



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

AUDIT YEAR 2021-22

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AD	Assistant Director
ADP	Annual Development Program
AIR	Audit & Inspection Report
BHU	Basic Health Unit
CPWA Code	Central Public Works Account Code
CTR	Center Treasure Rules
DAC	Departmental Accounts Committee
DDO	Drawing and Disbursing Officer
DEO	District Education Officer
DG	Director General
DHO	District Health Officer
DPR	Disabled Person Rehabilitation
EOL	Extra-ordinary leave
EPI	Expanded Program of Immunization
FD	Finance Department
FP	Family Planning
HPA	Health Professional Allowance
HRA	House Rent Allowance
INTOSAI	International Organization of Supreme Audit Institutions
KP PPRA	Khyber Pakhtunkhwa Public Procurement Regulatory Authority
KP	Khyber Pakhtunkhwa
LGE & RDD	Local Government Election & Rural Development Department
NCs	Neighborhood Councils
PAO	Principal Accounting Officer
RDA	Regional Directorate of Audit
TAC	Tehsil Accounts Committee
TMA	Tehsil Municipal Administration
TS	Technical Sanction
VCs	Village Councils
ZAC	Zilla Accounts Committee

Preface

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 and Section 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 Upper for the financial year 2020-21. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2021-22 on test check basis with a view to report significant findings to the relevant stakeholders. The main body of the audit report includes systemic issues and significant audit findings. Relatively less significant issues are listed in Annex-1 of the Audit Report. The audit observations listed in Annex-1 shall be pursued with the Principal Accounting Officers at the DAC level. In all cases where Principal Accounting Officers do not initiate appropriate action, the audit observations will be brought to the notice of appropriate legislative forum through the next year's Audit Report.

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

Some of the observations included in this report were finalized in the light of written replies of the departments whereas in most of the cases the departments did not submit written replies till the finalization of this report. DAC meetings were also not convened despite reminders.

The Audit Report is submitted to the Governor, Khyber Pakhtunkhwa in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 37 of Khyber Pakhtunkhwa Local Government Act, 2013 for 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 etc.

Local Governments of District Chitral Upper consist of three tiers, which perform their operations under Khyber Pakhtunkhwa Local Government Act, 2013. Financial provisions of the Act describe the Local Consolidated Fund and Public Account for which annual Budget Statement is approved by the respective councils in the form of budgetary grants. Top Tier- the District Government comprises one Principal Accounting Officer (PAO) i.e. Deputy Commissioner for the District Government, who is officer in charge (Administrator) of 10 devolved departments including AD Local Government Election & Rural Development Department. The second Tier-Town/Tehsil Municipal Administrations have one PAO i.e. Tehsil Municipal Officer for each administration. There are two Tehsils administrations in district Chitral Upper. The third Tier-village and neighborhood Councils have AD LGE & RDD as their Principal Accounting Officer. There are 39 VCs/NCs in District Chitral Upper.

a. Scope of audit

This office is mandated to conduct audit of 87 formations working under 04 PAOs. Total expenditure and receipts¹ of these formations were Rs. 2,194.415 million and Nil, respectively for the financial year 2020-21.

¹ District Government has no receipt

Audit coverage relating to expenditure for the current audit year comprises 07 formations of 04 PAOs having a total expenditure of Rs 713.101 million for the financial year 2020-21. In terms of percentage, the audit coverage for expenditure is 32.50% of auditable expenditure.

Audit coverage relating to receipts for the current audit year was nil as there was no receipts in District Government, TMAs and AD LGE&RDD.

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

b. Recoveries at the Instance of Audit

As a result of audit, recovery of Rs 39.869 million was pointed out in this report. No recovery was affected till finalization of this report.

c. Audit Methodology

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

Audit procedure employed to obtain evidences were inspections, analytical procedures, observations and computations.

d. Audit Impact

Recovery of Rs 39.869 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

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

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

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

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

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

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

No system of monitoring was found to track the progress of District Government towards its objectives. No internal Auditor was appointed. 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 421.728 million.²
- ii. Un-authorized payments to DDOs instead of crossed cheque to venders - Rs 142.123 million.³
- iii. Procurement related issues were noticed in 06 cases amounting to – Rs 32.179 million.⁴
- iv. Management of accounts with commercial banks related issues were noticed in 04 cases amounting to- Rs 14.41 million.⁵
- v. Values for money were noticed in 09 cases amounting to Rs. 103.868 million.⁶

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

² Para 1.2.1

³ Para 1.2.2

⁴ Para 2.5.1.1 to 2.5.1.4 & 3.5.1.1

⁵ Para 2.5.1.5 to 2.5.1.7 & 3.5.1.2

⁶ Para 2.5.2.1 to 2.5.2.5 & 3.5.2.1 to 3.5.1.4

g. Recommendations

- i. TMA accounts need to be consolidated at the DAO level.
- ii. Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending public money.
- iii. Strenuous efforts need to be made by the departments to recover long outstanding dues.
- iv. Departments need to strengthen internal controls such as financial, managerial, operational, administrative, and accounting, etc. Controls 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.
- v. The DAC meetings should be held more frequently.

CHAPTER-1

Public Financial Management

1.1 Sectoral Analysis

In compliance to the Notification of Local Government, Election & Rural Development Department issued on 4th September, 2019, councils of all tiers of District Government were stood dissolved on the culmination of their respective tenures on 29th August, 2019. The same Notification authorized Deputy Commissioners, Tehsils/ Towns Municipals Officers and Assistant Directors, LG&RDD to perform functions of respective Nazimeen as envisaged under the Local Government Act, 2013, till the instillation of newly elected Local Governments. In the light of LGA 2013, District Chitral Upper as headed by Deputy Commissioner who is principal accounting officer of the budget grant allocated to the 11 offices devolved at District level. Similarly, Tehsil Municipal Administration is headed by Tehsil Municipal Officer who is its principal accounting officer. Moreover, Assistant Director LGE&RDD is a principal accounting officer for Village/ Neighborhood Councils.

In District Chitral Upper, funds amounting to Rs. 2,363.309 million were allocated to 87 formations working under 04 PAOs. Out of which, expenditure of 2,194.415 million was made resulting into saving of Rs. 168.894 million. Audit coverage relating to receipts for the current audit year was nil as there was no receipts in District Government, TMAs and AD LGE&RDD. Audit coverage relating to expenditure for the current audit year comprises 07 formations of 04 PAOs having a total expenditure of Rs. 713.101 million for the financial year 2020-21. In terms of percentage, the audit coverage for expenditure is 32.496% of auditable expenditure.

(Rs in million)

District Chitral Upper					
2020-21	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	Expenditure/Receipts Audited	%age
Salary	1,874.557	1,762.668	-111.889	713.101	32.50
Non-salary	313.642	292.650	-20.992		
Developmental (A/C-IV)	175.107	139.097	-36.010		
Total	2,363.306	2,194.415	-168.891	713.101	32.50
Receipts	0	0	0	0	

According to Section 36(3) of Local Government Act 2013, the District Accounts Officer was required to consolidate accounts of Local Government on quarterly and annual basis. However, District Accounts Officer, Chitral Upper did not reflect Rs. 421.728 million into the consolidated financial statement of Local Government, Chitral Upper.

District Government, Chitral Upper was found lagging behind in many areas envisioned as integral component of the Local Government in the Khyber Pakhtunkhwa Local Government Act, 2013. The District Government could not establish & maintain Public Fund account as required under section 30 of LGA, 2013. Similarly, it also failed to prepare, present and approve the budget estimates of receipts from district council for District Government, Chitral Upper as required under section 18 of LGA 2013. Most importantly, Finance Department, Khyber Pakhtunkhwa could not provide District Account Office, Chitral Upper 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 04 of section 37 of LGA 2013, as internal auditors were not posted in the District and Tehsil Councils. In addition, Asset management by District Government was yet another area it could not address as required under section 38 of the LGA, 2013

The Local Government provided services in the following sectors.

Education

The education sector is one of the major sectors in District Chitral Upper like other districts. Statistics show that there are 2695 primary, 20 middle, 37 secondary and 6 higher secondary schools in District Chitral Upper. The estimated Teacher Student Ratio is 1:18 at primary, 1:22 at middle, 1:24 at secondary and 1:26 at the level of higher secondary schools. District Chitral Upper literacy rate is 89% the Gross Enrollment Rate (GER) is 89.71%, and the Net Enrollment Rate (NER) is 78.97% at the primary level. On budgetary front, District Education office, Chitral Upper succeeded in spending 85% of the District ADP and 90% non-salary budgets.

District Education Offices in Chitral Upper enrolled 14,583 in boys schools while 14,451 students were enrolled in female Government schools. Similarly, annual average of teacher's attendance rate and student attendance rate as per independent Monitoring Unit (IMU) data were approximately 84% & 87% respectively. Furthermore, 76% schools in district Chitral Upper were provided with all basic facilities like classrooms, water supply, group latrine, boundary walls and electrification. However, administrative visits of DEO, DDEO and SDEO were 30% against the assigned target.

Health

Health is another important sector of District Chitral Upper with a total of 29 health facilities spread across the district. Their further break-up is 10 BHUs, 15 CDs, 01 THQ Hospitals and 3 RHC.

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

As the district is a newly created district, the Health Management Information System (HMIS) was not established during the year 2020-21 and informations regarding OPD, vaccination, Mother & Child Health and Family Planning were combinely recorded in the HMIS of district Chitral Upper.

Social Welfare

In Social Welfare and Women Empowerment sector, budgetary allocations were focused on providing social cushion to the deprived and marginalized segments of society especially, women and children. In the proposed development plan, the department had continued to proceed with its ongoing projects which included schemes for the wellbeing and safeguarding of destitute women, orphans, beggars, drug addicts and special persons. However, keeping in view the spread of drug use and incidence of poverty the efforts made by Social Welfare office are not likely to bring about any visible improvement in the short or long run unless more resources are diverted to this sector.

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 Upper.

There is no Darual Kafalas for biggers in District Chitral Upper. Rehabilitation center for drug addicts did not exists in District Chitral Upper.

Municipal Services

Town Municipal Administrations, District Chitral Upper 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 (amended in 2019). Similarly, Tehsil Account Officers were not appointed in TMAs. The accounts of receipt and expenditure were also not maintained in such form as prescribed by Auditor General of Pakistan and required under section 36 of LGA 2013. Financial Statements, Finance Account and Appropriation Accounts of the TMAs were not prepared accordingly. Most importantly, Finance Department, Khyber Pakhtunkhwa could not provide District

Account Office, Chitral Upper with prescribed format and necessary trainings to compile the accounts of TMAs and then reflect the same in the consolidated financial statement of the district, which resulted in disclaimer of its accounts by the Auditor General of Pakistan. Moreover, Internal Audit function could not be established as provided in sub section 4 of section 37 of LGA 2013, as internal auditors were not posted in the TMAs to support the Council. In addition, Asset management by tehsil councils was yet another area it could not address as required under section 38 of the LGA 2013.

1.2 AUDIT PARAS

1.2.1 Non compilation/consolidation of accounts of Local Governments – Rs. 421.728 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 Upper for the financial year 2020-21, audit observed incompleteness and incorrect presentation of the financial statements as the DAO failed to consolidate into the quarterly and annual accounts of the district, the Government and local resources, as required under section-36(3) of the Local Government Act, 2013. Receipts of Rs 55.682 million and expenditure of Rs 366.046 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 142.123 million

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

Finance Department Letter No: BO (W&M) /6-5/2019-20 dated 19/02/2020, provides that in order to streamline the management in public account and observe

fiscal discipline, it has been decided to stop forthwith all payments through open cheques or cash payments.

District Accounts Officer Chitral Upper, paid Rs 142,123,689 to various DDOs instead of issuance crossed cheques to Vender/Payees Accounts.

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

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

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

CHAPTER-2

District Government Chitral Upper

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 & Social Welfare.

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

(1) The authority of district Government shall comprise the operation, management and control of offices of the departments which are devolved to it; provided that district Government shall exercise such authority in accordance with general policy of Government.

(2) Every order in district Government shall be expressed to be made in the name of the district Government and shall be executed by a duly authorized officer.

(3) The district Government shall be responsible to the people and the Government for improvement of governance and delivery of services within the ambit of authority devolved to it.

Audit Profile of the District Government Chitral Upper

(Rs. in million)

S.No	Description	Total Nos	Audited	Expenditure audited FY 2020-21	Revenue /Receipts audited FY2020-21
1	Formations	52	04	575.723	0
	Total	52	04	575.723	0

2.2 Comments on Budget and Accounts (Variance Analysis)

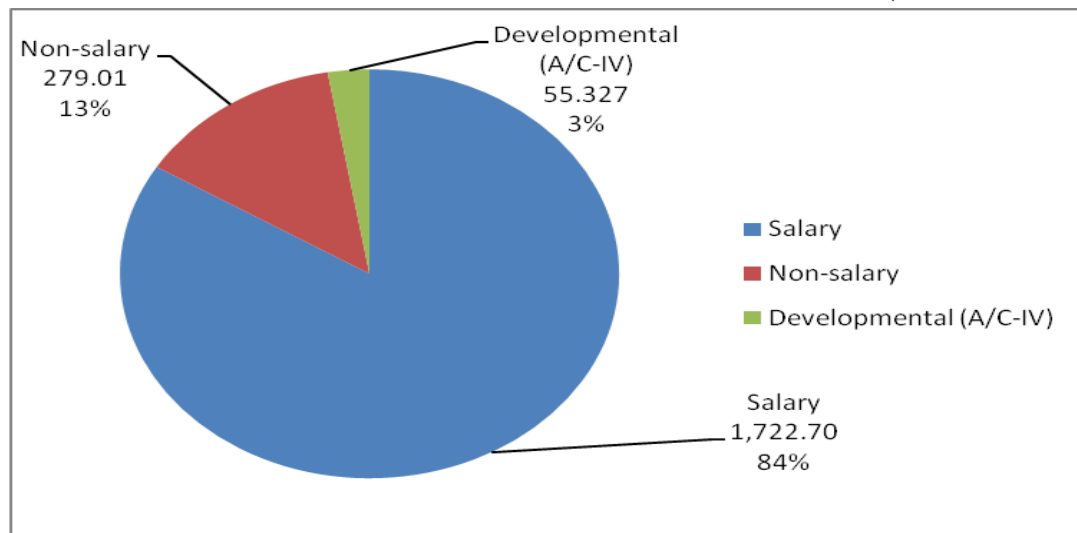
(Rs. in million)

District Government Chitral Upper				
2020-21	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	1,822.60	1,722.70	(99.90)	5%
Non-salary	289.62	279.01	(10.61)	4%
Developmental (A/C-IV)	55.327	55.327	0.00	0%
Total	2,167.55	2,057.04	(110.512)	5%
Receipts	0	0	0	

The savings of Rs. 110.512 million indicate inefficiency in the capacity of District Government Departments to utilize the amount allocated.

EXPENDITURE 2020-2120

(Rs. in million)



2.3 Classified Summary of Audit Observations

Audit observations amounting to Rs.127.28 million were raised in this audit report. This amount also includes recoverable of Rs. 28.07 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Sr. No.	Classification	Amount (Rs.)
1	Reported cases of fraud, embezzlement and misappropriation	
2	Irregularities	
A	Procurement related irregularities	28.420
B	Management of Accounts with Commercial Banks	7.70
3	Value for money and service delivery issues	92.069
4	Others, including cases of accidents, negligence etc.	00
	Total	128.189

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

The audit report pertaining to following year has been submitted to the Governor of Khyber Pakhtunkhwa. Status of ZAC meeting is given below:

S#	Audit Year	Zilla Meeting
1	2020-21	Not Convened

2.5 AUDIT PARAS

2.5.1 Irregularities

A. Procurement related irregularities

2.5.1.1 Unauthentic expenditure on account of play areas - Rs 13.20 million

According to Para 17 of GFR Volume-I, auditable record must be produced to audit for verification.

Office of the District Education Office (male) Chitral Upper transferred funds of Rs 1,320,000 on account of Play Area to various schools in the FY 2020-21. During scrutiny of record the following observations were raised.

- 1) The local office did not collect any report regarding the construction of play areas that whether the play areas were made according to approved drawing, design and specification.
- 2) No Certificate in this regard has been obtained from the head/in charge of the concerned school that such facilities were not carried out under any other schemes.
- 3) The progress of work and utilization of fund report of the work was also not available on the record of the local office

The lapse occurred due to weak intenal controls, which resulted in unauthentic expenditure.

When pointed out in August, 2021, the management stated that reply would be submitted after scrutiny of record.

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

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

AIR No. 38 (2020-21)

2.5.1.2 Unverified expenditure on account of PTC Fund – Rs 10.05 million

According to Para 17 of GFR Volume-I, auditable record must be produced to audit for verification.

Office of the District Education Officer (Male) Chitral Upper transferred funds of Rs 10,500,000 on account of PTC to various schools in the FY 2020-21. During scrutiny of record the following observations were raised.

1. As per Government Guidelines regarding PTC funds, all the expenditure should be incurred with the proper approval of the parents Teacher Council. But the local office only transfer the fund to the school and no follow up carried out to know that the fund was properly utilized as per PTC guidelines as such material was not available on the record of the local office.
2. The secretary of PTC was required to maintain accounts of the expenditure in a simple cash book in the prescribed format as mentioned in the PTC guidelines but copy of such accounts was not available to verify the expenditure.
3. The local office did not collect the stock register of the schools duly verified by the concerned head/in charges of the schools regarding the expenditure from PTC fund.
4. The Cash book and allied detail of voucher & receipts duly verified and approved by the Parents Teacher Council in the council meeting held on quarterly basis was not collected by the local office for verification purpose.
5. The record of expenditure on civil work was not available to verify that the expenditure was made on market based and by exercising general financial procedure as per PTC guidelines. detail is as under:

S.No	Particular	No of Room	Amount (Rs)
1	Petty Repair	1100	6,600,000
2	CRC	780	3,900,000
Total			10,500,000

The lapse occurred due to weak administrative control, which resulted in unverified expenditure.

When pointed out in August, 2021, the management stated that reply would be submitted after scrutiny of record.

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

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

AIR No. 40 (2020-21)

2.5.1.3 Non-supply of furniture and medical equipments Rs 2.79 million

According to Para 290 of Federal Treasury Rules “No money should be drawn from Treasury unless required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demand or to prevent lapse of budget grant. Further, para 23 of GFR Vol-1, Requires that every Government officer is personally responsible for any loss sustained by the Government through fraud or negligence either on his part or the part of his subordinate staff.

Office of the District Health Officer Chitral incurred expenditure of Rs2,799,600 on account of purchase of furniture and Medical Equipments in the financial year 2020-21. the supply order was placed in May 2021 but the furniture and medical equipments were not supplied till date of audit. The local office was required to cancel the order but failed to do so. Detail is given below.

S.No	Particular	Name of Contractor	Amount
01	Purchase of Plant and Machinery	Mughal Baz	2,500,100
02	Furniture and Fixture	Mughal Baz	299,500
Total			2,799,600

The lapse occurred due to weak internal controls, which resulted in non supply of furniture and medical equipments, depriving the public from timely health facilities.

When pointed out in August, 2021, the management stated that reply would be submitted after scrutiny of record.

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

Audit recommends completing the supply besides imposition of penalty and fixating responsibility on the person (s) at fault.

AIR No. 15 (2020-21)

2.5.1.4 Non-supply of medicines Rs 2.380 million

According to Para 290 of Federal Treasury Rules “No money should be drawn from Treasury unless required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demand or to prevent lapse of budget grant. Further, para 23 of GFR Vol-1, Requires that every Government officer is personally responsible for any loss sustained by the Government through fraud or negligence either on his part or the part of his subordinate staff.

Office of the District Health officer Chitral Upper placed order to various firms for the purchase of medicines during the financial year 2020-21. On scrutiny of record, it came to notice that medicines costing Rs 2,386,243 was not yet supplied by the firms. Detail is as per annexure-2.

Non supply of medicines occurred due to weak internal controls, resulting in non-availability of medicine for community in health facilities, when required.

When pointed out in August, 2021, the management stated that reply would be submitted after scrutiny of record.

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

Audit recommends immediate supply of medicines and action against the person(s) at fault.

AIR No. 15 (2020-21)

B. Management of Accounts with Commercial Banks

2.5.1.5 Placement of public funds in current bank accounts – Rs 2.969 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, Khyber Pakhtunkhwa Finance Department has from time to time allowed sanctioned Bank accounts in the commercial bank 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.

Office of the District Education Officer (Female) Chitral Upper transferred Rs 2,968,861 on account of PTCs and other funds to various schools during the FY 2020-21. On scrutiny of record, it was noticed that the current designated bank accounts were maintained by the schools for PTC fund instead of PLS account, which was clear violation of the above-mentioned order issued by the Government of Khyber Pakhtunkhwa. Detail is as per annexure-3.

The lapse occurred due to violation of Government orders, which resulted in loss to government.

When pointed out in August, 2021, the management stated that reply would be submitted after scrutiny of record.

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

Audit recommends immediate conversion of current accounts into PLS mode.

AIR No. 43 (2020-21)

2.5.1.6 Non-deposited of Bank Profit Rs 2.500 million

Finance Department Khyber Pakhtunkhwa letter No.2/3-(F/L)FD/2207-08/Vol-IX dated 10-2-2014, has allowed sanctioned bank accounts in the

commercial bank 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.

Office of the Deputy Commissioner Chitral Upper for the financial year 2020-21, realized bank profit amounting Rs 2,501,552 and lying in the designated bank accounts, but such amount was not deposited into the government treasury. Detail is as under: -

S.No	Account title	Name of bank	Account NO	Earning date	Balance	Profit
1	Deputy Commissioner	NBP	3159950245	11/7/20-20	29,291,407	1,751,279
2	Deputy Commissioner	NBP	3159950245	23/01/2021	33,091,849	750,273
Total						2,501,552

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

When pointed out in August, 2021, the management stated that reply would be submitted after scrutiny of record.

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

Audit recommends immediate deposit of profit amount into government treasury.

AIR No. 01 (2020-21)

2.5.1.7 Placement of public funds in current bank accounts – Rs 2.3 million.

Finance Department Khyber Pakhtunkhwa letter No. 2/3-(F/L)/FD/2007-08/Vol-IX dated 10th February 2014, has allowed sanctioned Bank accounts in the commercial bank 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.

Office of the District Education Officer (Male) Chitral Upper transferred PTCs funds amounting to Rs.2, 361,177 to the current bank accounts of various schools during the financial year 2020-21. The local office did not convert current bank accounts into PLS mode. Detail is as per annexure-4.

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

When pointed out in August, 2021, the management stated that reply would be submitted after scrutiny of record.

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

Audit recommends immediate conversion of current accounts into PLS mode and action against the person(s) at fault.

AIR No. 36 (2020-21)

2.5.2. Value for money and service delivery issues

2.5.2.1 Unauthentic expenditure on account of petty repair Rs 66.499 million

Para 208 of CPWA Code, payments for all work done otherwise than by daily labour and for all supplies, are made to the suppliers/contractors on the basis of measurements recorded in measurement books.

According to Government of Khyber Pakhtunkhwa, Local Government, Election and Rural Development Department, Local Council Board letter No.AO (Planning)/LCB/Gen/Inst/4-10/2016 dated 31.01.2019, PC-1 should be on proper format ensuring all requisite details of quantities and costs. District Monitoring Officers of concerned Districts should visit all developmental schemes and submit detail report.

Office of the District Health officer Chitral Upper incurred expenditure of Rs. 66,499,987 on account of petty repair works in various health units during the financial year 202-21. On scrutiny of record audit observed the following irregularities.

- i. Execution of civil work was not recorded in the measurements book. Thus the payment on civil work without MB remained unauthentic which need justification.
- ii. Technical Sanction was also not obtained from the competent authority before commencement of works.
- iii. PC-1 on proper format was not prepared to ensure all requisite detail of quantity and cost.
- iv. Monitoring of schemes was not done by District Monitoring Officers as no monitoring report of repair work was available.
- v. Work was started without obtaining Administrative Approval of the competent authority. Detail is as per annexure-5.

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

When pointed out in August, 2021, the management stated that reply would be submitted after scrutiny of record.

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

Audit recommends regularization of payment and action against the person (s) at fault.

AIR No. 18, 22, 23, 27 (2020-21)

2.5.2.2 Overpayment of Health Professional Allowance to contract Staff –Rs19.87 (M)

According to Government of Khyber Pakhtunkhwa Finance department letter No. BO(PFC-II)/FD/1-5/2015-16 11.07.2016 health professional allowance is only admissible to the regular employees of health department.

Office of the District Health Officer Chitral Upper overpaid Rs 19,872,000 on account of health professional allowance to the contract/adhoc doctors and paramedics during financial year 2020-21 which was not admissible to them as they were appointed on contract/adhoc basis. Detail at annexure-06.

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

When pointed out in August, 2021, the management stated that reply would be submitted after scrutiny of record.

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

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

AIR No. 25 (2020-21)

2.5.2.3 Overpayment on account of compulsory acquisition of land – Rs 3.02 million

Section 18(1) of Land Acquisition Act 1894 provides that any person interested who has not accepted the award may, by written application to the collector, require that the matter be referred by the collector for the determination of

the Court, whether his objection be 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.

Section 18(2) the Act requires that the application shall state the grounds on which objection to the award is taken.

Section 20 a & b of Land Acquisition Act 1894 requires that the court shall thereupon cause a notice specifying the day on which the court will proceed to determine the objection, and directing their appearance on that day to be served on the applicant and all persons interested in the objection.

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".

Office of the Deputy Commissioner Chitral Upper paid Rs 20,143,785 on account of acquisition of land from various Owners and overpaid thereon Rs 3,021,566 as 15% compulsory acquisition charges during 2020-21. Audit observed the following:

1. Compulsory acquisition charges were allowed at initial stage of acquisition.
2. No written objection, obstruction, refusal or appeal made to the Collector/Court by the owner.
3. 15% compulsory acquisition charges shall be allowed by the court under section 23(2) of the Act, not by the other authority. Under section 3(d) of the Act "Court" means an additional District Judge is judge of Principal Civil Court of original jurisdiction, an Additional District Judge, like the District Judge himself, is a judge of such court, and as such he competent to hear and dispose of the reference under the Land Acquisition Act which are over to him for disposal by the District Judge. The expression "Court" does not include Collector.

4. the cases was neither referred to Court nor any proceeding was undertaken/carried out under section 20(a) & (b) mentioned in the criteria. Detail is as per annexure-07.

The lapse occurred due to weak internal controls, which resulted in overpayment and loss to Government

The irregularity was reported to Management in August 2021, stated that detail reply will be submitted after scrutiny of record.

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

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

AIR No. 02 (2020-21)

2.5.2.4 Overpayment on account of Pay and allowances during leave period Rs 1.61 million

According to study leave prescribed by the president (F.R.84) Para 7 of the Esta code study leave should not ordinarily be granted to government servants of less than five-year services.

Office of the District Health Officer Chitral Upper overpaid Rs 1,610,112 on account of pay and allowances to an official during FY 2020-21. The official was appointed on 16/3/2016 the study leave was granted on 6/02/2020, as per criteria mentioned above, she is not entitled of study leave due to less than five year service and drew full pay for the entire period for which she was not entitled. Moreover, leave account was also not available on record of the local office to know that how many leave was on her credit. Detail is as under:

S.No	Name of Medical Officers	Designation	Pay and allowance	Period	Total amount
01	Arifa Jamal	C/Nurse	67088	24	1,610,112

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

The irregularity was reported to management in August 2021, stated that detail reply will be submitted after scrutiny of record.

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

Audit recommends recovery of the amount and action against the person at fault.

AIR No. 33 (2020-21)

2.5.2.5 Non-deposit of registration fee and stamp duty -Rs.1.070 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.

Office of the Deputy Commissioner Chitral Upper did not deposit stamp duty amounting to Rs 1,070,116 into government treasury during FY 2020-21. Detail is as per annexure-8.

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

When pointed out in August, 2021, the management stated that reply would be submitted after scrutiny of record.

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

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

AIR No. 06 (2020-21)

CHAPTER-3

TMA, Chitral Upper

3.1 Introduction

District Chitral Upper has two Tehsils i.e. Mastuj and Mulkoh. The office of a Tehsil Municipal Administration is managed by the Tehsil Municipal Officer. He is assisted by a Tehsil Officer (Finance), a Tehsil Officer (Regulation) and a Tehsil Officer (Infrastructure).

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

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

Audit Profile of TMAs of the District Chitral Upper

(Rs. in million)

Sr No	Description	Total Nos	Audited	Expenditure audited FY2020-21	Revenue /Receipts audited FY2020-21
1	Formations	2	2	120.580	0
	Total	2	2	120.576	0

3.2 Comments on Budget and Accounts (Variance Analysis)

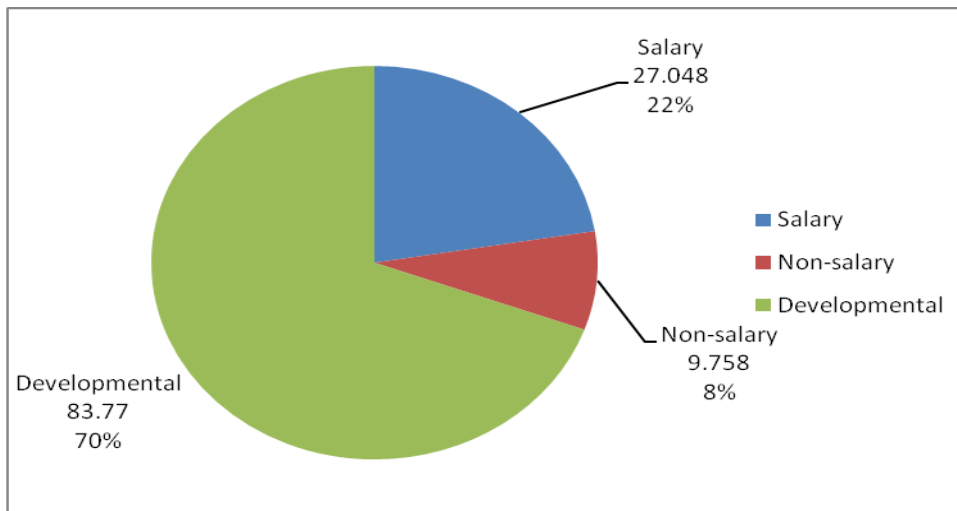
(Rs. in million)

2020-21	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	39.037	27.048	11.989	31%
Non-salary	20.11	9.758	10.352	51%
Developmental	119.78	83.77	36.01	30%
Total	178.927	120.576	58.351	33%
Receipts	0	0		

The savings of Rs. 58.351 million indicates inefficiency of the Tehsil Municipal Administrations to utilize the amount allocated.

EXPENDITURE 2020-21

(Rs. in million)



3.3 Classified Summary of Audit Observations

Audit observations amounting to Rs.19.749 million were raised in this audit report. This amount also includes recoverable of Rs. 11.799 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Irregularities	
A	Procurement related irregularities	1.309
2	Value for money and service delivery issues	11.799
3	Banks	6.641
	Total	19.749

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

The audit report pertaining to following year has been submitted to the Governor of Khyber Pakhtunkhwa. Detail of TAC meetings are given below:

Sr. No.	Audit Year	TAC meeting
1.	2020-21	Not convened

3.5 AUDIT PARAS

3.5.1 Irregularities

Procurement related irregularities

3.5.1.1 Irregular expenditure on installation of GI and HDPE pipes- Rs1.309 million

According to circular No11/Dev-14/PHE (N) dated 14-7-2015 in order to stop the entry of the sub-slandered product the field staff must be instructed to adopt the following quality assurance steps for compliance

- i. Original Manufacturer/confirmation through his letter head and seal.
- ii. Gate Pass No./Sales Tax invoice.
- iii. Confirmation that manufacturers all documents are original
- iv. Code No, on Product (year, month, date)

Office of the Tehsil Municipal Adminsitration Mastuj Chitral Upper incurred expenditure of Rs 1,309,252 on account of Supply and Fixing of HDPE pipes in various supply schemes in the financial year 2020-21. The Local office did not adopt the following quality assurance steps to ensure the quality of pipes as well as the health of the people of locality.

- i Original Manufacturer/confirmation through his letter head and seal
- ii Gate Pass No./Sales Tax invoice.
- iii Confirmation that manufacturers all documents are original
- iv Code No, on Product (year, month, date).

In the absence of the above-mentioned documents the entry of substandard Pipes cannot be rolled out. Detail at annexure-9.

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

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

The irregularity was reported to the Principal Accounting Officer for convening DAC meeting in the month November, 2021. However DAC meeting could not be convened till finalization of this report

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

AIR No. 51(2020-21)

B. Management of Accounts with Commercial Banks

3.5.1.2 Non conversion of current t account into PLS account -RS 6.641 million

Finance Department Khyber Pakhtunkhwa letter No.2/3-(F/L)FD/2207-08/Vol-IX dated 10-2-2014, has allowed sanctioned bank accounts in the commercial bank 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.

Office of the Tehsil Municipal Administration Mulko maintained current account in the National Bank for financial operation with closing balance Rs 6,641,524 during the financial year 2020-21.

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

When pointed out in November 2021, management did not reply to audit observation.

The irregularity was reported to the Principal Accounting Officer for convening DAC meeting in the month November, 2021. However DAC meeting could not be convened till finalization of this report.

Audit recommends coversion of current account in to PLS mode and action agains the person(s) at fault.

AIR No.59 (2020-21)

3.5.2 Value for money and service delivery issues

3.5.2.1 Non-imposition of penalty for delay in completion of works – Rs.1.970 million

According to clause 2 of the conditions of contract agreement, 1% should be deducted from the contractor's bill for every day delay. The penalty is subject to maximum of 10%.

Office of the Tehsil Municipal Officer Mastuj Chitral Upper awarded contracts of various developmental schemes to different contractors with estimated cost of Rs 19,700,000 during the financial year 2020-21. The schemes were not completed in stipulated period of time even till the dates of audit i.e. November 2021; however, penalty @10% amounting to Rs 1,970,000 was not imposed. Detail at per annexure-10.

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

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

The irregularity was reported to the principal Accounting Officer for convening DAC meeting in the month November, 2021. However DAC meeting could not be convened till finalization of this report

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

AIR No.50 (2020-21)

3.5.2.2 non-adjustment of income tax in cost estimates of developmental schemes – Rs 1.839 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.

Office of the Tehsil Municipal Officer Mastuj at Boni awarded various works with of estimated cost of Rs 26,275,450 during financial year 2020-21. However, income tax @ 7% was not excluded in the cost estimates due to which Government sustained loss of Rs 1,839,281 as per detail given below:

No of Schemes	Identified by	AA Cost	Bid Cost	7% income tax
43	MPA PK -1	22,400,000	15,509,550	1,085,668
15	Advisor to CM	18,400,000	10,765,900	753,613
Total		40,800,000	26,275,450	1,839,281

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

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

The irregularity was reported to the Principal Accounting Officer for convening DAC meeting in the month November, 2021. 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 No. 53 (2020-21)

3.5.2.3 Non-adjustment of income tax in cost estimates of developmental schemes – Rs 4.890 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.

Office of the Tehsil Municipal Officer Mulko incurred expenditure of Rs.4,850,675 on account of various developmental schemes during financial year 2020-21. However, income tax @ 7% was not adjusted in the cost of schemes due to which Government sustained loss of R 4,850,675 as per detail given below:

No of Schemes	Identified by	AA Cost (Rs)	Expenditure (Rs)	7% income tax (Rs)
87	30% PFC	29,980,000	19,046,197	1,333,233
120	ADP No666	62,910,850	50,249,174	3,517,442
Total		92,890,850	69,295,371	4,850,675

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

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

The irregularity was reported to the principal Accounting Officer for convening DAC meeting in the month November, 2021. 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 No. 60 (2020-21)

3.5.2.4 Non-imposition of penalty for delay in completion of works – Rs.3.10 million

According to clause 2 of the conditions of contract agreement, 1% should be deducted from the contractor's bill for every day delay. The penalty is subject to maximum of 10%.

Office of the Tehsil Municipal Officer Mulko Chitral Upper awarded contracts of various developmental schemes to different contractors with estimated cost of Rs 31,000,000 during the financial year 2020-21. The schemes were not completed in stipulated period of time even till the dates of audit i.e. November 2021; however, the local office did not impose penalty @10% amounting to Rs 3,100,000. Detail is as per annexure-11.

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

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

The irregularity was reported to the principal Accounting Officer for convening DAC meeting in the month November, 2021. However DAC meeting could not be convened till finalization of this report.

Audit recommends investigation for fixing responsibility and immediate recovery.

AIR No. 64 (2020-21)

CHAPTER-4

AD LGE &RDD Chitral Upper

4.1 Introduction

Assistant Director Local Government, Election and Rural Development Department in District Chitral Upper have 39 VCs/NCs. Each VC/NC has a Secretary. Assistant Director Local Government Election & Rural Development Department is Drawing and Disbursing Officer (DDO) for his office and PAO for VCs/NCs of the District Chitral Upper.

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 include:

- 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 District Chitral Upper

(Rs. in million)

Sr No	Description	Total Nos	Audited	Expenditure audited FY 2020-21	Revenue /Receipts audited FY 2020-21
1	Formations	1	1	16.802	Nil

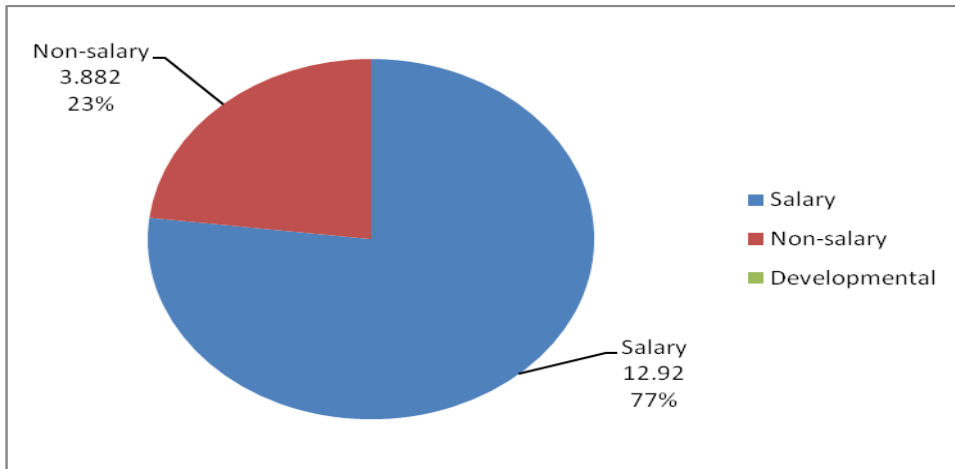
4.2 Comments on Budget and Accounts (Variance Analysis)

(Rs in million)

AD LGE & RDD				
2020-21	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	12.920	12.920	0	0
Non-salary	3.912	3.882	0.030	0.77
Developmental	0	0	0	0
Total	16.832	16.802	0.030	0
Receipts	-	-	-	-

EXPENDITURE 2020-21

(Rs in million)



4.3 Classified Summary of Audit Observations

Audit observations amounting to Rs.2.45 million were raised in this audit report. Summary of the audit observations classified by nature is as under:

Sr. No.	Classification	Amount (Rs.)
1	Irregularities	
A	Procurement related irregularities	2.45
	Total	2.45

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

The audit report pertaining to following year has been submitted to the Governor of Khyber Pakhtunkhwa. Detail of DAC meetings are given below:

Sr. No.	Audit Year	VACs/NACs meeting
01	2020-21	Not Convened

4.5 AUDIT PARAS

4.5.1 Irregularities

A. Procurement related irregularities

4.5.1.1 Irregular expenditure on account of Hot & Cold Weather charges - Rs 2.45 million

Para 148 of General Financial Rules (GFR) Vol.-I provides that all material received should be examined, counted, measured, weighed as the case may be, when delivery is taken, and they should be taken on charge by a responsible government officer who should see that quantities are correct and their quality is good, and record a certificate to that effect.

Office of the Assistant Director Local Government Chitral Upper incurred an expenditure of Rs 2,450,000 for purchase of fire wood and charcoal during the financial year 2020-21. On scrutiny of record, it was observed that delivery challans, stock register of fire wood/charcoal, actual payee receipts, Govt. Notification regarding scale of utilization/consumption of firewood/charcoal was not produce to verify the expenditure.

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

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

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

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

AIR No. 64 (2020-21)

ANNEXURES

Annexure-1

Annexure-1 (Detail of MFDAC Paras)

(Rs in million)

S. No.	Department	AIR No	Caption	Amount
1	Deputy Commissioner	3	Irregular Expenditure on account of Repair of Vehicles Rs 1.41 million	1.41
2		4	Non transfer/registered of land to the name of acquiring government Department Rs-20.143 million	20.143
3		5	Non reconciliation of expenditure on land acquisition	50.670
4		7	Non transfer of 2% Property Tax-Rs 402872	0.402
5		8	Irregular expenditure on account of repair of vehicles	1.41
6		10	Unauthentic payment on account of land acquisition-Rs3.59 million	3.59
7	District Education Officer (M)	2	Unjustified transfer of Conditional Grants –Rs 12.54 million	12.54
8		4	Unauthorized transfer of Conditional Grants to various school– Rs 4.7 million	4.7
9		5	Irregular expenditure without observing KPPRA Rules – Rs2.32 million	2.32
10		06	Non credit of bank profit into government treasury	0.458
11		7	Loss to Government due to non-Credit of Bank profit in to Government treasury – Rs 458796	0.459
12	District Education Officer (F)	1	Unauthorized transfer of Conditional Grants to various school– Rs 4.22 million	4.22
13		6	Non credit of bank profit into government treasury	0.085
14		10	Irregular expenditure without observing KPPRA Rules – Rs2.37 million	0.139
15		11	Loss to government due to non transfer of bank profit to Government treasury – Rs 85151	0.085
16		13	Non reconciliation of stipend fund – Rs 12.061`111 million	12.0
17	DHO	01	Non deposit of government receipt	0.814

18		02	Overpayment of account of HPA	0.480
19		03	Non deduction of income tax	0.315
20		04	Non deduction of DPR	0.190
21		10	Non deposit of Bank profit	0.068
22		19	Overpayment on account HPA/Conveyance Allow	0.184
23	TMA Mastuj	03	Irregular expenditure without factory acceptance test	1.175
24		07	Non deposit of bank profit	0.116
25	TMA Mulko	05	Irregular expenditure without factory acceptance test	5.09
26	AD LG&RDD	01	Unauthorized exp: on account of TA/DA	0.107
27		02	Irregular exp: on account of repair of vehicle	0.298
Total				123.468

Annexure-2**Para 2.5.1.4****Detail of Non-Supply of medicines**

S.No	Name of Firm	Particular	Date of S/order	Arrival	Quantity	Amount
01	Zafa phrama	Zinc Sulphet	19-5-21`	Nil	1,000	27,000
02	Fuji Film	X-Ray Film	-Do-	Nil	78,820	61,123
03	Fuji Film	X-Ray Film	-Do-	Nil	78,820	70,560
04	Glaxo Smith	Syp: Amoxil	-do-	Nil	1,000	48,000
05	Bosh phrama	Tab: Amoxicillin 625 mg	-do-	Nil	50,000	750,000
06	Bosh phrama	Tab: Amoxiciline 1 mg	-do-	Nil	51,800	994,560
07	M/S Getz	Tab Leflox 500 mg	-do-	Nil	50,000	330,000
08	M/S Getz	Getformin	-do-	Nil	30,000	105,000
					Total	2,386,243

Anneuxre-03**Para 2.5.1.5****Detail of Placement of public fund in current bank account**

S.No	Name of School	A/C No	Bank	Amount
1	GGMS Gohkir	4096772593	NBP	789,267
2	GGMS Chuinj	4105672520	NBP	339,309
3	GGMS Koshat	4106487096	NBP	712,843
4	GGHS Workup	4051596939	NBP	553,012
5	GGMS Chrun Owir	4106487121	NBP	523,250
6	GGPS Nishko	4106502345	NBP	23,150
7	GGPS Lon Bala	4106504110	NBP	28030
Total				2,968,861

Annexure-4**Para 2.5.1.7****Detail of placement of public fund in current bank account**

S.No	Name of School	A/C No	Bank	Amount
01	GPS Modraghistaru		NBP	326,628
02	GPS KhushumPayeen		NBP	208,957
03	GPS Kohst		NBP	78,899
04	GPS Kohst bala		NBP	174,277
05	GPS Madak Payeen		NBP	987,853
06	GPS ZezediMulko		NBP	392,083
07	GPS Madak Bala		NBP	192,480
Total				2,361,177

Annexure-05**Para 2.5.2.1****Detail of unauthentic expenditure of petty repair**

S.No	Particular	Unit	Amount
1	Petty Repair	Health Department	11,200,000
2	Petty Repair	THQ, BHU RHC and Dispensaries	15,300,000
3	Petty Repair	BHU	9,999,990
4	Petty Repair	BHU Breep and Laspur	4,999,999
5	Petty Repair	THQ Booni and RHC Darsoon	4,999,999
06	Petty Repair	THQ RHS BHU and anDispensaries	19,999,999
Total			66,499,987

Annexure-06**Para 2.5.2.2****Detail of Overpayment of Health Professional Allowance to contract Staff**

S.No	Name of Contract Doctors	Father Name	Placeof Posting	HPA Rate	Total amount
01	Dr. Qaisar Khan	Muhammad Ismail	BHU Zondrangrame.	92000/-PM	1,104,000
02	Dr. FawadShahzad	Shahzad Khan	RHC Drassan	92000/-PM	1,104,000
03.	Dr. FazalMehboob	FazalQadir	RHC Drassan	92000/-PM	1,104,000
04	Dr. Moazzam Ismail	Muhammad Ismail	RHC Mastuj	92000/-PM	1,104,000
05	Dr.Abbas Khan	BakhtAmbar Khan	RHC Mastuj	92000/-PM	1,104,000
06	Dr. Muhammad Fawad Khan	Afzal Khan	RHC Shahgrame	92000/-PM	1,104,000
07	Dr. AnisaZaib	MehbobWali Khan	Category D Hospital Booni	92000/-PM	1,104,000
08	Dr. FazalKaram	ShafiUllah	BHU Reshun	92000/-PM	1,104,000
09	Dr. Abid Ali	Fazal Rabi	BHU Shongush	92000/-PM	1,104,000
10	Dr. Mansoor Amir	Amir Rehman	BHU Kosht	92000/-PM	1,104,000
11	Dr. Tariq Aziz	Shah Rawan	BHU Sonoghor	92000/-PM	1,104,000
12	Dr. Salman Hanif	Hanif Ur Rehman	BHU Khot	92000/-PM	1,104,000
13	Dr. Syed ShafqatHussain	Syed Khetab	CD ShouchTerich	92000/-PM	1,104,000
14	Dr. Shabir Khan	Nazir Khan	CD Kushum	92000/-PM	1,104,000
15	Dr. Zia Ullah	Habib Ur Rehaman	CD Zait	92000/-PM	1,104,000
16	Dr. Abdul Jalal	Abdul Qadir	CD Boroghil	92000/-PM	1,104,000
17	Dr.Sohail Khan	Suhrab Khan	CD Morder	92000/-PM	1,104,000
18	Dr. Noman Khan	Siraj	CD ShahbronzOweer	92000/-PM	1,104,000
Total					19,872,000

Annexure-07**Para 2.5.2.3****Detail of Overpayment on account of compulsory acquisition of land**

S.No	Particulars	Cost of Land	15% compulsory Charges
1	Approach road to chitral scout Huts Mastuj	237,160	35,574
2	Land for Grain Godown	660,680	99,102
3	Cat: C Hospital Booni	440,440	66,066
4	Land for widening of Booni adda	3,794,579	569,186
5	Suspension bridge Mulko and turko	1,132,195	169,829
6	Const:/widding Road of Kosht to Lone	6,183,736	927,560
7	Land for wild life Check Post	746,353	111,953
8	Restoration of Boni Chitral Road	407,529	61,129
9	Incomplete Mulko Road	3,830,713	574,607
10	Land for high School Nishkoo	2,710,400	406,560
Total		20,143,785	3,021,566

Annexure-08**Para 2.5.2.5****Detail of non deposit of registration fee and stamp duty**

S.No	Particulars	Cost of Land	Reg/Stamp duty 2%
1	Approach road to chitral scout Huts Mastuj	237,160	4,734
2	Land for Grain Godown	660,680	13,213
3	Cat: C Hospital Booni	440,440	8,808
4	Land for widening of Booni adda	3,794,579	75,891
5	Suspension bridge Mulko and turko	1,132,195	709,051
6	Const:/widding Road of Kosht to Lone	6,183,736	123,674
7	Land for wild life Check Post	746,353	14,927
8	Restoration of Boni Chitral Road	407,529	8,150
9	Incomplete Mulko Road	3,830,713	57,460
10	Land for high School Nishkoo	2,710,400	54,208
	Total	20,143,785	1,070,116

Annexure-09

Para 3.5.1.1

Detail of Irregular expenditure on installation of Gi and HDPE pipes

S.No	Name of Scheme	E.Cost	Expenditure
01	Repair of pipe line Charun owir	500,000	461,866
02	Repair of Pipe Line Reshun	500,000	261,650
03	R/R of WSS Pipe line Lakhap	500,000	203,418
04	DWSS Chinner	600,000	251,318
05	Irrigation pipe phumbarash payeen	200,000	131,000
Total			1,309,252

Annexure-10**Para 3.5.1.3****Detail of late Schemes**

S.No	Name of Scheme	Date of work order	E.Cost	Amount of Penalty
1	Repair of Link Road kruijuanli	Sep 2020	500,000	50000
2	Repair of Road Chauran River Road	Sep 2020	500,000	50,000
3	Const: of Hone Road Boni	Sep 2020	500,000	50,000
4	Const: of Prot: wall at boni Gole	Sep 2020	500,000	50,000
6	Repair of pipe line Charun owir	Sep 2020	500,000	50,000
7	Const: of Road Green Lasht	Sep 2020	500,000	50,000
9	Protection wall lasht Zayit	Sep 2020	500,000	50,000
10	Repair of irreg: Channel Sor LasPur	Sep 2020	500,000	50,000
11	Repair of Irreg: channel Miragram	Sep 2020	500,000	50,000
12	R/R of WSS Pipe line Lakhap	Sep 2020	500,000	50,000
13	Link road Booni Lasht	Sep 2020	500,000	50,000
14	Li ning of channel BooniGHS Girls	Sep 2020	500,000	50,000
15	Protection Wall Dokandeh booni	Sep 2020	500,000	50,000
16	Repair of irr: Channel loghol	Sep 2020	500,000	50,000
17	Const: of Culvet Daralot	Sep 2020	500,000	50,000
18	Repair of link Road loqandeh	Sep 2020	500,000	50,000
19	Solorn irreg: parmimali	Sep 2020	1,600,000	160,000
20	Solor W/S Broke Laspur	Sep 2020	1,000,000	100,000
21	Const: of P/Wall Rakish	Sep 2020	1,000,000	100,000
22	Repair of ire: Channel Balim Laspur	Sep 2020	2,000,000	200,000
23	DWSS Chinner	Sep 2020	600,000	60,000
24	Repair of link Roadtalandeh	Sep 2020	1,500,000	150,000
25	RepairOf link road shaper Mali sor laspur	Sep 2020	1,000,000	100,000
26	Const:of Jeepable RoadDeosar Yarkhun	Sep 2020	3,000,000	300,000
	Total		19,700,000	1,970,000

**Annexure-11
Para 3.5.1.6**

Detail of late Schemes

S.No	Name of Scheme	E.Cost (Rs)	Amount of penalty
01	Pipe line Drinking Water Micagh Owir	2,000,000	200,000
02	Road Warijun	1,000,000	100,000
03	Link Road Shiaqlasht	2,000,000	200,000
04	Shrukh road Rech	1,000,000	100,000
05	WSS Shotkhar	1,000,000	100,000
06	Solor /S zendoli koshum	1,000,000	100,000
07	Pedestrian bridge wasshich Payeen	2,500,000	250,000
08	P/wall Zondgrama	1,000,000	100,000
09	Rabat Bala Road	500,000	50,000
10	Pipe Irrigation Raqut Gole Melp	500,000	50,000
11	Solor W/S Kashon	5,000,000	500,000
12	R/of irreg: Channel Dokhochum bala	600,000	60,000
13	R/of WSS Pipe DokJinji	500,000	50,000
14	Imp/R/of irreg: Channel Bulasht Sor Rech	500,000	50,000
15	S/S for irreg: purpose Berrandoor	1,000,000	100,000
16	R/R of WSS Pipes Shitragh Gohkir	500,000	50,000
17	Imp:/Reh of Link Road Phargram UC Mulkho	500,000	50,000
18	Imp/Reh of WSS pipesWar	1,000,000	100,000
19	Imp:/Reh of Link Road Nichagh	1,000,000	100,000
20	Imp:/Reh of Link Road Shongush	1,000,000	100,000
21	R/R of WSS Pipes Quziandeh	500,000	50,000
22	S/S Shahgram	800,000	80,000
23	Im/Reh of Madrasa Sor reach	500,000	50,000
24	S/S for irreg:Raygaz	500,000	50,000
25	Protection Wall Werkop	500,000	50,000
26	Imp/of WSS Pipe	600,000	60,000
27	Link Road Madak Bala	500,000	50,000
28	R/R of link torgram Road	500,000	50,000
29	Ext: of Irreg:Channel Muloksht	500,000	50,000
30	Reh: of Irreg: Channel phargram	500,000	50,000
31	Reh: of Dhoor Road Nishko	500,000	50,000
32	R/R of Masjid Owir	500,000	50,000
33	R/R of link Road syedanoor	500,000	50,000
	Total	31,000,000	3,100,000