



**AUDIT REPORT
ON
THE ACCOUNTS OF
DISTRICT GOVERNMENT
D.I. KHAN**

AUDIT YEAR 2013-14

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AA	Administrative Approval
AP	Advance Para
ADP	Annual Development Plan
AOM&R	Annual Ordinary Maintenance and Repair
BOQ	Bill of Quantity
CPWA Code	Central Public Works Account Code
CPWD Code	Central Public Works Department Code
CSR	Composite Schedule of Rate
CTR	Central Treasury Rules
C&W	Communication and Works
DAC	Departmental Accounts Committee
DO	District Officer
DCO	District Coordination Officer
DG	Director General
EDO	Executive District Officer
F&P	Finance and Planning
GFR	General Financial Rules
MB	Measurement Book
PC-I	Planning Commission Proforma
RDA	Regional Directorate of Audit
R&E	Revenue and Estate
SBP	State Bank of Pakistan
TS	Technical Sanction
WSS	Water Supply Scheme
XEN	Executive Engineer
ZAC	Zilla Accounts Committee

Preface

Articles 169 &170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections-8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 and Section-115 of the Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended) and Local Government Act 2012 require the Auditor General of Pakistan to conduct audit of the receipts and expenditure of District Fund and Public Account of District Government.

The report is based on audit of the accounts of various offices of District Government, D.I. Khan for the financial years 2011-12 and 2012-13. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2013-14 on test check basis with a view to reporting significant findings to the relevant stakeholders.

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

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

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

Islamabad
Dated:

(Muhammad Akhtar Buland Rana)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General District Governments Audit, Khyber Pakhtunkhwa carries out the audit of 25 District Governments. Regional Directorate of Audit (RDA) D.I.Khan, on behalf of the DG District Governments Audit, Khyber Pakhtunkhwa carries out the audit of two District Governments namely D.I. Khan and Tank. This Regional Directorate has a human resource of 05 officers and staff, a total of 1515 man days. The annual budget amounting to Rs6.303 million was allocated to this office during financial year 2012-13. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of programmes/ projects.

District Government, D.I.Khan conducts its operations under Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended) and Local Government Act 2012. It comprises one Principal Accounting Officer (PAO) covering seven groups of offices i.e. Finance & Planning, Revenue, Works & Services, Education, Health, Community Development and Agriculture. Financial provisions of the Ordinance describe the Government as District Local Fund and Public Account for which Annual Budget Statement is authorized by the District Nazim/Administrator in the form of budgetary grants as per Government of Khyber Pakhtunkhwa, Local Government and Rural Development Department notification No. SO(E-I)E&AD/9-49/2010 dated 20th February 2010.

Administratively, District D.I. Khan is subdivided into five tehsils namely, Paharpur, Daraban, Kulachi, Paroa and D.I.Khan. District Administration comprises Zilla Nazim/District Administrator and District Coordination Officer.

a. Audit Objectives

Audit was conducted with the objectives to ensure that:

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

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

b. Audit Methodology

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

The selection of the audit formations i.e. DDOs was made keeping in view the significance and risk assessment, samples were selected after prioritizing risk areas by determining significance and risk associated with identified key controls. Sample size selected in the audited formations ranged between 15% to 30%.

c. Expenditure audited

Total expenditure of the District Government D.I. Khan for the financial year 2012-13, was Rs4,939.224 million covering one PAO and 131 formations. Out of this, Regional Directorate Audit (RDA) D.I. Khan audited expenditure of Rs1,098.977 million which, in terms of percentage, was 22.25% of total expenditure. Three (03) formations were planned and 100% achievement against the planned activities was made.

d. Receipts audited

The receipt of District D.I.Khan for the financial year 2012-13, was Rs44.809 million. Out of this, RDA D.I.Khan audited receipts of Rs12.340 million which, in terms of percentage, was 27.54% of auditable receipts.

e. Recoveries at the instance of audit

Recovery of Rs157.702 million was pointed out during the audit. However, no recovery was affected till the finalization of this report. Out of the total recoveries pointed out, Rs5.300 million was not in the notice of the executive before audit.

f. Desk Audit

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

g. Changes in Rules, Practices and Systems

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

h. Key audit findings of the report;

- i. Non production of record was noted in one case amounting to Rs55.095 million.¹
- ii. Irregularities and non compliance were noticed in thirteen cases amounting to Rs244.731 million.²
- iii. Lack of internal control system was noticed in six cases amounting to Rs263.097 million.³

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

1 Para 1.2.1.1
2 Para 1.2.2.1, 1.2.2.2, 1.2.2.3, 1.2.2.4, 1.2.2.5, 1.2.2.6, 1.2.2.7, 1.2.2.8, 1.2.2.9, 1.2.2.10, 1.2.2.11, 1.2.2.12, 1.2.2.13
3 Para 1.2.3.1, 1.2.3.2, 1.2.3.3, 1.2.3.4, 1.2.3.5, 1.2.3.6

i. Recommendations

- i. Disciplinary action need to be taken to stop the practice of violation of the rules and regulations in spending the public money.
- ii. Strenuous efforts need to be made by the departments to recover long outstanding dues on account of water charges.
- iii. All sectors of District Government need to strengthen internal controls to ensure that reported lapses are preempted and fair value for money is obtained from public spending.
- iv. Deduction of taxes on supplies and contracts needs to be ensured.
- v. Unspent balances/lapsed deposits need to be deposited into treasury.

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics (Rs in million)

S.No	Description	No.	Budget
1	Total Entities (PAO) in Audit Jurisdiction	01	4,984.033
2	Total formations in audit jurisdiction	131	4,984.033
3	Total Entities(PAO) Audited	01	1,111.336
4	Total formations Audited	03	1,111.336
5	Audit & Inspection Reports	03	1,111.336
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

Table 2: Audit observations Classified by Categories

(Rs in million)

S. No	Description	Amount Placed under Audit Observation
1	Unsound asset management	-
2	Weak financial management	244.731
3	Weak Internal controls relating to financial management	263.097
4	Others	55.095
	Total	562.923

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

S.No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year	Total last year
1	Outlays Audited	4.085	366.86	12.340	728.691	1111.976	760.895
2	Amount Placed under Audit Observations/ Irregularities of Audit	8.331	419.848	1.270	133.474	562.923	1392.81
3	Recoveries Reported at the instance of Audit	-	155.162	1.270	3.920	157.702	138.093
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	101.47
5.	Recoveries Realized at the instance of Audit	-	-	-	-	-	0.125

Table 4: Table of Irregularities reported (Rs in million)

S. No	Description	Amount Placed under Audit Observations
1	Violation of Rules and regulations, principle of propriety and probity in public operation	156.925
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	19.936
3	Accounting Errors (accounting policy departure from NAM ¹ , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	Quantification of weaknesses of internal control systems.	263.097
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	67.870
6	Non-production of record	55.095
7	Others, including cases of accidents, negligence etc.	-
	Total	562.923

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

CHAPTER 1

1.1 District Government D.I.Khan

1.1.1 Introduction

Activities of District Government are managed through offices of District Coordination Officer and Executive District Officers under Khyber Pakhtunkhwa Local Government Ordinance 2001 (LGO 2001) and Local Government Act 2012. Each group of District Offices is headed by an Executive District Officer (EDO). The EDO by means of a standing order distributes the work among the officers, branches, and/or sections of each district office. Following is the list of departments which manages the activities of District Government.

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

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

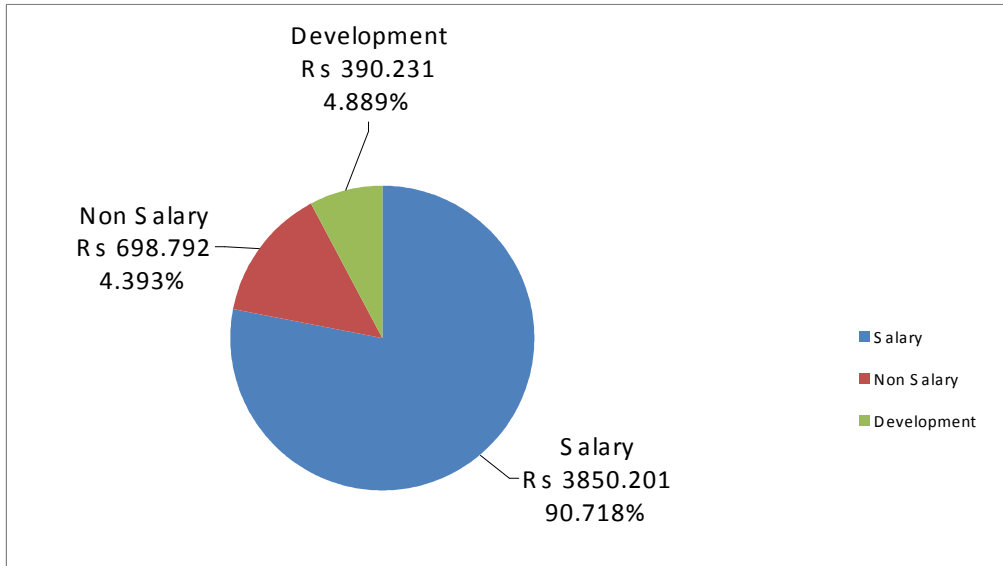
1.1.2 Brief comments on Budget and Expenditure (Variance Analysis) (Rs in million)

2012-13	Budget	Expenditure	Saving/Excess	%age Excess/Saving
Salary	3,849.310	3,850.201	-0.891	-0.002
Non-salary	699.140	698.792	0.346	0.004
Developmental	393.100	390.231	2.867	0.007
Total	4,941.550	4,939.228	2.322	0.009

A budget of Rs4,941.550 million was allocated, against which an expenditure of Rs4939.228 million was incurred by the District Government, D.I. Khan with a saving of Rs2.322 million during financial year 2012-13.

EXPENDITURE 2012-13

(Rs in million)



Detail is given at Annex-B

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

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

S. No	Audit Year	PAC/ZAC meeting convened /Not convened
1	2002-03	Not Convened
2	2003-04	Not convened
3	2004-05	Not convened
4	2005-06	Not convened
5	2006-07	Not convened
6	2007-08	Not convened
7	2008-09	Not convened
8	2009-10	Not convened
9	2010-11	Not convened
10	2011-12	Not convened

1.2 AUDIT PARAS

1.2.1 Non Production of Record

1.2.1.1 Non production of record - Rs55.095 million

According to Para 17 of GFR Vol-I read with Section 14 (3) of the Auditor General's Ordinance, 2001, no such information nor any books or other document, to which the Auditor General has the statutory right of access, be withheld from Audit. Moreover under section 115 (7) of the Local Government Ordinance 2001, the Auditor General of Pakistan shall have access to all the books and documents pertaining to the accounts and may also examine any public servant or premises of the local Government concerned.

District Officer Agriculture, D.I.Khan spent Rs22,013,458 and received receipts of Rs33,082,088 from various farms and gardens during financial year 2011-12 but record of same was not produced for audit scrutiny.

Audit observed that non production of record occurred due to weak internal control.

When reported in March, 2013, Management stated that proper reply would be submitted in due course of time.

Request for convening of DAC meeting was made on 14.06.2013. DAC meeting could not be convened till finalization of this Report.

Audit recommends inquiry, fixing of responsibility and action against person(s) at fault.

AP 189 (2011-12) A/C-I

1.2.2 Irregularities and Non-compliance

1.2.2.1 Doubtful Expenditure on repair of schools-Rs88.474 million

According to Clause-8.1 of the MOU signed between the Provincial Finance Controller and the District Coordination Officer D.I.Khan dated 3-11-2011, the funds provided under Conditional Grant will be audited annually by the District Audit, Department of the Auditor General of Pakistan. Moreover Para 7.8(a)(b)(c) of the Third schedule in Delegation of Financial Powers Rules 2001 provides that expenditure through PTAs be incurred after approval of Zilla Council and approval of the competent authority.

EDO (Education) D.I.Khan shown incurred expenditure of Rs88,474,000 on repair of schools out of Conditional Grant during financial year 2011-12. It was observed that:

1. Sanction of the DCO for the incurrence of expenditure was not obtained.
2. It was not shown as to where the amount was expended.
3. List of schools was not produced as to whom payment was made.
4. Monitoring Report by the District Planning officer was also not available on record.

Audit observed that doubtful expenditure incurred due to non compliance of Government rules, which resulted in unauthentic expenditure.

When reported in April 2013, Management stated that detailed reply would be submitted after verification of record.

In DAC meeting held on 26.07.2013 the Para was discussed in detail and DAC directed to seek clarification regarding clause 8.1 of MOU (Signed between PFC and DCO on 03.11.2011) as to whether according to which conditional grant is auditable or not (case to be processed by Education Department) with in 30 days. Para stands for clarification (above) and production of record (Sr. No. 1 to 4). No progress was intimated till finalization of this Report.

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

AP 518 (2011-12)

1.2.2.2 Non imposition of penalty-Rs131.045 million

According to Clause-2 of the Contract Agreement, the contractor shall pay compensation amount equal to 1% of the estimated cost for every day that work remains incomplete and the entire amount of compensation shall not exceed 10% of estimated cost.

XEN C&W (Road Division), D.I.Khan paid Rs858,201,975 to various contractors during financial year 2012-13. It was observed that works were not completed in speculated time period and thus penalty @10% amounting to Rs131,045,191 was needs to be recovered from the contractors. Detail is given at Annex-D.

Audit observed that works were not completed in time due to non compliance of Government rules, which delayed the completion of schemes.

When reported in August 2013, Management stated that detailed reply would be submitted after verification of record. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 20.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 211 (2012-13) A/C-I

1.2.2.3 Overpayment due to applying incorrect rates-Rs4.543 million

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

XEN C&W (Road Division), D.I.Khan overpaid Rs4,543,441 as rate of item "Boring for Cast-in-place RCC Piles in Gravelly soils" was paid instead of rate "Boring for Cast-in-place RCC Piles in Alluvial Soils: Dia up to 760 mm" in the work "Construction of Bridge over Sawan Nallah and Diyal Bridge" as per detail given below.

Name of Work	Rate Paid (Rs/M)	Rate Due (Rs/M)	Difference (Rs/M)	Quantity (M)	Overpayment (Rs)
Sawan Nallah Bridge	4599	2299.6	2299.4	1134	2,607,520
Add 19.27% Above					502,469
Total					3,109,989
Name of Work	Rate Paid (Rs/M)	Rate Due (Rs/M)	Difference (Rs/M)	Quantity (M)	Overpayment (Rs)
Diyal Bridge	4,599	2,299.6	2,299.4	594	1,365,843
Add 4.95% Above					67,609
Total					1,433,452
Total Overpayment					4,543,441

Audit observed that overpayment was occurred due to non compliance of Government rules, which resulted in loss to Government.

When reported in August 2013, Management stated that detailed reply would be submitted after verification of record. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 20.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 208 (2012-13) A/C-I

1.2.2.4 Overpayment due to applying incorrect rate-Rs3.367 million

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

XEN C&W (Road Division), D.I.Khan overpaid Rs3,367,824 for a scheme "repair of spur No.2 Darya Khan bridge" as rate of Rs1162/M3 applied instead of Rs645/M3 for a item "supply and dump at site without boat i/c handling within 100m stone with extra" (19-15-a) for a quantity of 5261M³ including a lead of 80km which was not abnormal during financial year 2012-13.

Name of Work	Rate Paid (Rs/M)	Rate Due (Rs/M)	Difference (Rs/M)	Quantity (M)	Overpayment (Rs)
Sawan Nallah Bridge	1162.92	645	517.92	5261	2,724,777
Add cost factor 0.03%					81,743
Total					2,806,520
Add 20% Above					561,304
Total Overpayment					3,367,824

Audit observed that overpayment was occurred due to non compliance of Government rules, which resulted in loss to Government.

When reported in August 2013, Management stated that detailed reply would be submitted after verification of record. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 20.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 215 (2012-13) A/C-I

1.2.2.5 Overpayment due to applying incorrect rate - Rs 2.867 million

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

XEN C&W (Road Division) paid Rs2,867,147 for an item “Boring for cast-in-place RCC piles in gravelly Soils: Dia 660-910 mm 16-28b” in the work “Construction of Bridge Diyal Village” whereas the same item was not executed at site.

Audit observed that overpayment was occurred due to non compliance of Government rules, which resulted in loss to Government.

When reported in August 2013, Management stated that detailed reply would be submitted after verification of record. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 20.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 213 (2012-13) A/C-I

1.2.2.6 Overpayment due to unauthorized payment of escalation- Rs2.376 million

According to Clause- 5A of Contract Agreement, no escalation is admissible on labor charges.

XEN C&W (Building Division), D.I.Khan paid Rs2,376,903 inadmissible escalation against labour charges to various contractors during 2012-13 as per detail given below.

S. No	Name of Work	Contractor Name	Amount (Rs)
1	Const of Central Prison: Single Warden Barracks, Single Warden Mess , Cat I Residence	M/S Baz Mohd A/Hh Pasham Khan	973,287
2	Const of central prison: central watch tower, b wall	M/S Sawan Enterprises	433,347
3	Const of central prison : foot path, walk ways, premix road	M/S Qalandar Khel Construction	498,319
4	Const of central prison: masjid , guard room plus amount of 1-6 th bill	Mohammad Daud A/H Hafiz Hayatullah	187,317
5	Balance Civil works in Mufti Mahmood Hospital: Sewerage disposal, earth filling	M/S Zakori Constuction	284,633
Total			2,376,903

Audit observed that overpayment was occurred due to non compliance of Government rules, which resulted in loss to Government.

When reported in August 2013, management stated that detailed reply would be given after consultation of record.

Request for convening of DAC meeting was made on 20.08.2013. DAC meeting could not be convened till finalization of this Report.

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

AP 191 (2012-13 AC-I)

1.2.2.7 Overpayment due to applying incorrect rate- Rs1.813 million

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

XEN C&W (Road Division), D.I.Khan paid @ Rs25,000/M and Rs30,000/M for items “Exploratory boring in dry area up to depth of 15M and sampling in all kind of soils” and “Boring up to 30M in all kinds of soils and lab tests” considering as non scheduled items whereas the same items were available in CSR 2009 with a item code 16-25 a “Confirmatory boring including SPT's, samples, lab test bore-hole logs & report alluvial Soil” @ Rs5,276/M in a scheme Diyal Bridge D.I.Khan and thus resulted into overpayment of Rs1,813,807 as per detail given below.

Item	Rate paid (Rs/M)	Rate Due (Rs/M)	Difference (Rs/M)	Quantity (Rs/M)	Amount (Rs)
Exploratory Boring in dry area upto Depth of 15m	25,000	5,276	19,724	60	1,183,440
Sampling in all kind of soils, boring upto 30 m	30,000	5,276	24,724	20	494,480
Sub Total					1,677,920
Add 3 % Cost Factor					50,338
Total					1,728,258
Add 4.95% Above					85,549
Grand Total					1,813,807

Audit observed that overpayment was occurred due to non compliance of Government rules, which resulted in loss to Government.

When reported in August 2013, Management stated that detailed reply would be submitted after verification of record. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 20.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 209 (2012-13) A/C-I

1.2.2.8 Overpayment due to applying incorrect rate- Rs1.803 million

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

XEN C&W (Road Division), D.I.Khan overpaid Rs1,803,431 for “ earth filling with AASHTO Dry density 100% compaction with carriage” for various distances but lead was calculated by adding items 3-17a & 3-18-a-b-c which was the rate of transportation by human coolie instead of the rate of carriage by mechanical means as given in Chapter 1 (in items 1-01-e-f-g) during financial year 2012-13. Detail is given in Annex-C.

Audit observed that overpayment was made due to non compliance of Government rules, which resulted in loss to Government.

When reported in August 2013, Management stated that detailed reply would be submitted after verification of record. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 20.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 551 (2012-13)

1.2.2.9 Overpayment due to applying incorrect rate - Rs1.546 million

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

XEN C&W (Road Division), D.I.Khan paid @ Rs404.16/M³ for an item “formation of embankment from borrowed excavation in common material including compaction” in a work Sawan Nallah Bridge whereas embankment formation in ordinary soil was executed and thus rate of Rs.248/M³ was required to be paid but rate for earth filling by common material was applied which resulted in overpayment of Rs1,546,077 as per detail given below:

Rate Paid (Rs/M3)	Rate Due (Rs/M3)	Difference (Rs/M3)	Quantity (M3)	Amount (Rs)
404.16	248	156.16	8301	1,296,284
Add 19.27 above				249,793
Total Overpayment				1,546,077

Audit observed that overpayment was made due to non compliance of Government rules, which resulted in loss to Government.

When reported in August 2013, Management did not respond to the preliminary audit observation despite of repeated requests.

Request for convening of DAC meeting was made on 20.08.2013. DAC meeting could not be convened till finalization of this Report.

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

AP 210 (2012-13 A/C-I)

1.2.2.10 Less realization of receipts - Rs1.270 million

According to Para-8 and 26 of GFR I, each head of administrative department to see that the dues of the government are correctly and promptly assessed collected and duly credited in the Public Account

DO Water Management, D.I.Khan deposited Rs73,555 @ Rs140/hour as receipt from four Laser Land Leveling Machines despite of the fact that none of the machines was free any time during the whole year and Rs1,344,000 (approx) was required to be collected during the year and thus resulted into less realization of receipt of Rs1,270,445 (approx) as per detail given below.

Days	Hour per day	Rate Rs/hour)	Amount (Rs)
300	8	140	336,000
No. of machines			4
Total receipt			1,344,000
Receipt realized			73,555
Loss			1,270,445

Audit observed that less realization of receipt occurred due to non compliance of Government rules, which resulted in loss to Government.

When reported in April 2013, Management stated that detailed reply would be submitted after verification of record.

In DAC meeting held on 26.07.2013, the para was kept stand for inquiry by Assistant Agriculture Engineer along with representatives of Audit and Finance Department within 30 days. No progress was intimated till finalization of this Report.

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

AP 512 (2011-12)

1.2.2.11 Double payment for same work - Rs 2.000 million

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

XEN C&W (Road Division), D.I.Khan paid Rs2,000,000 for a work "Flood fighting of Spur No.2 Darya Khan Bridge out of M&R funds (A/C-IV) during financial year 2012-13 whereas the same work was also executed out of ADP (A/C-I) and payment was also made vide voucher No. 34&35R1 dated 27-06-2013.

Audit observed that double payment was made due to non compliance of Government rules, which resulted in loss to Government.

When reported in August 2013, Management stated that detailed reply would be submitted after verification of record. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 20.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 550 (2012-13)

1.2.2.12 Doubtful payment for same work - Rs1.992 million

According to Para-23 of GFR Vol-I, every Government Officer should realize fully and clearly that he will be held personally responsible for any loss

sustained by Government through fraud or negligence on his or on the part of any other government official.

XEN C&W Roads D.I.Khan paid Rs1,992,909 on repair of Sheikh Badin Road during 2012-13. It was observed that:

1. The area in which road was located was beyond the jurisdiction of the C&W Roads D.I.Khan and relates to C&W Lakki Marwat Division.
2. Voucher No.23, 24, 25, 26 dated 13-8-13 of scheme were showing the payment for Kilometers i.e 7,8,9,10,2,3,4,and 5 repeatedly, creating a doubt. Moreover, entries of the MB were not available on record.

Audit observed that doubtful payment was made due to non compliance of Government rules, which resulted in loss to Government.

When reported in August 2013, Management stated that detailed reply would be submitted after verification of record. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 20.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 552 (2012-13)

1.2.2.13 Non imposition of penalty Rs1.635 million

According to Clause-2 of the Contract Agreement, the contractor shall pay compensation amount equal to 1% of the estimated cost for every day that work remains incomplete and the entire amount of compensation shall not exceed 10% of estimated cost.

XEN C&W (Building Division) paid Rs1,635,0647 to contractor in ascheme "Up gradation of GHS to GGHS Draban Khurd" during 2012-13 but the work was not completed in stipulated time period and thus penalty @ 10% amounting to Rs1,635,064 was not recovered from the contractor.

Audit observed that work was not completed in time due to non compliance of Government rules, which delayed the completion of scheme.

When reported in August 2013, Management stated that detailed reply would be submitted after verification of record. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 20.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 192 (2012-13) AC-I

1.2.3 Internal Control Weaknesses

1.2.3.1 Unauthorized expenditure due to non conducting of laboratory tests- Rs211.186 million

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

XEN C&W (Road Division) paid Rs 211,186,632 for embankment formation with 100% compaction without conducting lab tests from laboratory so as to verify 100% compaction in a work “Construction of BTR Bagi Qamar to village Kundal (56-KM)”. Moreover no consultant was hired for design and monitoring of such a mega project. Detail is given in Annex-E.

Audit observed that unauthorized expenditure occurred due to weak internal control.

When reported in August 2013, Management stated that detailed reply would be submitted after verification of record. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 20.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 217 (2012-13) A/C-I

1.2.3.2 Unauthorized expenditure - Rs35.695 million

According to Para 178 of GFR Vol-I read with Para 56 of CPWD Code and Para 2.4 of B&R Department Code, no work should be commenced or liability incurred in connection with it until technical sanction has been obtained from competent authority.

XEN C&W Roads D.I.Khan executed various works out of M&R of roads and paid Rs35,695,678 during financial year 2012-13 without obtaining technical sanctions from the competent authority. Detail is given in Annex-F.

Audit observed that unauthorized expenditure occurred due to weak internal control.

When reported in August 2013, Management stated that detailed reply would be submitted after verification of record. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 20.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 549 (2012-13)

1.2.3.3 Doubtful and Unauthorized expenditure of Rs17.008 million

According to Para 10 (iii) & (iv) of GFR, no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage & Public moneys should not be utilized for the benefit of a particular person or section of the community. Moreover, according to Para 2.39 of the B&R code, for water supply projects, the nature and quantity of the existing supply should be given.

Project Director Dera Development Authority, D.I.Khan spent Rs17,007,610 on installation of Pressure and Hand Pumps out of PWP-II funds during 2012-13 without observing the codel formalities because the same were shown installed in the homes of various people instead of open area against the benefit of the local inhabitants without approval of locations by the DDC and the DCO. Proper hading/taking by any Government department for operation & maintenance was not made. Moreover, any Government Department has not taken the same on their stock register.

Audit observed that unauthorized expenditure occurred due to weak internal control.

When reported in May 2013, Management stated that detail reply would be given after perusal of record. No progress was intimated till finalization of this Report.

In DAC meeting held on 09.09.2013, Para was kept stand for decision before PAC.

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

AP 542 (2012-13)

1.2.3.4 Non deduction of income tax -Rs5.308 million

Section 153 of the income tax ordinance 2001 provides that income tax be deducted @ 6%.from the payments on services rendered.

EDO (Education) paid Rs88,474,000 under the head Repair of Buildings during 2011-12. It was observed that at source deduction of income tax @ 6% for Rs.5,308,440 was not made by the department.

Audit observed that non deduction of income tax occurred due to non compliance of rules resulting into loss to Government.

When reported in April 2013, Management stated that detailed reply would be submitted after verification of record.

In DAC meeting held on 26.07.2013 it was decided to provide exemption certificate from FBR regarding income Tax otherwise recovery within 30 days. No progress was intimated till finalization of this Report.

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

AP 520 (2011-12)

1.2.3.5 Unauthorized and wasteful expenditure Rs2.500 million

According to S.No. 5(xxxvii) of the Delegation of Financial Powers 2001, Officer in Category-I have full powers for payments on services rendered and EDO being category II officer has no powers for payment on services rendered.

DO Agriculture D.I.Khan paid Rs2,500,000 on salaries of contingent paid staff during financial year 2011-12 without obtaining sanction of the competent authority i.e DCO. Moreover, there was a surplus staff in pool on the payroll of local office but their services were not utilized. Appointment orders of the staff were also not produced.

Audit observed that unauthorized expenditure occurred due to weak internal control.

When reported in April 2013, Management stated that detailed reply would be submitted after verification of record.

In DAC meeting held on 26.07.2013, the para was kept stand for inquiry by AC D.I.Khan (Chairman) D.O Planning and an Audit Officer within 30 days. No progress was intimated till finalization of this report.

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

AP 533 (2011-12)

1.2.3.6 Non deposit of revenue -Rs 1.40 million

According to Para-8 and 26 of GFR I, each administrative department to see that the dues of the government are correctly and promptly assessed collected and duly credited in the Public Account

XEN C&W (Road Division) got removed trees @ Rs2/M³ in a scheme "Construction of Diyal Bridge D.I.Khan" whereas the receipt for Rs 1,400,000 (4000 x Rs 350) on sales proceeds of trees was not deposited into treasury during 2012-13.

Audit observed that revenue was not credited to Government treasury due to weak financial control.

When reported in August 2013, Management stated that detailed reply would be submitted after verification of record. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 20.08.2013. DAC meeting was not convened till finalization of this Report.

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

AP 212 (2012-13 A/C-I)

ANNEXURE**Annex-A****Detail of MFDAC Paras**

S.No	AP No.	Name of Department	Title of the Para	Rs in million
1.	538	C&W Building	Unauthorized expenditure	0.079
2.	539	C&W Building	Unauthorized expenditure	0.124
3.	540	C&W Building	Unauthorized expenditure	0.157
4.	190 A/C-I	C&W Building	Overpayment	0.270
5.	194 A/C-I	C&W Building	Unauthorized expenditure	0.217
6.	198 A/C-I	C&W Building	Unauthorized expenditure	0.690
7.	200 A/C-I	C&W Building	Unauthorized expenditure	0.699
8.	201 A/C-I	PHE	Overpayment	0.256
9.	202 A/C-I	PHE	Non deduction of sales tax	0.377
10.	203 A/C-I	PHE	Overpayment	0.499
11.	206 A/C-I	PHE	Overpayment	0.465
12.	210 A/C-I	C&W Roads	Loss to Govt	1.540
13.	214 A/C-I	C&W Roads	Non deposit of revenue into Government treasury	3.150

**EDO wise Expenditure Summary
District D.I.Khan 2012-13**

S. No	Name of Office	Salary (Rs)	Non Salary (Rs)	Total (Rs)	% of Total Expenditure
1.	DCO	29,996,042	9,998,681	39,994,723	1.025
2.	Local Government	18,527,529	6,175,843	24,703,372	0.634
3.	EDO (F&P)	119,781,684	1,069,863	120,851,547	3.0996
4.	EDO (Education)	2,537,337,880	31,034,785	2,568,372,665	65.875
5.	EDO (Health)	286,447,492	71,611,873	358,059,365	0.918
6.	EDO Works & Services	258,876,843	28,764,094	287,640,937	7.378
7.	Revenue & Estate	50,595,082	6,899,329	57,494,411	1.475
8.	EDO (Agriculture)	146,032,388	12,698,468	158,730,856	4.071
9.	Industries	1,933,334	101,754	2,035,088	0.052
10.	Labour Welfare	1,780,698	508,772	2,289,470	0.0587
11.	Social Welfare	30,063,352	572,368	30,635,720	0.786
12.	Excise & Taxation	12,367,888	450,000	12,817,888	0.329
13.	Civil Defence	2,547,864	215,000	2,762,894	0.0709
14.	Sports	1,288,684	690,724	1,979,408	0.0507
15.	Population Welfare	39,384,311	494,852	39,879,163	1.0228
Total Current Expenditure		3,850,201,071	698,792,406	4,548,997,477	90.82%
Percentage		75.96%	14.864	90.82%	
Developmental Expenditure				390,231,421	9.18
Grand Total				4,939,224,221	100.00

Annex-C

S.No	Name of Work	Lead	Rate Paid (Rs/)	Rate Admissible (Rs/M3)	Qty (M3)	Overpayment (Rs)
1.	Chashma road to Bannu road		373	248	671	83,875
2.	DG Khan road to Kaheer	1.5km	454	288	275	45,650
3.	Draban link road via adda	1.5km	454	288	25	4,150
4.	Chashma road to drabri	1.5km	373	288	263	22,355
5.	Chashma road to drabri	1.5km	373	288	262	22,270
6.	Village jara road		373	248	333	41,625
7.	Chashma road to drabre		373	248	350	43,750
8.	Khano khel road		373	248	197	24,625
9.	Khano khel roads		373	248	161	20,125
10.	Athog to shanki		373	248	413	51,625
11.	Chashma road to shah esa college		373	248	277	34,625
12.	Tiba yasin to spur No. 7		373	248	357	44,625
13.	Draban link road via adda	1.5km	454	288	26	4,316
14.	Bannu road to muqeem shah1		373	248	182	22,750
15.	Dinpur Azizullah house to minor	1.5km	450	288	417	67,554
16.	Daraban road via dda	3km	454	301	421	64,413
17.	Ketch to muqeem shah		373	248	118	14,750
18.	Paroa chodwan road	1.5km	370	288	80	6,560
19.	Girsal to muqeem shah	1.5km	379	288	828	75,348
20.	Crbc chowk to diyal		379	248	566	74,146
21.	Panyiala bridge		371	248	221	27,183
22.	Village jara		379	248	343	44,933
23.	Village jara		379	248	363	47,553
24.	Athog to Khano khel		373	248	154	19,250
25.	Athog to khano khel		371	248	179	22,017
26.	Eye hospital to darya		373	248	454	56,750
27.	Paroa chodwan road	5km	370	288	132	10,824
28.	Paroa chodwan road	5km	370	288	273	22,386
29.	Jara to masood abad		373	248	443	55,375
30.	Jara to masood abad		373	248	442	55,250
31.	Paharpur to narkani		373	248	654	81,750
32.	Diyal road		473	248	173	38,925
33.	Malang road		402	248	83	12,782
34.	Malang road		402	248	429	66,066

35.	Crbc chowk to village Diyal		525	248	440	121,880
36.	Chashma to jara road	2km	464	293	670	114,570
37.	Indus highway to shahidullah		448	248	359	71,800
38.	Indus highway to shahidullah		448	248	741	148,200
39.	Bagh street to Gaffarabad		448	248	84	16,800
Total						1,803,431

Annex-D

Detail showing Non imposition of penalty

S.No	Name of Work	Contractor	Date of commencement	Time allowed	Payment	Penalty @ 10%
1	Bagi Qamar Road: S/h Cons of Kulachi Street pkg iii	Kamran Zeb 26 RII dated 24-6-13	1-10-2011	10 Months	12,155,431	1,215,543
2	Bagi Qamar: S/h Sawan Nallah Bridge	Pasham Khan	3-1-2011	18 Months	77,929,808	7,792,980
3	Bagi Qamar: Hathala Giloti section Km 1-5	GK Construction 10 RII dated 19-6-13	12-3-2009	36 months	135,226,528	13,522,652
4	Bagi Qamar : S/h Kulachi Daraban via Gara Mastan Km 7.32 to 10.38	Pir Azmat Shah 21 RII 24-6-13	12-10-2009	36 months	47,628,240	4,762,824
5	Bagi Qamar : S/h Circular Road Kulachi Looni Bridge to Maddi Road Km 1,2,3 (2.61 Km)	Mohd Daud	6-8-2010	18 months	11,093,584	1,109,358
6	Bagi Qamar : S/h Hathala Giloti Km 12-16 (5 Km)	KK and Sons 23RII dated 24-6-13	11-3-2009	36 months	69,862,082	6,986,208
7	Bagi Qamar : S/h Kulachi city Roads	Naveed Zeb 27RII dated 24-6-13	6-8-2010	10 Months	7,393,007	739,300
8	Bagi Qamar : S/h Kulachi Street Pkg I	Mohd Daud 17RII dated 24-6-13	1-10-2011	18 Months	8,726,742	872,674
9	Bagi Qamar : S/h Kulachi Street Pkg II	Mohd Daud 16RII dated 24-6-13	18-5-2010	18 Months	12,043,782	1,204,378
8	Diyal Bridge	Malik Abdul Hanan	26-12-2011	12 Months	50,250,000	50,250,000
9	Bagi Qamar : S/h Hathala Kulachi Km	Ghulam Mohd Voucher No	13-3-2009	36 months	84,440,365	8,444,036

	(15-20) 6 kms	15 R II dated 22-1- 2013				
10	Bagi Qamar : S/h Kulachi Daraban via Gara Mastan Km (3.66- 7.32) 3.66 kms	Ghulam Mohd Voucher No 14 R II dated 22-1- 2013	20-11-2009	36 Months	50,711,525	5,071,152
11	Bagi Qamar : S/h Hathala Kulachi Km 8-12 (5 Km)	Haji Pasham Khan Voucher No 13 R II Dated 22-1- 2013	18-4-2009	36 months	65,513,785	6,551,378
12	Bagi Qamar : S/h Hathala Kulachi Km 1-7 (7 Km)	Mohd Khel Const. Voucher No 11 R II dated 22-1- 2013	13-3-2009	36 Months	77,025,635	7,702,563
13	Kulachi By Pass Road	Haji Aurangzeb Khan Voucher No 7 R II Dated 21-1-2013	25-11-2009	36 Months	43,907,542	4,390,754
14	Bagi Qamar : S/h Hathala Giloti Km 7- 11	Haidar Khan Voucher No 1 RII Dated 7-2-13	14-3-2009	36 Months	104,293,919	10,429,391
Total					858,201,975	131,045,191

Annex-E**(Amount in Rs)**

Name of Contractor	Qty	Rate	Amount
Raes Khan	9,460	248	2,346,080
Daud Khan pkg ii	5,797	248	1,437,656
Gk Const.	119,209	248	29,563,832
Gk Const.	21,411	248	5,309,928
Daud Khan Looni bridge	28,270	248	7,010,960
KK Sons a/h raees khan	86,952	248	21,564,096
Pasham Khan	64,291	248	15,944,168
Ghulam Mohd pkg i	113,584	248	28,168,832
Ghulam Mohd pkg iv	93,057	248	23,078,136
Kanran Zeb pkg iii	10,129	248	2,511,992
Naveed Zeb pkg iv	5,651	248	1,401,448
Pir Azmat Shah govt contrtr	95,695	248	23,732,360
Haji Aurangzeb contract	90,281	248	22,389,688
Haider Khan contractor	107,772	248	26,727,456
Total	851,559		211,186,632

Annex-F

S. No	Name of Scheme	Amount of Bills (Rs)	Total Amount (Rs)
1	Sheikh Badin Road	398,047	1,992,909
		398,493	
		398,493	
		399,384	
		398,492	
2	Paroa Chodwan road	276,818	1,395,287
		300,816	
		339,691	
		302,022	
		175,940	
3	Sadra bypass road	385,347	2,752,482
		307,413	
		292,318	
		403,465	
		343,630	
		370,340	
		313,341	
		336,628	
4	Shero kohna road	399,117	1,420,108
		402,169	
		401,558	
		154,733	
		62,531	
5	Wanda madat road	354,671	3,720,342
		383,428	
		421,771	
		394,929	
		246,202	
		365,475	
		162,783	
		398,887	
		295,522	
		294,075	

		402,599	
6	Sadra sharif budh road	385,879	1,172,587
		392,094	
		394,614	
7	Indus highway to shahid koroono	411,527	671,573
		260,046	
8	Flood fighting	295,395	2,001,832
		356,133	
		398,494	
		340,937	
		346,644	
		264,229	
9	Kot dault road	396,187	6,275,781
		379,038	
		381,272	
		411,337	
		314,000	
		380,356	
		328,146	
		363,581	
		310,727	
		390,408	
		366,892	
		212,654	
		374,729	
		293,101	
		399,888	
		388,964	
350,972			
10	Kala pani to punjab boundary	233,529	603,931
		300,027	
11	Gara gul dad road	303,904	1,010,187
		358,158	
		341,920	
12	Dera to kulachi via mdi	310,109	
		399,960	
		399,513	
		397,270	
		402,801	

		317,377	
		396,751	
		402,576	2,716,248
13	Yarik wanda madat	394,177	
		386,719	
		396,431	
		400,246	1,577,573
14	Malang vill road	259,185	
		397,563	656,748
15	Km 4 kot atal road	344,009	
		360,536	
		184,226	888,771
16	Athog to khanokhel	410,394	
		399,038	809,432
17	Jara to Mahsood abad	398,270	
		398,569	
		202,130	998,969
18	Yarik sadra sharif	325,792	
		330,937	
		382,904	1,039,633
19	roads in khano khel	282,705	
		203,704	486,409
20	Chashma to drabre	256,465	1,411,138
		244,168	
		308,680	
		307,251	
		294,574	
21	Draban road via dda	300,291	750,915
		231,276	
		219,348	
22	Degree college to PHE	361,741	1342,823
		262,728	
		366,325	
		352,029	
Total			3,5695,678