, management stated that the said work was not come in the preview of civil work; however, renovation work was carried out through quotation duly advertised in KPPRA website which would be presented to DAC. Management reply was not convincing, as the advertisement was not published in print media. Out of the total expenditure of Rs 2,909,685, an amount of Rs 682,810 was shown incurred on District Council's office (s) while the remaining amount of 2,226,875 was shown incurred on irrelevant offices. Incurrence of such an expenditure could not be verified to have been incurred this year or previously.

The irregularity was reported to the PAO in August 2021 for convening DAC meeting. However, DAC meeting could not be convened till finalization of this report.

Audit recommends detailed inquiry for fixing responsibility on the persons at fault.

AIR Para No. 26/2020-21

2.5.3.8 Inadmissible and unauthorized expenditure on renovation of irrelevant offices from the funds of the District Council – Rs.2.226 million

According to Rule 1 of Chapter-III of Khyber Pakhtunkhwa Public procurement of Goods, Works and Services Rules, 2014, the procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods over the value of Rs 100,000/ rupees one hundred thousand.

Deputy Commissioner Lower Chitral incurred expenditure of Rs 2,226,875, during the month of June 2021, on renovation of various offices of DC office and MPA office from the funds of the District Council without observing codal formalities. Audit held that such expenditure was inadmissible from the funds of the District Council and very high rates were paid for without competitive bidding. Details at annexure-4.

Inadmissible and unauthorized expenditure occurred due to violation of rules, which resulted in loss to the Government.

When pointed out in July 2021, management stated that after devolution and establishment of the District Government, offices of the defunct District Council are operational under the control of District Administrator, therefore, to maintain the said offices in working condition, renovation works were carried out in the year 2020-21. Management reply was not convincing as there was no need to incur such an expenditure as the offices were operational and well equipped with till completion of the tenure of the District Council. Decision to make additions to or renovate had to be taken by the next Government in accordance with their own priorities & requirements. At present the unavoidable expenditure of salary, pension of employees of District Council and utilities should have been incurred by the District Administrator through the Assistant Director LG&RDD Lower Chitral as Drawing and Disbursing Officer for the District Council. Moreover, out of the total expenditure of Rs 2,909,685 an amount of Rs 682,810 was only shown incurred on District Council's office (s) whereas major amount of 2,226,875 was shown incurred on irrelevant offices. Hence, plea of the

department was not tenable for incurrence of such a huge expenditure on renovation.

The irregularity was reported to the PAO in August 2021 for convening DAC meeting, however, DAC meeting could not be convened till finalization of this report.

Audit recommends detailed inquiry for fixing responsibility on the persons at fault.

AIR Para No. 27/2020-21

2.5.3.9 Unauthorized retention of crossed Cheques of medicines in designated bank account – Rs 6.237 million

According to the instructions circulated vide Government of Khyber Pakhtunkhwa, Finance Department, letter No. BO(W&M)6-5/2019-20 dated 19th February 2020, in order to eliminate cash payments and reduce issuance of open Cheques by Accountant General Khyber Pakhtunkhwa and to stop payments in cash, all Principal Accounting Officers and DDOs were advised to stop all unnecessary cash payments and open Cheques except critical payments in unavoidable circumstances.

District Health Officer Lower Chitral received eighteen (18) crossed Cheques in the name of Medicine Companies amounting to Rs 5,340,246 from the District Accounts Office in the month of June 2021. As all the Cheques were crossed ones, which could neither be cashed nor deposited in any other bank account except the bank accounts of the suppliers/companies concerned. Even then all the Cheques were deposited in designated bank account of the DHO which was not only unauthorized on the part of DHO office but the bank as well. Moreover, seven DDO Cheques of Rs 896,685 were issued by the DAO office on account of medicines in the month of June 2021 which were also deposited in designated bank account. Details at annexure-5.

Unauthorized retention in designated bank account occurred due to violation of rules, which resulted in loss to the Government.

When pointed out in August 2021, management stated that due to non-completion of supply of medicines, the Cheques were retained in the designated bank account. Payment would be made on completion of supply and bank drafts would be provided to audit. Management reply was not convincing as retention of crossed Cheques of different medicine companies in designated bank account of DHO was inadmissible which made the entire process doubtful.

The irregularity was reported to the PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility on the persons at fault.

AIR Para No. 11/2020-21

2.5.3.10 Unauthorized advance payment to contractor for repair of vehicle – Rs 2.413 million

According to Rule 11 (2) of the Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014, For all purchases, other than those being covered in rules 3, 10 and sub rule (1) of rule 11 of these rules, shall be advertised in print media, appearing in at least one national English and one Urdu daily newspaper with nationwide circulation along with advertising the same on the procuring entity's website and Authority's website, respectively.

According to Para 10 (i) of GFR Volume-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

District Health Officer Lower Chitral withdrew Rs 2,412,500 from the Government treasury and paid in advance to M/S Mughal Baz Khan for repair of Vego vehicle without open tender system. Neither the vehicle required so extraordinary repair nor relevant codal formalities for such a major repair was observed. Moreover, the contract of repair of vehicles for the whole year was awarded to M/S Terichmir Motors Chitral while payment was made to M/S Mughal Baz Khan without any approval and Justification. Furthermore, the

payment was made from the head “purchase of plant and machinery” due to which misclassification was also made.

Unauthorized advance payment without work done, without open tender system and from the incorrect budget head occurred due to weak financial control, which resulted in loss to the Government.

When pointed out in August 2021, management did not furnish reply.

The irregularity was reported to the PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility for recovery of the amount.

AIR Para No. 26/2020-21

2.5.3.11 Unauthorized advance payment without work done – Rs.65.245 million and non-imposition of penalty for incomplete works/non-supply – Rs 3.287 million

As per condition No. 12 of the advertisement, all the works were required to be completed within 30 days for local items and 90 days for imported items failing which 5% penalty will be imposed.

Para 279 of GFR prohibits the drawl of money from Government treasury in anticipation of the work done.

District Health Officer Lower Chitral paid Rs 65,245,010 to M/S Mughal Baz Khan for contracts of petty repair, purchase of machinery and equipment and repair of machinery and equipment during financial year 2020-21. Advance payment was made without actual work done at site, without supply of plant and machinery and without carrying out repair of machinery and equipment. Lump sum demand bills were passed without detailed measurement, place of work/supply, repair and inspection by the inspection committee. All the works, repair and items of purchase were local and were not completed/executed/supplied till completion of audit i.e. 11th August 2021. Therefore, 5% penalty of Rs 3,259,622 was required to be imposed which was not done. Detail is as under:

S. No	Description	Head of account	Allocation (Rs)	Expenditure (Rs)	5% penalty (Rs)
01	Petty Repair	A013303-09	40,410,010	40,358,402	2,017,920
02	Purchase of Plant & Machinery	A09601	19,790,000	19,789,800	989,490
03	Repair of Machinery and Equipment	A013101-01	5,045,000	5,044,250	252,212
Total			65,245,010	65,192,452	3,259,622

Unauthorized advance payment and non-imposition of penalty occurred due to violation of conditions of the advertisement, which resulted in loss to the Government.

When pointed out in August 2021, management stated that penalty would be deducted if the works were not completed within stipulated time. Reply was incomplete, and not convincing as there was no provision of advance payment without work done, and all the works/supply should have been completed within 30 days. The deadline had already been lapsed.

The irregularity was reported to PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends detailed inquiry to ensure execution of the work/supply/repair, imposition of penalty and deposit into Government treasury.

AIR Para No. 28/2020-21

2.5.3.12 Irregular award of tender causing loss in millions due to accepting higher rates without proper competition- Rs 65.245 million

According to Rule 11 (2) of the Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014, For all purchases, other than those being covered in rules 3, 10 and sub rule (1) of rule 11 of these rules, shall be advertised in print media, appearing in at least one national English and one Urdu daily newspaper with nationwide circulation along with advertising the same on the procuring entity's website and Authority's website, respectively.

According to Government of Khyber Pakhtunkhwa, Public Procurement Regulatory Authority Notification No. KPPRA/M&E/Estt: /1-16/2018-19 dated 1st January 2019, Procurement committees constituted under section 34 of the Khyber Pakhtunkhwa Public Procurement Regulatory Authority Act 2012 and Rule 32 of the Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules 2014 shall comprise of odd number of members and all decisions of procurement committee shall be made on simple majority, however, consent of the technical member, shall be mandatory.

District Health Officer Lower Chitral awarded three contracts of Rs 65,245,010 to M/S Mughal Baz Khan for carrying petty repair in Government buildings, purchase of plant & machinery and repair of machinery and equipment during financial year 2020-21. Audit held that award of contract was irregular & without transparent competition by accepting higher rates causing loss in millions as under:

1. The advertisement was only downloaded on KPPRA website and not published in print media in violation of KPPRA rules 2014.
2. Three same contractors participated in all the contracts and all the contracts were awarded to a single contractor i.e. Mughal Baz Khan.
3. No one of the contractors were registered with KPPRA for petty repair and Health Department Khyber Pakhtunkhwa which was compulsory condition of the advertisement.
4. The other two contractors were not registered with KPPRA and Health Department for purchase of plant and machinery and repair of machinery and equipment.
5. Nominal amount of CDRs of Rs 10,000 and Rs 6000 were deposited with the financial bid instead of 2% of the bid cost due to which the bids were non responsive.
6. Very high rates were approved as compared to prevailing market rates due to non-conduction of transparent completion which resulted in loss in million to the Government.
7. Purchase committee was constituted in violation of KPPRA rules 2014 and orders of Finance Department as regard to numbers of purchase committee without technical member and member from finance and accounts.

8. No inspection committee was constituted so far despite full payment to the contractor.
9. No proper PC-I was approved for petty repairs but lump sum rates were approved without proper items of works in violation of MRS and other civil works.
10. No agreements were executed with the contractor.

Irregular award of contracts occurred due to violation of rules, which resulted in loss to the Government.

When pointed out in August 2021, management stated that the advertisement was published on KPPRA website and only three quotations received for petty repair, purchase of machinery and repair of machinery. Management reply was incomplete. Detailed replies need to be furnished in light of observations whereas no further progress was reported.

The irregularity was reported to PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends detailed inquiry for fixing responsibility on the persons at fault.

AIR Para No. 29/2020-21

2.5.3.13 Un-authentic payment due to double drawl on petty repair of previous year – Rs 14.993 million

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

District Health Officer Lower Chitral withdrew Rs 40,358,402 and paid to M/S Mughal Baz Khan on account of petty repair of Government buildings of Health Department Chitral during financial year 2020-21. Out of the total amount, Rs 15,210,000 was paid to the contractor as liability for previous financial year 2019-20 because previous year contract was also awarded to the same contractor. On scrutiny of record, it was noticed that Rs 29,992,622 were withdrawn and paid in advance to the contractor in financial year 2019-20.

Actual work done of Rs 30,210,718 against the said advance payment was made in financial year 2020-21 duly measured and verified by the Inspection Committee, constituted on 7th September 2020 for verification of petty repair work of the financial year 2019-20. Actual liability of the contractor for the financial year 2019-20 was Rs 218,056 (Rs 30,210,718 – Rs 29,992,622) whereas Rs 15,210,718 were paid as liability. Hence Rs 14,992,662 (Rs 15,210,718 – Rs 218,056) was again withdrawn and paid to the contractor and chances of misappropriation could not be ruled out.

Double withdrawal and payment occurred due to weak financial control, which resulted in loss to the Government.

When pointed out in August 2021, management stated repair of previous year had already been verified by the Measurement Committee constituted by the Deputy Commissioner Lower Chitral and current year's work would also be verified by the same committee as and when work is completed. Management reply was irrelevant as payment for previous year's work was made from the current year's budget on the basis of work done verified by the Inspection Committee constituted for the previous year's work. No Inspection Committee was nominated for verification of the work done of current year.

The irregularity was reported to PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends detailed inquiry for fixing responsibility on the persons at fault.

AIR Para No. 30/2020-21

2.5.3.14 Misclassification due to charge of irrelevant expenditure to the head purchase of plant and machinery – Rs 10.000 million

Para 9 of GFR Vol.-I states that as 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.

According to Rule 19 (2) of the Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014, the procuring entity shall engage in

open competitive bidding if the cost of the object to be procured is more than the financial limit which is applicable under rule 18 of these rules. Procurement from Rs. 100,000 to Rs 2.5 million shall be posted on the procuring entity's website and Authority's website. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring entity.

District Health Officer Lower Chitral incurred expenditure of Rs 19,789,800 on purchase of plant and machinery during financial year 2020-21 out of which Rs 10,000,000 were incurred on purchase of vehicle, repair of vehicle and registration of vehicle which were not relevant heads to be charged to the head "purchase of plant and machinery i.e. A09601. Detail is as under:

S. No	Description	Amount (Rs)
01	Purchase of vehicle	6,587,500
02	Repair of vehicle	2,412,500
03	Registration of vehicle	1,000,000
Total		10,000,000

Expenditure of irrelevant heads were charged to purchase of plant and machinery due to weak financial management, which resulted in misclassification.

When pointed out in August 2021, management stated that vehicle was purchased on the basis of demand of this office and budget release by the Finance Department Khyber Pakhtunkhwa. Management reply was incomplete and not convincing, as budget was not released for purchase of vehicle, repair of vehicles and registration of vehicle (s).

The irregularity was reported to the PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility on the persons at fault for incurrence of expenditure without budget and charge to irrelevant head of account.

AIR Para No. 32/2020-21

2.5.3.15 Unauthorized advance withdrawal on account of registration of vehicles – Rs 1.180 million

According to Para 8 and 26 of the General Financial Rules Volume I, each administrative department is to see that the dues of the Government are correctly and promptly assessed, collected and paid into Government Treasury.

District Health Officer Lower Chitral withdrew Rs 1,180,000 from Government treasury on account of registration of vehicles and DDO Cheques were received but registration was not yet made and the amount was lying in designated bank account of the DHO.

Unauthorized advance withdrawal occurred due to weak financial control, which resulted in loss to the Government.

When pointed out in August 2021, management stated registration process would be initiated as and when the vehicle received from the Indus Motor Company. The amount has temporarily been kept in designated bank account of DHO and will be utilized on registration of vehicles. Management reply was not tenable as the amount was withdrawn from irrelevant head and on the basis of fake and blank treasury challan. Moreover, the amount is extraordinarily more than the requirement of registration of newly purchased vehicle though not yet supplied.

The irregularity was reported to the PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility for withdrawal on fake and blank treasury challans, its retention in the designated bank account besides deposit into Government treasury.

AIR Para No. 33/2020-21

2.5.3.16 Unauthorized purchase of official vehicle without obtaining NOC and loss due to purchase beyond entitlement - Rs 6.587 million

According to transport committee report 2015, the provincial Government has imposed complete ban on purchase of vehicles as a measure of

austerity which can be relaxed by the Chief Minister on case-to-case basis. However, the case of purchase of vehicle may be moved after obtaining non availability certificate from Administration Department and Condemnation Certificate as laid down in Finance Department Notification NO. SO9A/Cs)FD/2-3/96 dated 17th April 1996.

According to Economy/Austerity Measures for the Financial Year 2020-21 issued by Finance Department vide letter No. BO.I/FD/5-8/2020-21, there shall be complete ban on purchase of new vehicles.

District Health Officer Lower Chitral spent Rs 6,587,500 on purchase of vehicle from M/S Indus Motor Co. Limited Karachi through Toyota Frontier Motors (Pvt) Ltd Peshawar during financial year 2020-21 without obtaining NOC from the provincial Government and without observing the entitlement of the officer concerned. Moreover, the purchase was made in advance without supply of the vehicle and without sanction from the competent authority for advance payment.

Unauthorized purchase occurred due to violation of Government orders, which resulted in loss to the Government.

When pointed out in August 2021, management stated that NOC would be obtained. Management reply was not tenable as purchase of vehicle without NOC and beyond entitlement was unauthorized which resulted in loss to the Government and advance payment without sanction from the competent authority.

The irregularity was reported to the PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility on the person (s) at fault for misuse of powers.

AIR Para No. 34/2020-21

2.5.3.17 Un-authentic deposit of sales tax and non-deduction of income tax on purchase of vehicle - Rs 1.267 million

According to rule 4(b) the Sales Tax Special Procedure (withholding) Rules, 2007, A withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by a registered person and make payment of the balance amount to him and, the concerned Drawing and Disbursement Officer shall prepare the return in the form as in the Annexure to these rules for each month and forward the same to the Collector having jurisdiction by the 15th of the following month.

District Health Officer Lower Chitral spent Rs 6,587,500 on purchase of vehicle from M/S Indus Motor Co. Limited Karachi through Toyota Frontier Motors (Pvt) Ltd Peshawar during financial year 2020-21. Sales tax @ 17% amounting to Rs 951,564 was also paid to the Firm. Neither deduction was made in the bill nor further deposit by the Firm was ensured as per rules referred to above. Similarly, income tax of Rs 263,500 @ 4% was also not deducted.

Unauthentic deposit of sales tax and non-deposit of income tax occurred due to weak internal controls, which resulted in loss to the Government.

When pointed out in August 2021, management stated that income tax and sales tax payment certificate would be provided after receipt of vehicle from the Company. Management reply was not convincing as deductions of taxes should have been made before the payment was made to the Company.

The irregularity was reported to the PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends provision of proof of further deposit of sales tax by the firm and recovery of income tax and deposit into Government treasury.

AIR Para No. 35/2020-21

2.5.3.18 Advance payment without actual repair of machinery and equipment – Rs 5.608 million

According to Para 10 (i) of GFR Volume-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

District Health Officer Lower Chitral incurred expenditure of Rs 5,607,750 on repair of machinery and equipment during financial year 2020-21 through M/S Mughal Baz Khan. The entire funds were withdrawn without actual repair works and paid in advance to the contractor. Moreover, the same contract was previously awarded to the same contractor and paid Rs 14,370,000 which also needs to be verified and compared with the repair works of this year as no repair works in machinery & equipment were made as verified from all the health facilities.

Advance payment occurred due to weak financial control, which resulted in loss to the Government.

When pointed out in August 2021, management stated that repair work would be completed within the stipulated time and record provided to audit. Management reply was not convincing as completion period had already been lapsed and advance payment was made without authorization and admissibility.

The irregularity was reported to the PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends detailed inquiry for fixing responsibility on the persons at fault.

AIR Para No. 36/2020-21

2.5.3.19 Unjustified transportation of Rs 8.560 million for medicines – Rs. 16.400 million

According to Para 10 (i) of GFR Volume-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from

public moneys, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

District Health Officer Lower Chitral incurred expenditure of Rs 8,560,210 on transportation of goods from main store to various health facilities during financial year 2020-21 through a contractor M/S Mughal Baz Khan. The funds were withdrawn and paid to the contractor. Audit held that:

1. Unjustified expenditure of Rs 8,560,210 was incurred on transportation of medicines of Rs 16,400,000 which could hardly be transported in thirty trips of jeeps at maximum while more than 500 trips were shown to health facilities which was unjustifiable. Fake trips were shown just to withdraw money from the Government treasury.
2. Extraordinary high rates than market rates were approved per trip of jeep up to Rs 45000 within Lower Chitral due to which loss of millions was occurred.
3. As per comparative statement, rate per jeep load was approved while in bill per jeep load was restricted to 10 mounds (500 kg) without authorization just to maximize the number of trips for withdrawal of allocated money from the Government treasury.
4. Normally, medicines and other goods were issued to health facilities quarterly hence a total maximum expenditure should have been up to Rs 2,200,000 at maximum even at the highest approved rates.
5. Expenditure of Rs 2,200,000 was incurred for the period before the date of tender which was unauthorized and chances of misappropriation could not be ruled out.

Unjustified expenditure occurred due to weak financial control, which resulted in loss to the Government.

When pointed out in August 2021, management stated that inquiry would be conducted and report furnished to audit. Further progress was not intimated.

The irregularity was reported to the PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends detailed inquiry for fixing responsibility on the persons at fault.

AIR Para No. 38/2020-21

C. Management of Accounts with Commercial Banks

2.5.3.20 Non-deposit of savings of land compensation in Government treasury- Rs 10.729 million

According to Government of Khyber Pakhtunkhwa, Sports, Tourism, Archaeology, Youth Affairs and Museum Department letter No. PO (TSY&M)/DC/LC/2020-21/4230-33 dated 9th March, 2021, the saving amount be deposited into Government treasury.

Deputy Commissioner Lower Chitral received Rs 35,000,000 from Archaeology Department for purchase of land for Stadium. Acquisition was completed in Rs 24,270,500 as per actual assessment. The remaining amount of Rs 10,729,500 was lying as saving in the designated bank account of the Deputy Commissioner. A public representative proposed its utilization in another scheme and accordingly the case was taken up with the Archaeology Department for accord of approval. The acquiring department did not accord approval for its utilization in the proposed scheme and requested to deposit the saving amount into Government treasury. Instead of deposit into Government treasury, the savings were deposited in Revenue Deposit Account unnecessarily.

Unnecessary deposit of saving in Revenue Deposit Account occurred due to violation of rules, which resulted in blockage of public money.

When pointed out in July 2021, management stated that the landowners had filed an appeal under section 18 of the Land Acquisition Act 1894; therefore, the funds were kept in Revenue Deposit Account. Management reply was not tenable as a case for utilization of savings was taken up with the acquiring department to which the department was not agreed. Moreover, documentary proofs of filing of case was not provided to audit.

The irregularity was reported to PAO in August 2021 for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends immediate deposit of the saving amount into Government treasury.

AIR Para No. 10/2020-21

2.5.3.21 Unauthorized deposit of land compensation in designated bank account – Rs 24.364 million

According to Para 290 of CTR, no money shall be withdrawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants.

Deputy Commissioner Lower Chitral deposited and retained land compensation of Rs 24,364,249 in designated bank account instead of deposit and retention in Revenue Deposit Account. Details at the annexure-6.

The lapse occurred due to violation of rules, which resulted in unauthorized deposit & retention of cost of land.

When pointed out in July 2021, management stated that the balance amount have been kept in designated bank account instead of refunding to the acquiring department or depositing into Government treasury because the land owners had filed appeals under section 18 of the Land Acquisition Act 1894. Management reply was irrelevant, as the funds should have been kept in Revenue Deposit Account and savings refunded to the acquiring departments or deposited into Government treasury.

The irregularity was reported to PAO in August 2021 for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends deposit of land compensation in Revenue Deposit Account and refund or deposit of savings into Government treasury.

AIR Para No. 11/2020-21

**2.5.3.22 Loss due to retention of public funds in current bank accounts
– Rs.43.737 million**

According to Para 1 and 2 of Finance Department, Khyber Pakhtunkhwa, letter No. 2/3-(F/L)/FD/2007-08/Vol-IX dated 10th February 2014, sanctions for opening of designated bank accounts in the commercial banks for various Departments/Autonomous/Semi-Autonomous Bodies/Corporations in Khyber Pakhtunkhwa for particular and specific purposes. Instructions were issued to convert the accounts into PLS mode and the profit earned be deposited in Government Treasury under relevant head of account immediately and not later than a week when declared by the concerned bank.

Deputy Commissioner Lower Chitral maintained four current designated bank accounts in the local office and in the office of the Assistant Commissioner Chitral during financial year 2020-21. A handsome amount was available in the accounts without profit. Profit of Rs 43,736,638 could be earned during financial year 2020-21 at minimum rate of 8 % due to which provincial receipts were understated. Details at annexure-7.

Maintenance of current designated bank accounts occurred due to violation of rules, which resulted in understatement in provincial receipts.

When pointed out in July 2021, management stated that the case had been taken up with the Finance Department Khyber Pakhtunkhwa for according sanction for opening of PLS accounts for all such funds. Management reply was not convincing, as the accounts should have been converted into PLS mode since 2014 as seven years lapsed after issuance of instructions by the provincial Government. Due to non-compliance, the Government was continuously sustaining loss in millions. Moreover, documentary evidence of the case was not provided to audit.

The irregularity was reported to PAO in August 2021 for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends immediate conversion of current accounts into PLS mode and deposit of profit into Government treasury when declared by the banks

besides fixing responsibility on the persons at fault for non-conversion of current bank accounts into PLS mode.

AIR Para No. 12/2020-21

2.5.3.23 Non-deposit of collected stamp duty, registration fee and 2% property tax – Rs 1.677 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.

According to Rule 5 of the Local Councils (Tax on Transfer of Immovable property) Rules 1997, the authority collecting the tax under Rule 3 shall immediately credit the amount so collected to the fund of the Local Council concerned.

Deputy Commissioner Lower Chitral collected Rs 1,677,351 from the acquiring departments as stamp duty, registration fee and 2% TMA share during financial year 2020-21. The amount was paid to Assistant Commissioner Chitral for deposit into Government treasury through Sub- Registrar Lower Chitral who retained the amount in his designated bank account and did not deposit into Government treasury.

Non-deposit occurred due to violation of rules, which resulted in loss to the Government.

When pointed out in July 2021, management stated that the amount would be deposited into Government treasury and challan produced to DAC meeting. However, no progress was reported.

The irregularity was reported to the PAO in August 2021 for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends immediate deposit in Government treasury besides fixing responsibility for unauthorized retention of Government revenues in designated bank account.

AIR Para No. 17/2020-21

2.5.3.24 Unauthorized withdrawal from Government treasury and retention in designated bank account – Rs 16.414 million

According to Treasury Rule 290, no money shall be withdrawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants.

District Health Officer Lower Chitral withdrew Rs 16,414,000 from the Government treasury on 22nd June 2021 under the head “payment to others for services rendered” on account of Polio Campaign and DDO Cheques were received from the District Accounts Office Lower Chitral. The entire funds were kept in designated bank account No. 0110002010038932-MCB Chitral on 24th June 2021 without immediate disbursements.

Unauthorized withdrawal from Government treasury occurred due to violation of rules, which resulted in loss to the Government.

When pointed out in August 2021, management stated that policy and payment record would be presented to audit. However, further progress was not intimated.

The irregularity was reported to the PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility for unauthorized withdrawal and retention in designated bank account without immediate disbursement.

AIR Para No. 02/2020-21

2.5.3.25 Non-deposit of health receipt and unauthorized retention in designated bank account – Rs 0.793 million

According to clause 10.4 of the Agreement between the Khyber Pakhtunkhwa Health Foundation through its Chairman Board of Governors (BoGs) and Tehsil Headquarter Hospital through the District Health Officer Lower Chitral and Agha Khan Health Services, Pakistan through its Chief Executive Officer, the third party (AKHSP), may generate revenues through user

fee from various diagnostic services like outdoor and indoor receipts, x-ray, laboratory, private rooms and major investigations etc. The user fee for the above diagnostic services shall not be beyond the limit as determined by the Government by time to time, will be treated as per Government rules.

Medical Superintendent THQ Hospital Garam Chashma, a health facility under the administrative control of DHO Lower Chitral, collected Rs 1,488,930 as health receipts of OPD, indoor, Laboratory, X-ray, ECG and Ultrasound fee during financial year 2020-21. Collection of Rs 696,230 for the months of July, 2020 to January, 2021 were deposited into Government treasury while the remaining amount of Rs 792,700 for the months of February, 2021 to June, 2021 were not deposited into Government treasury but retained in designated bank account of Agha Khan Hospital Service, Pakistan, (AKHSP).

Non-deposit occurred due to violation of agreement, which resulted in loss to the Government.

When pointed out in August 2021, management stated that the Para would be forwarded to AKHS'P Chitral for furnishing proper reply. However, further progress was not intimated.

The irregularity was reported to the PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends immediate deposit into Government treasury under intimation to audit.

AIR Para No. 15/2020-21

2.5.4 Value for money and service delivery issues

2.5.4.1 Excess payment of land compensation over the available funds of relevant schemes - Rs 7.579 million

According to Para 9 of GFR Vol.-I, as 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.

Deputy Commissioner Lower Chitral overpaid Rs 7,579,567 in three cases of land compensations as evident from the reconciled Revenue Deposit Account as on 30th June 2021. Payments were made over and above the available balance in the relevant cases of land compensations, which resulted in overpayment as per detail given below:

S. No	Project title	Acquiring department	Allocated fund/previous balance (Rs)	Total expenditure (Rs)	Excess payment/Overpayment (Rs)
01	WSS Chitral Town (Gollen Gol Project)	PHE	1,146,294	2,292,588	1,146,294
02	Minority Graveyard Bamborate	Archeology and Museum	3,331,842	5,191,151	1,859,309
03	Jinjirate Koh Road	C & W	27,500,496	32,074,460	4,573,964
Total			31,978,632	39,558,199	7,579,567

Overpayment occurred due to non-reconciliation of Revenue Deposit Account, which resulted in loss to the Government.

When pointed out in July 2021, management stated that Rs 1,146,294 and Rs 859,309 were returned by Assistant Commissioner Chitral which were deposited again in Government treasury through Challan. The said amounts were paid mistakenly in the challan of Government High School Gahirate and would be returned and adjusted in the account of GHS Gahirate. The awarded amount of Jinjirate Koh Road was Rs 32,074,446. For the said project Rs 25,574,631 was paid from Revenue Deposit Account (G-11215) while Rs 6,499,832 was paid from the designated bank account. Deposit challans would be produced in DAC meeting but further progress was not reported. Management reply was not clear however, further progress was not reported.

The irregularity was reported to PAO in August 2021 for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends recovery and factual reconciliation of revenue deposit account.

AIR Para No. 20/2020-21

2.5.5 Others, including cases of accidents, negligence etc.

2.5.5.1 Unauthorized retention of savings of completed schemes in Revenue Deposit Account - Rs 5.236 million

According to Para 95 of General Financial Rules Volume I, all anticipated saving should be surrendered well before close of financial year.

Deputy Commissioner Lower Chitral retained savings of Rs 5,236,676 on account of completed land acquisition cases in Revenue Deposit Account during financial year 2020-21 instead of refunding to the acquiring departments or deposit into Government treasury. Details at annexure-8.

Unnecessary retention of savings of completed land acquisition cases in Revenue Deposit Account occurred due to violation of rules, which resulted in blockage of public funds.

When pointed out in July 2021, management stated that saving would be surrendered to the acquiring department. Management reply was not tenable as the savings should have been surrendered in time to the acquiring departments or deposited into Government treasury. However, further progress was not reported.

The irregularity was reported to PAO in August 2021 for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends surrender or deposit of the amount into Government treasury.

AIR Para No. 14/2020-21

2.5.5.2 Inadmissible release of funds in violation of provincial release - Rs 10.00 million

According to Para 2 of the Government of Khyber Pakhtunkhwa Finance Department letter No BO(PFC-II)FD/1-5/2020-21/N/Salary dated 31st December 2020, funds were released/transferred as additional grant for District Chitral Lower to meet the requirements of purchase of machinery, repair of equipment, petty repair and transport.

Deputy Commissioner Lower Chitral released Rs 20,000,000 to DHO Lower Chitral on 25th May 2021 under four object heads. Out of which release of Rs 10,000,0000 for two heads i.e. transportation and POL charges was inadmissible as the funds were not released by the provincial Finance Department for these two heads. Detail is as under:

S.No	Object Head	Amount (Rs)	Remarks
01	A03806- Transportation of Goods	7,000,000	Not admissible as per provincial Finance Department release order
02	A03807- POL charges	3,000,000	
03	A09601- Purchase of Machinery & Equipment	4,790,000	Admissible as per provincial Finance Department release order
04	A13303-009 Petty Repair	5,210,000	
Total		20,000,000	

Inadmissible release occurred due to violation of rules, which resulted in misclassification of funds and unnecessary expenditure without demand of the department.

When pointed out in July 2021, management stated that demand for additional grant of Rs 75.200 million made by the DHO under various heads, which was forwarded to the provincial Government. Finance Department released additional grant of Rs 40.00 million to District Account-IV to meet the requirements of “purchase of machinery, repair of equipment, petty repair and transport”. Later on the DHO in referral to the said released amount requested to release Rs 3.00 million for clearance of pending POL charges. Keeping in view the situation, Release of Rs 3.00 million was made to DHO for POL charges. However, release of funds under object head “transportation” was according to the release of provincial Finance. Management reply was not tenable as the release of funds were made in violation of release order of the provincial Finance because no funds were released for POL charges. Funds for repair of transport and not for transportation charges were released by the Finance Department.

The irregularity was reported to the PAO in August 2021 for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility on the persons at fault.

AIR Para No. 29/2020-21

2.5.5.3 Excess release of budget without actual requirement – Rs19.790 million

According to Rule 60 the District Government Budget Rules 2016, (1) the Demands for Grants for current expenditure shall include estimates of total current expenditure and shall be prepared pursuant to Part V. (2) The “Demand for Grants (Current expenditure)” and other details shall be provided in Forms BDC 1 to 7. 3) other forms may be developed by the District Government for providing additional budgetary information.

Additional Deputy Commissioner (Finance & Planning) Lower Chitral released additional grants of Rs 54,990,000 in two heads against the actual demand of the department for Rs 35,000,000, which resulted in excess release of 19,790,000 as per detail given below:

S.No	Head of account	Demand of the department (Rs)	Release (Rs)	Excess release than requirements (Rs)
01	A109601- purchase of Machinery and Equipment	3,000,000	19,790,000	16,790,000
02	A13303-09 Petty Repair of buildings	32,000,000	35,200,000	3,000,000
Total		35,000,000	54,990,000	19,790,000

Unnecessary release occurred due to violation of rules, which resulted in excess release than requirements.

When pointed out in July 2021, management stated that since Rs 75.200 million was demanded under various object heads by the DHO and the provincial Government released the total demanded amount as additional grant but to meet only the requirements of “purchase of machinery, repair of equipment, petty repair and transport”. Hence, the said amount was adjusted against the aforementioned items specified by the provincial Finance department. Management reply was not tenable as the amounts were released to DHO in excess of the demand of DHO office. Moreover, release was made for the heads other than those mentioned in the demand and in violation of the release order of the Finance Department. The released amounts were fully expended by the DHO office without demand and requirements, which was unjustifiable.

The irregularity was reported to the PAO in August 2021 for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility on the persons at fault for release of funds in excess of the demand of the department and withdrawal of released amount by the department without genuine requirements.

AIR Para No. 33/2020-21

2.5.5.4 Non-recovery of outstanding loans of revolving funds for redemption of mortgaged walnut trees and grape vines – Rs12.300 million

According to Para 8 and 26 of the General Financial Rules Volume I, each administrative department to see that the dues of the Government are correctly and promptly assessed, collected and paid into Government Treasury.

Deputy Commissioner Lower Chitral transferred funds of Rs 12,300,000 to Tehsildar Chitral as revolving funds for further payment of loans to Kalash people for redemption of mortgaged walnuts trees and grape vines in Kalash valley of Bumborate, Birir and Rumboor since long. No proper record of such funds as regard to placement of funds, payment of loans to Kalash people, recovered amount through installments and deposit of recovered amount, reconciliation with the treasury or bank and closing balances etc was not available in the office of Tehsildar Chitral. It was verbally stated that the entire amount has already paid to the people of Kalash and partial recovery has been made but the plea was not supported by any documentary evidence.

Non-recovery occurred due to weak financial management, which resulted in loss to the Government.

When pointed out in July 2021, management stated that this office has already directed the Tehsildar Chitral to submit the desired details/record vide this office memo No. 372/DCC dated 13.07.2019 followed by reminders failing which the matter would be enquired into and results intimated to audit. Management reply was not convincing, as the matter was not properly pursued despite lapse of two years of the issuance of notice to the Tehsildar. Further progress was not intimated to audit.

The irregularity was reported to the PAO in August 2021 for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends provision of complete record to safeguard the Government money and recover all the outstanding loans as the same was recoverable within 10 years.

AIR Para No. 37/2020-21

2.5.5.5 Unnecessary expenditure without requirements – Rs 35.148 million

According to Rule 60 the District Government Budget Rules 2016, (1) the Demands for Grants for current expenditure shall include estimates of total current expenditure and shall be prepared pursuant to Part V. (2) The “Demand for Grants (Current expenditure)” and other details shall be provided in Forms BDC 1 to 7. 3) Other forms may be developed by the District Government for providing additional budgetary information.

District Health Officer Lower Chitral submitted a request to the Deputy Commissioner Lower Chitral for onward transmission to the provincial Government for release of additional grants of Rs 75,200,000 in nine heads out of which Rs 35,000,000 were demanded in the following four heads. After release of additional grant by the provincial Government according to the demand of the DHO, Additional Deputy Commissioner (Finance & Planning) Lower Chitral released additional grant of Rs 70,200,000 in the four heads only without taking into consideration the demand of the department. Expenditure of Rs 70,148,202 was occurred by the department which resulted in unnecessary & doubtful expenditure of Rs 35,148,203 over and above the actual demand. Detail is as under:

S. No	Head of account	Demand of the department (Rs)	Release by District Finance (Rs)	Expenditure (Rs)	Unnecessary expenditure (Rs)
01	A109601- Purchase of Machinery and Equipment	3,000,000	19,790,000	19,789,800	16,789,800
02	A13303-09 -Petty Repair of buildings	32,000,000	40,410,000	40,358,402	8,358,403
03	A03806-Transportation of	0	7,000,000	7,000,000	7,000,000

	Goods				
04	A03807- POL	0	3,000,000	3,000,000	3,000,000
Total		35,000,000	70,200,000	70,148,202	35,148,203

Unnecessary release occurred due to violation of rules, which resulted in excess release and unnecessary expenditure than actual requirements.

When pointed out in August 2021, management stated that actual position would be presented to audit. Further progress was not intimated.

The irregularity was reported to PAO for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility against the persons at fault under intimation to audit.

AIR Para No. 12/2020-21

2.5.5.6 Un-necessary transfer of conditional grant to PTC accounts – Rs 6.09 million

According to Para 10 (i) of GFR Volume-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

District Education Officer (Male Female) Lower Chitral withdrew Rs.20,565,000 and transferred to PTC accounts of 43 schools on account of conditional grant/missing facilities, additional classrooms, Group Latrine, Boundary Wall and Drinking Water Supply schemes during financial year 2020-21. On comparison of transfer of funds with EMIS data of the concerned schools, it was noticed that the facilities of Group Latrine, water supply and Boundary Wall were already available in the schools. Hence, transfer of funds of Rs 6,090,000 was held unauthorized. Details at annexure-9.

Unauthorized transfer occurred due to violation of rules due to which schools of missing facilities were deprived of the facilities.

When pointed out in August 2021, DEO (Male) stated that the amounts were transferred to PTC accounts on the recommendation of EMA report/data. Funds for group latrines were transferred to the schools due to co-education and

funds for water supply demanded due to non-availability of proper water supply in the said schools. Management reply was not convincing because as per EMIS data for the year, the facilities of group latrines and water supply were already available in the said schools.

DEO (Female) stated that conditional grant funds were transferred to the needy schools according to the demands through re-adjustment committee meeting at Directorate ESRU Peshawar. Management reply was not convincing because as per EMIS data for the year the facilities of boundary walls and water supply were already available in the said schools.

The irregularity was reported to the PAO in September 2021 for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility for identification of schools and transfer of funds.

AIR Para No. 05 & 02 /2020-21

2.5.5.7 Non-disbursement of Stipend to Secondary School Girl Students-Rs 13.492 million

According to Elementary & Secondary Education Department of Khyber Pakhtunkhwa letter No. DPC/E&SED/Stipend/2020-21 dated 29th April 2021, Para 2, main goal of the girl stipends program is to increase enrollment and retention of girls students stipends program. As per approval of the competent authority only enrolled girl students with 80% attendance of the school days will get stipend and attendance shall be calculated for 1st installment from September 2020 to December 2020 and for 2nd installment from January 2021 to March 2021.

According to Para 2 (v) of the letter *ibid*, the disbursements must be completed of all the installments before 20th June 2021.

According to Government of Khyber Pakhtunkhwa Elementary & Secondary Education Department, letter No. DPC/E&SED/Stipend/2020-21 dated 16th June 2021, DEO will hand over printed Money orders along with

Cheques for both the installments to District Post Office. Disbursement of both the installments will be made simultaneously by District Post Office.

District Education Officer (Female) Lower Chitral sent Rs 26,749,953 to Post Master GPO Chitral as 1st and 2nd installments of stipends for payment to the Girls students of the district. Disbursement of Rs 13,257,525 was completed till 2nd August 2021 while the remaining amount of Rs 13,492,428 was not yet made whereas this should have been made before 20th June 2021 for both the installments simultaneously as per policy referred to above.

Non-disbursement of stipend occurred due to weak internal controls, which resulted in deprivation of the girls students of the stipends.

When pointed out in August 2021, management stated that 1st and 2nd Installment of Stipends Cheques were handed over to Post Master GPO Chitral. First installment was distributed among the students and 2nd installment had also been distributed up to 90% and the remaining amount would be distributed within a week. Necessary documentation along with distribution reconciliation statement would be shown in DAC meeting. Management reply was not convincing as the distribution of the amount was required before 20th June 2021 simultaneously as per policy which was not done despite lapse of more than two months.

The irregularity was reported to the PAO in September 2021 for convening DAC meeting however, DAC meeting could not be convened till finalization of this report.

Audit suggests immediate disbursement of the stipends and production of the disbursement reconciliation statement.

AIR Para No. 04/2020-21

CHAPTER-3

Tehsil Municipal Administration

3.1 Introduction

District Chitral Lower has two Tehsils i.e. Chitral and Drosh. 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 by-laws, Preventing and removing encroachments, regulate affixing of signboards and advertisements;
- (d) Financial management of the Tehsil such as, Preparation of budget and annual municipal development programme, collection of revenue such as taxes, penalties, fines etc. manage municipal properties, assets and funds, and liaison 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 District Chitral Lower

(Rs. in million)

S. No	Description	Total Nos	Audited	Expenditure audited FY 2020-21	Revenue /Receipts audited FY 2020-21
1	Formations	2	2	230.05	240.587
	Total	2	2	230.05	240.587

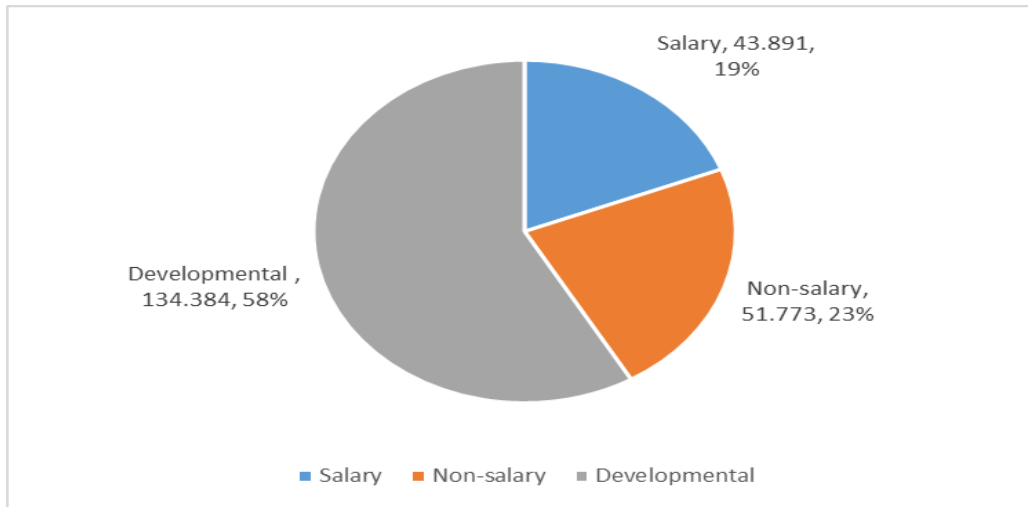
3.2 Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

2020-21	Budget	Actual Expenditure/Receipts	(Saving)/Excess	%age
Salary	58.109	43.891	14.218	24.46
Non-salary	76.862	51.773	25.089	32.64
Developmental	209.189	134.384	74.805	35.759
Total	344.16	230.048	114.112	33.156
Receipts	378.00	240.587	137.413	36

EXPENDITURE 2020-21

(Rs in million)



3.3 Classified Summary of Audit Observations

Audit observations amounting to Rs 52.831 million were raised in this audit report. This amount also includes recoverable of Rs 6.62 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Sr. No.	Classification	Amount (Rs.)
1	Irregularities:	0
A	Procurement related irregularities	51.491
B	Management of Accounts with Commercial Banks	1.340
	Total	52.831

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.	2004-05	N/A
4.	2005-06	N/A
5.	2006-07	N/A
6.	2007-08	N/A
7.	2008-09	N/A
8.	2009-10	N/A
9	2010-11	N/A
10	2011-12	N/A
11	2012-13	Not convened
12	2013-14	Not Convened
13	2016-17	Not Convened
14	2017-18	Not Convened
15	2018-19	Not Convened
16	2019-20	Not convened
17	2020-21	Not convened

3.5 AUDIT PARAS

3.5.1 Irregularities:

A. Procurement related issues

3.5.1.1 Overpayment due to award of schemes at higher rates – Rs.6.629 million

According to Rule 6 (1) read with Rule 6 (3b) (iv) of KPPRA Rules 2014, the procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods over the value of Rs 100,000 (rupees one hundred thousand) and the lowest offer from the qualified bidder shall be accepted for award of the contract and would be the best evaluated bid.

Tehsil Municipal Officer, TMA Chitral Lower overpaid Rs 6,629,500 due to award of developmental schemes at higher rates and avoided the lowest rates without any cogent reasons during financial year 2020-21. Detail is as under:

Name of Scheme	Lowest rate rejected (%age)	Higher rate accepted (%age)	Estimated cost (Rs in million)	Difference (Rs)	Overpayment (Rs)
Reconstruction of irrigation Channel at Golain Valley	46.60	40.00	53.75	6.60	3,547,500
Construction of Jeep able Bridge at Izghore Golain Valley	48.60	41.70	20.00	6.90	1,380,000
R/R of MHP at izghore G/V	47.60	30.00	5.00	17.60	880,000
R/R of Road at Bakha G/V	48.60	47.70	0.9	10.00	90,000
R/R of MHP at ouch Chashma G/V	46.60	10.0	2.00	36.60	732,000
Total					6,629,500

Overpayment occurred due to violation of KPPRA rules, which resulted in loss to the Government.

When pointed out in December 2021, management did not furnish reply.

The irregularity was reported to the PAO in December 2021 for convening DAC meeting. However, DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility for recovery of overpaid amount.

AIR Para No. 01 (2020-21)

3.5.1.2 Unauthorized expenditure without pre-audit - Rs 37.81 million

According to Khyber Pakhtunkhwa, Local Government & Rural Development Department, Local Council Board, letter No.AO/LCB/4(I)06/2009-10 dated 4.9.2010, no payment shall be made by the local councils unless the bill is pre checked in audit by the staff of Local Fund Audit Department.

Tehsil Municipal officer, TMA Chitral Lower incurred expenditure of Rs 37,819,317 during financial year 2020-21 without pre-audit from the Local Fund Audit Department. Details at annexure-10.

The lapses occurred due to violation of rules, which resulted in unauthorized payments.

When pointed out in December 2021, management did not furnish reply.

The irregularity was reported to the PAO in December 2021 for convening DAC meeting. However, DAC meeting could not be convened till finalization of this report.

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

AIR Para No. 02 (2020-21)

3.5.1.3 Non-exclusion of income tax in cost estimates of developmental schemes – Rs 7.052 million

According to Government of Khyber Pakhtunkhwa Finance Department Notification No.SO(Dev-II)FD/12-6/2014-15 dated 21.04.2015, 7% income tax

shall be deducted from the cost estimates of the development projects which fall in the tax exempted areas.

Tehsil Municipal Officer, TMA Chitral Lower awarded various developmental schemes with estimated cost of Rs 228,270,700 against which payments of Rs 100,756,849 were made during financial year 2020-21. Income tax of Rs 7,052,977 @ 7% was neither excluded from the cost estimates of the developmental schemes nor deducted from the bills of the contractors. Detail is as under:

S.No	Schemes Identify By	Nos of Schemes	Estimated cost (Rs)	Expenditure (Rs)	7% income tax (Rs)
1	MPA PK -1	40	20,000,700	10,592,930	741,505
2	Special Assistant to CM	47	59,900,000	22,016,064	1,541,124
3	MPA PK -1	27	16,900,000	8,244,127	577,088
4	Special Assistant to CM	9	116,250,000	54,212,250	3,794,857
5	Disaster fund	14	15,220,000	5,691,478	398,403
Total		137	228,270,700	100,756,849	7,052,977

Non-exclusion of income tax occurred due to violation of rules, which resulted in loss to the Government.

When pointed out in December 2021, management did not furnish reply.

The irregularity was reported to the PAO in December 2021 for convening DAC meeting. However, DAC meeting could not be convened till finalization of this report.

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

AIR Para No. 03 (2020-21)

B. Management of Accounts with commercial Banks

3.5.1.4 Non-deposit of bank profit into Government treasury-Rs.1.340 million

According to Para 1 and 2 of the Government of Khyber Pakhtunkhwa, Finance Department letter No.2/3-(F/L)FD/2207-08/Vol-IX dated 10.2.2014, Finance Department has from time to time allowed sanction of bank accounts in the commercial banks for various departments/autonomous/semi-autonomous

bodies/corporations in Khyber Pakhtunkhwa for particular and specific purposes. Such accounts may be converted to PLS mode and the profit earned be deposited in Government treasury under relevant head of account immediately and not later than a week when declared by the concerned bank.

Tehsil Municipal Officer, TMA Lower Chitral earned profit of Rs 1,340,053 on placement of public funds in PLS bank accounts during financial year 2020-21 but did not deposit into the Government treasury. Detail is as under:

S.No	Name of bank	Account No	Period	Total profit during 2020-21 (Rs)
1	NBP Chitral	3051547037	2-7-2020 to 30-6-2021	1,041,656
2	NBP Chitral	3051557544	6-7-2020 to 30-6-2021	283,538
3	NBP Chitral	05293-00-6	2-7-2020 to 30-6-2021	14,859
Total				1,340,053

Non-deposit of profit into Government treasury occurred due to violation of rules, which resulted in loss to the Government treasury.

When pointed out in December 2021, management did not furnish reply.

The irregularity was reported to the PAO in December 2021 for convening DAC meeting. However, DAC meeting could not be convened till finalization of this report.

Audit recommends depositing the profit into Government treasury.

AIR Para No. 04 (2020-21)

CHAPTER-4

Assistant Director LGE &RDD

4.1 Introduction

Assistant Director Local Government, Election and Rural Development Department in District Chitral Lower have 61VCs/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 Chitral.

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 neighborhood councils
- iii. Matters related to local taxes, grants, budget of village and neighborhood 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 neighborhood councils
- vii. Review, evaluation and assessment of local Government system, processes and procedures in the district particularly at the village and neighborhood 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 neighborhood 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 centers.
- 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 Chitral Lower

(Rs. in million)

Sr No	Description	Total Nos	Audited	Expenditure audited FY 2020-21	Revenue /Receipts audited FY 2020-21
1	Formations	1	1	177.036	-
	Total	1	1	177.036	-

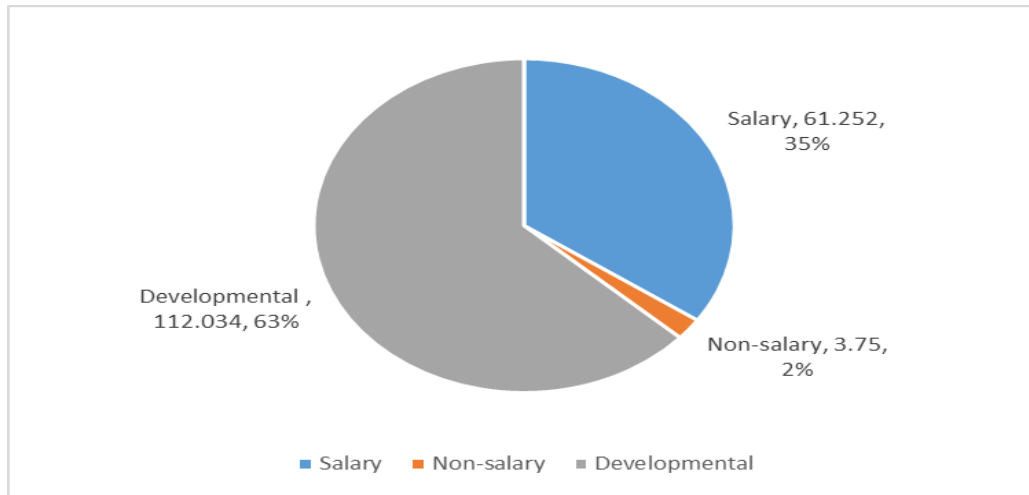
4.2 Comments on Budget and Accounts (Variance Analysis)

(Rs in million)

2020-21	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	65.259	61.252	4.007	6.14
Non-salary	3.953	3.750	0.203	5.13
Developmental	175.907	112.034	63.873	36.310
Total	245.119	177.036	68.083	27.77
Receipts	0	0	0	0

EXPENDITURE 2020-21

(Rs. in million)



4.3 Classified Summary of Audit Observations

Audit observations amounting to Rs 20.172 million were raised in this audit report. No recovery was pointed out by the audit. Summary of the audit observations classified by nature is as under:

Sr. No.	Classification	Amount (Rs.)
1	Irregularities:	0
A	Procurement related irregularities	20.172
	Total	20.172

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 VACs/NACs meetings are given below:

Sr. No.	Audit Year	VACs/NACs meeting
1.	2002-03	N/A
2.	2003-04	N/A
3.	2004-05	N/A
4.	2005-06	N/A
5.	2006-07	N/A
6.	2007-08	N/A
7.	2008-09	N/A
8.	2009-10	N/A
9	2010-11	N/A
10	2011-12	N/A
11	2012-13	N/A
12	2013-14	Not Convened
13	2016-17	Not Convened
14	2017-18	Not Convened
15	2018-19	Not Convened
16	2019-20	Not Convened
17	2020-21	Not Convened

4.5 AUDIT PARAS

4.5.1 Irregularities:

A. Procurement issues

4.5.1.1 Non-imposition of penalty for delay in completion of works – Rs 3.422 million

According to clause 2 of the conditions of contract agreement, 1% penalty per day subject to maximum of 10% of the estimated cost will be imposed and deducted from the contractor's bills for delay in stipulated time period.

Assistant Director, Local Government & Rural Development Department, Lower Chitral awarded contracts of various developmental schemes to different contractors with estimated cost of Rs 34,227,240 during financial year 2020-21. The schemes were not completed in stipulated period and even till the dates of audit i.e. November 2021 while penalty @10% amounting to Rs 3,422,724 was not imposed. Details at annexure-11.

Non-imposition of penalty occurred due to violation of rules, which resulted in loss to the Government.

When pointed out in November 2021, management did not furnish reply.

The irregularity was reported to the PAO in December 2021 for convening DAC meeting. However, DAC meeting could not be convened till finalization of this report.

Audit recommends imposition of penalty for late completion of developmental works.

AIR Para No.02 (2020-21)

4.5.1.2 Irregular expenditure without technical sanctions–Rs 16.75 million

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

Assistant Director, Local Government & Rural Development Department, Lower Chitral awarded various developmental schemes to the various contractors and incurred expenditure of Rs 16,752,150 during financial year 2020-21 but technical sanctions were not accorded/ obtained from the competent authority. Detail as per annexure-12.

Expenditure without obtaining technical sanctions occurred due to violation of rules, which resulted in irregular execution of developmental schemes.

When pointed out in November 2021, management did not furnish reply.

The irregularity was reported to the PAO in December 2021 for convening DAC meeting. However, DAC meeting could not be convened till finalization of this report.

Audit recommends investigation and fixing responsibility on the person(s) at fault.

AIR Para No.04 (2020-21)

ANNEXURES

Annexure-1

Detail of MFDAC Paras

S. No	AIR No	Department	Gist of Para	Amount (Rs in million)
01	01	DC	Irregular expenditure without open tender system	6.576
02	02	DC	Unjustified payment of honoraria without proper justification	4.999
03	04	DC	Unauthentic deposit of sales tax and non-deduction of income tax	2.454
04	05	DC	Unauthentic expenditure on POL and repair of vehicles	6.733
05	06	DC	Unjustified withdrawal on supply before the date of supply order	0.738
06	07	DC	Unauthorized expenditure on repair of transport without delegated powers – Rs 777,000 Excess drawl than rates in the bills - Rs 105,000	0.882
07	09	DC	Loss due to excess use of POL than entitlement	1.458
08	13	DC	Unnecessary retention of untraceable amount in designated bank account of land compensation	0.338
09	15	DC	Non refund of excess land compensation to DC chitral	0.161
10	18	DC	Non maintenance of cash book for payment of land compensation and other payments	97.748
11	19	DC	Deficit in closing balance of Revenue Deposit Account	40.103
12	22	DC	Unjustified and unnecessary expenditure from the District Council funds	7.167
13	23	DC	Inadmissible expenditure from District Council funds on irrelevant electricity bills	0.687
14	24	DC	Misclassification due to charge of miscellaneous expenditure to entertainment head	0.060
15	28	DC	Unauthorized release of original and revised budget without approval of the provincial Government	3,370.417
16	30	DC	Unauthorized release for purchase of emergency medicines	11.88
17	31	DC	Unauthorized release of additional grant for purchase of vehicle	14.00
18	32	DC	Unauthorized release of funds to TMO from Account-IV and withdrawal by TMO	2.107
19	34	DC	Unauthorized release of additional grants against zero budgetary allocation in original grants	6.200
20	35	DC	Unjustified release of additional grants/revised budget without demand of the department in revised budget	3.207
21	36	DC	Unnecessary retention of Kalash Welfare Funds in designated bank account	2.055
22	38	DC	Non recovery of outstanding rent of shops/land	0.467
23	39	DC	Non deposit of imposed and realized fines	0.119

24	40	DC	Retention of funds in designated bank account instead of transfer/payments	21.675
25	03	DHO	Overpayment of Health Professional Allowance and Conveyance Allowance during the period of leave	0.157
26	04	DHO	Non deduction of conveyance and house rent allowance due to having government accommodations	1.245
27	05	DHO	Non deposit of profit earned on placement of Government funds in PLS designated bank accounts	0.149
28	06	DHO	Overpayment of pay and allowances during the period of extra ordinary leave	0.198
29	08	DHO	Overpayment of pay & allowances during the period of willful absence	0.148
30	09	DHO	Overpayment of HPA and conveyance allowance due to higher rates and use of Government vehicles	0.474
31	10	DHO	Unjustified payment of arrears of pay and allowances before the dates of taking over charge of the posts – Rs 1.851 million Overpayment of Health Professional Allowance at higher rate than admissible - Rs 560,000	2.411
32	13	DHO	Unauthentic expenditure on POL and repair of vehicles - Rs 7.549 million	7.549
33	14	DHO	Unauthorized expenditure on repair of transport without delegated powers	0.969
34	18	DHO	Suspected minimum misappropriation of health receipts in THQ Drosh	3.882
35	19	DHO	Unauthentic payment of award due to unauthorized cash payment to DC office	1.080
36	20	DHO	Excess withdrawal of polio fund than actual requirements	1.720
37	21	DHO	Variation between the closing balances of cash book and bank statements	1.504
38	22	DHO	Unauthorized advance withdrawal on purchase of medicines due to non-availability of batch Nos on invoices	11.069
39	23	DHO	Non supply/late supply of medicines –Rs 3.353 million and non-imposition of penalty on account of non/late supply – Rs 234,731	3.587
40	24	DHO	Non deduction of income tax from the bills of the medicines	0.657
41	25	DHO	Unauthorized expenditure on POL and repair due to use of official vehicles by Lady Health Supervisors of BPS - 07 – Rs 1.927 million Overpayment of conveyance allowance due to use of official vehicles – Rs 255,024	0.489
42	27	DHO	Non deposit of ambulance fee Rs 1.023 million despite expenditure on POL and repair–Rs 1.519 million	1.519
43	31	DHO	Unjustified expenditure on purchase of Cardiac	2.400

			Topography CTG Contec	
44	36	DHO	Advance payment without actual repair of machinery and equipment	5.608
45	37	DHO	Loss due to fake repair of X-ray machines at extraordinary high rates	2.610
46	01	TBC	Unverified cash withdrawal from designated bank account	0.837
47	02	TBC	Unjustified and unauthentic expenditure on POL and repair of vehicle	0.799
48	03	TBC	Misappropriation due to double drawl of repair of vehicle bill – Rs 87,500 Irregular expenditure on repair of vehicle due to misuse of delegated powers Rs 349,800	0.436
49	04	TBC	Unjustified consumption of firewood before the date of supply order	0.420
50	05	TBC	Unauthorized expenditure on account of transportation of goods	0.100
51	06	TBC	Irregular and doubtful expenditure on repair of machinery and equipment without open tender system– Rs 249,400 Misclassification due to charge of repair of furniture to repair of machinery Rs 62,400	0.311
52	04	DEO Male	Unauthorized and irregular expenditure on purchase of firewood charges	1.700
53	06	DEO Male	Unauthorized cash withdrawal of token tax and postage	0.210
54	07	DEO Male	Un-authorized maintenance of designated bank accounts without approval and loss due to non-conversion of current accounts into PLS mode	00
55	08	DEO Male	Irregular expenditure on purchase of plant and machinery without open tender system	0.300
56	09	DEO Male	Unauthorized expenditure on advertising and publicity before the dates of tender and unjustified claim of previous year's liability	0.643
57	10	DEO Male	Non deposit of tuition and admission fee	0.625
58	11	DEO Male	Unauthorized withdrawal on fake purchase of tablets PC	0.045
59	12	DEO Male	Non recovery of outstanding scouts fund and Red Crescent fund	0.046
61	06	DEO Female	Non recovery of loans and three laptops from the Ex-DEO	0.325
62	07	DEO Female	Overpayment of pay and allowances during the period of extra ordinary leave without pay	0.165
63	08	DEO Female	Excess drawl of conditional grant over the limit of approved rate of boundary wall in middle school	0.200
64	09	DEO Female	Overpayment of conveyance charges without admissibility	0.314
65	10	DEO Female	Unauthorized withdrawal on fake purchase of tablets PC	0.150

66	11	DEO Female	Irregular purchase of furniture without open tender system and non-supply	0.418
67	12	DEO Female	Unauthorized and irregular expenditure on purchase of firewood charges	0.524
68	13	DEO Female	Unnecessary withdrawal of law charges	0.050
69	01	AD LG&RDD	Irregular Expenditure on account of Developmental Schemes	34.22
70	02	AD LG&RDD	irregular Award of Civil Works on abnormal below rate	44.80
71	04	AD LG&RDD	Irregular expenditure on installation of Gi and HDPE pipes	3.26
72	05	AD LG&RDD	Irregular expenditure without Technical sanction	16.75
73	02	TMA Chitral	Non-imposition of penalty for delay in completion of works	7.28
74		TMA Chitral	irregular Award of Civil Works on abnormal below rate	3.200
75	04	TMA Chitral	Irregular expenditure without Technical sanction Rs41.15 million Irregular expenditure on installation of Gi and HDPE pipes-Rs 7.56 million	48.71
76	07	TMA Chitral	Irregular payment without Factory Acceptance test	1.11
77	08	TMA Chitral	Irregular Expenditure on account of Developmental Schemes	71.45
78	10	TMA Chitral	Non conducting of water quality test	3.51
79	11	TMA Chitral	Irregular payment without Rate analysis	6.71
80	13	TMA Chitral	Irregular Expenditure on account of Purchase of Vehicles	12.69
81	01	TMA Drosh	Non-imposition of penalty for delay in completion of works	21.80
82	02	TMA Drosh	Irregular expenditure without Technical sanction	10.18
83	03	TMA Drosh	Irregular Award of Civil Works on abnormal below rate	3.200
84	04	TMA Drosh	Irregular expenditure on installation of GI and HDPE pipes	7.56
85	05	TMA Drosh	Irregular award of scheme without contract agreement	4.6
86	06	TMA Drosh	Irregular Expenditure on account of Developmental Schemes	21.80
87	07	TMA Drosh	Non conducting of water quality test	3.51

Annexure-2
Para No. 2.5.3.6

Detail of purchase of plant and machinery

S.No	Cheque No	Date	Amount (Rs)	Purchased items				Name of supplier
				Name of item	Quantity	Rate (Rs)	Amount	
01	1036653	24.06.2021	1,560,000	Generator	3	180,000	540,000	MS e-Solutions Shahi Qilla Road Chitral
				Floor Standing AC	6	170,000	1,020,000	
02	1036792	25.06.2021	1,408,000	Water Dispenser	5	25,000	125,000	
				Fax Machine	3	30,000	90,000	
				Photostat Machine	1	120,000	120,000	
				Scanner	2	15,000	30,000	
				Laptop	6	78,000	468,000	
				Desktop	5	80,000	400,000	
				Printer	5	35,000	175,000	
03	1036792	25.06.2021	245,000	Apple MacBook Pro.13 inch Display, 256 GB Storage Color Space	1	245,000	245,000	
Total							3,213,000	

Annexure-3
Para No. 2.5.3.7

Detail of purchase from “others”

S.No	Cheque No	Date	Amount (Rs)	Items	Amount (Rs)	Supplier	Remarks
01	1036598	23.06.2021	378,630	Various works at MPA Wazir Zada Office (ceiling and wall panel, paint, electrification and other works	378,630	Khan Paint & Hardware Store Chitral	Inadmissible
02	1036647	24.06.2021	185,110	Curtails for DC offices	185,110	Khan Paint & Hardware Store Chitral	Inadmissible
03	1036174	16.06.2021	1,663,135	Wall panels and ceilings at various offices of DC offices	1,663,135	Khan Paint & Hardware Store Chitral	Inadmissible
04	1036227	16.06.2021	200,590	Electrification items for District Council Hall chitral	200,590	Sarhad Electric Store Chitral	-
05	1036757	25.06.2021	342,680	Wall panels for District Council Rooms	342,680	Khan Paint & Hardware Store Chitral	-
06	Various bills (Rs 31,300 + Rs 17,400 + Rs 19,150 + 41,900 + Rs 15,900 + 2400 + 11,498)				139,540		
Total					2,909,685		

Annexure-4

Detail of civil work/renovations from “others” DP No. 2.5.3.8

S.No	Cheque No	Date	Amount (Rs)	Items	Amount (Rs)	Supplier	Remarks
01	1036598	23.06.2021	378,630	Various works at MPA Wazir Zada Office (ceiling and wall panel, paint, electrification and other works	378,630	Khan Paint & Hardware Store Chitral	Inadmissible
02	1036647	24.06.2021	185,110	Curtils for DC offices	185,110	Khan Paint & Hardware Store Chitral	Inadmissible
03	1036174	16.06.2021	1,663,135	Wall panels and ceilings at various offices of DC office	1,663,135	Khan Paint & Hardware Store Chitral	Inadmissible
Total					2,226,875		

Annexure-5

Detail of Cheques of medicines in bank account DP No. 2.5.3.9

S. No	Cheque No.	Date	Name of medicine company	Amount (Rs)
01	1035340	07.06.2021	M/S Frontier Dextrose	300,055
02	1036088	14.06.2021	M/S Hashir Surgical Services	320,513
03	1036089	14.06.2021	M/S Mega Pharmaceuticals	133,650
04	1036091	14.06.2021	M/S Geofman Pharmeceuticals	61,182
05	1036092	14.06.2021	M/S Stanley harmaeuticals	908,820
06	1036093	14.06.2021	M/S Zafa Pharmaceuticals	267,578
07	1036095	14.06.2021	M/S Rehman Pharmaceuticals	172,260
08	1036096	14.06.2021	M/S Brooks Pharmaceuticals	42,220
09	1036097	14.06.2021	M/S G.S.K Pvt Ltd:	708,345
10	1036098	14.06.2021	M/S VIKOR Health Care	133,056
11	1036099	14.06.2021	M/S Reckit Benkiser	42,323
12	1036100	14.06.2021	M/S FYNK Pharmaceuticals	310,910
13	1036101	14.06.2021	M/S Benson Pharmaceuticals	190,575
14	1036102	14.06.2021	M/S Bosch Pharmaceuticals	170,589
15	1036103	14.06.2021	M/S Frontier Dextrose	259,999
16	1036104	14.06.2021	M/S Nabi Qasim Industries	127,413
17	1036105	14.06.2021	M/S UNISA Pharma Pvt Ltd	385,145
18	1036112	14.06.2021	M/S Head Pharmaceuticals	805,613
Total				5,340,246
19			M/S Medilink	98,922
20			M/S Arson	158,400
21			M/S Kaizen	101,970
22			M/S Karim	210,276
23			M/S Karim	104445
24			M/S Sami	164697
25			M/S AKram	57,957
Total				896,667
Grand total				6,236,913

Annexure-6

Detail of land compensation in designated bank account

DP No. 2.5.3.21

S.No	Name of Scheme	Acquiring Department	Amount Received (Rs)	Amount Paid (Rs)	To whom Paid	Balance (Rs)
01	Kandujal Road	C & W	23,300,000	22,938,481	ACC	361,519
02	Bed Load Trap at Gillen HPP	PD Golen Gole	6,79,020	6,29,020	ACC	50,000
03	Access Road Ishparogole Bakha Simithar		22,68,664	2,314,664	ACC	-46000
04	RCC Bridge Ayun	C&W	1,08,00,000	5,165,374	ACC	5,634,626
05	Up gradation THQ Drosh	C & W	24,120,000	7,398,034	ACC	16,721,966
06	RCC Bridge Khorkashandeh	C&W	551,292	224,804	ACC	326,488
07	Upgradation of Government High School Jughoor	C&W	5,455,664	5,223,196	ACC	232,468
08	Saving amount	Archeology	1,000,000	0	-	1,000,000
09	Rehabilitation Hasan Abad Shoghor Bridge	C&W Department	7,83,175	0	-	7,83,175
Total			54,657,859	43,293,579		24,364,249

Annexure-7
DP No. 2.5.3.22

Detail of loss due to current bank accounts

S.No.	Name of bank and branch	Account title	Bank account No.	Balance in the account as on 31.12.2020 (Rs)	Minimum admissible profit @ 8%(Rs)	Balance in the account as on 30.06.2021 (Rs)	Minimum admissible profit @ 8% (Rs)	Total minimum admissible profit during 2020-21 (Rs)
01	NBP Chitral	DC Chitral- Land acquisition	4051593923	39,082,856	3,126,628	47,137,011	3,770,960	6,897,588
02	NBP Chitral	AC Chitral - Land acquisition and others	4051558217	51,467,108	4,117,368	16,255,205	1,300,416	5,417,784
03	NBP Chitral	DC Chitral- Relief activities	4051576559	188,028,123	15,042,249	200,683,547	16,054,683	31,096,932
04	NBP Chitral	DC Chitral – Kalash Welfare Fund	4051593549	1,999,545	159,963	2,054,645	164,371	324,334
Total				280,577,632	22,446,208	266,130,408	4,378,524	43,736,638

Annexure-8

Detail of retention of savings in Revenue Deposit Account

DP No.2.5.5.1

S.No	Name of scheme	Received amount (Rs)	Paid amount (Rs)	To whom paid	Closing balance (Rs)
01	Govt. High School Jinjerate C&W & Education	4,170,343	4,153,919	ACC	16,424
02	Govt. High School Barinis C&W & Education	5,100,000	5,758,000	ACC	307,500
03	GPS Shishi Drosh C&W & Education	4,573,824	4,516,651	ACC	57,173
04	Dancing Place at Balanguru Rumboor & Buthet Birir (Archeology and Museum Department KPK)	7,493,170	7,493,157	ACC	13
05	Overpayment without real challan and adjusted in saving amount of GHS Gahirate	2,005,603	1,859,309	ACC	146,294
06	GHS Gahirate	5,336,098	2,637,249	ACC	2,698,849
07	Jinjirate to jinjirateKoh Road	34,000,325	32,074,460	ACC	1,925,865
08	Acquisition of Land for Water Supply Scheme from Golen Gol to Chitral City (Public Health)	400,000	315,442	ACC	84,558
Total		63,079,363	58,808,187		5,236,676

Annexure-9

Detail of conditional grant transferred to PTC accounts

DP No. 2.5.5.6

Annexure- 9 (i) DEO Mal Chitral Lower				
S. No	Name of school	Group Latrine (Rs)	Water Supply (Rs)	Total (Rs)
01	GHSS Barinis	0	200,000	200,000
02	GMS Shali Arkari	0	200,000	200,000
03	GPS Drosh	0	200,000	200,000
04	GPS Akroi	160,000	200,000	360,000
05	GPS Kamsay	160,000	0	160,000
06	GPS Kotga	160,000	200,000	360,000
Total		480,000	1,000,000	1,480,000

Annexure- 9 (ii) DEO (Female) Chitral Lower							
S.No	EMI S CODE	School Name	Bank Name	PTC Account No.	B.Wall	Drinking Water.	Total
1	36828	GGHS Shahnigar	NBP Drosh.	3094476275	500000	0	1300000
3	12458	GGMS Kessu	NBP Drosh.	4094491177	0	200000	200000
5	12437	GGPS Barinis Payeen	NBP Chitral	4051577727	385000	0	385000
6	38742	GGPS Balach	NBP Chitral	4051609406	300000	0	300000
9	12417	GGPS Bakamak	NBP Chitral	4051577914	85000	0	85000
11	28131	GGPS Khorkashandeh	NBP Chitral	4051577996	170000	0	170000
12	12467	GGCMS Mori Bala	NBP Chitral	4051577692	0	200000	200000
13	12494	GGPS Wahat	NBP Chitral	4051577816	0	100000	100000
14	12470	GGPS Moroi Payeen	NBP Chitral	4051577683	0	100000	100000
15	34608	GGHSS G. Chashma	HBL Garum Chashma	41319-03	0	200000	200000
17	41619	GGHS Bumburate	HBL Ayun	03837900179403	385000	0	385000

18	1249 0	GGPS Thoriandeh	HBL Ayun	0383- 00046204-03	335000	0	335000
20	3300 8	GGPS Gahirate	BOK Chitral	15394-00-5	300000	0	300000
23	1246 6	GGPS Madaklasht	BOK Drosh	1183	350000	0	350000
24	1246 5	GGPS Lawi	BOK Drosh	1163	0	100000	100000
25	4047 3	GGPS Dondidari	BOK Drosh	1190	0	100000	100000
G. Total					2,810,0 00	1,000,0 00	4,610,0 00

Annexure-10

Detail of bills without pre-audit DP No. 3.5.1.2

S.No	Name of Scheme	E. Cost (Rs)	Expenditure (Rs)
01	R/R of Road Rughali G/V	15,000,000	7,845,192
02	R/R of Road at Bakha G/V	10,000,000	7,703,044
03	R/R of Road Rughali G/V	5,000,000	3,666,553
04	Link Road at sunuk Susoom	500,000	425,748
05	Solor system for irrigation seen Lasht	600,000	442,000
06	Link Road at Hinju Gole	1,000,000	860,933
07	PCC Road Both	1,200,000	403,808
08	Internal work bamborath R/House	1,200,000	634,446
09	DWSS at balach Payeen	500,000	339,250
10	DWSS at Chewdek	1,000,000	644,000
11	Link road Kuju Bala	1,000,000	792,204
12	Const: of Two Room at levies check Post at Bamborith	1,100,000	900,000
13	ConstL: of Bridge at Shiput Gubor	3,000,000	649,883
14	WSS Mughulan Deh	500,000	339,250
15	Pipe Line at Gujuran	500,000	339,250
16	R/Imp: of link Road Moxi Gram Shoghore	800,000	498,400
17	WSS Singoor Lot Deh	800,000	498,400
18	WSS Singoor Lot Deh	500,000	339,250
19	Water Tank HRF Faizabad Hone	1,500,000	1,072,950
20	Provision of Pipe for different village Ayun broz	3,400,000	3,307,032
21	Water tank at guldoor	1,000,000	326,359
22	Repair and improvement of vally road at basti arkari	1,000,000	978,704
23	Footpath Road Gajan Deh Denin	800,000	478,000
24	Link Road at shiqotek	1,000,000	620,000
25	Link Road /Sanitation jang Bazar	1,000,000	320,098
26	DWSS at Kari Bala	500,000	339,246
27	DWSS at Gehrath	2,500,000	2,500,000
28	R/Ren& sanitation of leviis H/Q	2,000,000	555,317
Total		58,900,000	37,819,317

Annexure-11**Detail of penalty for late completion of works DP No. 4.5.1.1**

S/No	Project Name	Bid Cost (Rs)	Penalty @ 10% (Rs)
1	Construction of Protection wall Grambat Gole for Irfan Land	670,000	67,000
3	Constt: of Potection wall Asper Biri	437,500	43,750
4	Shakhandeh Road Rumboor Ph-I	1,030,000	103,000
5	Shakhandeh Road Rumboor Ph-II	1,011,600	101,160
6	Link Road Darkhanandeh Ayun	494,900	49,490
7	Link Road Baraousht	640,100	64,010
9	Link Road Sahan Fazal Molla Village	402,060	40,206
10	Irrigation Channel Sahan Ayun	1,200,000	120,000
11	Link Road Sahan Bala Grave Yard	640,100	64,010
13	Link Road Atani Lasht Ph-II	684,400	68,440
14	Link Road Tholiandeh	384,060	38,406
16	Protection wall Karkal	1,120,000	112,000
17	Link Road Dair Pain	823,650	82,365
18	Wire car Saras Jalik	611,840	61,184
19	Wss Daras Ghuru Ph-I	698,000	69,800
21	Dug Well Muldeh	402,000	40,200
22	Protection wall Bashalani Bash Birir	520,080	52,008
24	Dug Well Darkhanandeh Ayun C/o, Sabir	410,000	41,000
25	Link Raod Arkal	540,000	54,000
27	Link Road Atani Ishkun lasht	1,395,000	139,500
28	Link Road Pangikoti	990,000	99,000
30	Link Road Moghlandeh / Dangharikaneh Ph-II	885,000	88,500
31	Link Road Bakarabad Bala	1,018,350	101,835
32	Link Road Thur Ghari Prayit	654,000	65,400
35	Repair & Improvement of Link Road Madashil To parsan	1,120,000	112,000
36	Repair & Improvement of Link Road Shot to Orgoch to karimabad	674,900	67,490
37	Irrigation Channel Head Work Baranis	599,000	59,900
38	Bridge Andakti Shogor	1,144,000	114,400

39	Repair & Improvement of Link Roads Owir , Munoor & Thonik	832,500	83,250
41	WSS Pachli Karimabad	678,000	67,800
42	Link Road Balach Bala	685,000	68,500
Total		34,227,240	2,339,604

Annexure-12

Detail of technical sanctions not accorded DP No.4.5.1.2

S/No	Project Name	Bid Cost (Rs)
1	Rehabilitation of public Conference room and annex DC Office	1,429,000
2	Shakhandeh Road Rumboor Ph-I	1,030,000
3	Shakhandeh Road Rumboor Ph-II	1,011,600
4	WSS Muldeh Ayun	1,141,200
5	Irrigation Channel Sahan Ayun	1,200,000
6	Link Road Atani Lasht Ph-I	1,360,000
7	Protection wall Karkal	1,120,000
8	Wss Daras Ghuru Ph-II	1,414,000
9	Link Road Atani Ishkun Lasht	1395000
10	Link Road Moghlandeh / Dangharikaneh Ph-I	1,200,000
11	Link Road Bakarabad Bala	1,018,350
12	Repair of Main Road Bothtule to parsan Valley	1,169,000
13	Repair & Improvement of Link Road Madashil To parsan	1,120,000
14	Bridge Andakti Shogor	1,144,000
Total		16,752,150