

AUDIT REPORT

AUDIT YEAR 2022 - 23

**ON THE ACCOUNTS OF
LOCAL GOVERNMENTS
DISTRICT DIR UPPER**



AUDITOR GENERAL OF PAKISTAN

SERVING THE NATION BY PROMOTING ACCOUNTABILITY, TRANSPARENCY AND GOOD GOVERNANCE IN
THE MANAGEMENT AND USE OF PUBLIC RESOURCES

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

“ IN THE NAME OF ALLAH THE MOST BENEFICENT THE MOST MERCIFUL ”



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ABBREVIATIONS AND ACRONYMS

AIR	Audit and Inspection Report
AP	Advance Para
APPM	Accounting Policies and Procedures Manual
APRs	Actual Payee receipts
BOK	Bank of Khyber
BOQ	Bill of Quantity
CDWP	Central Development Working Party
CPWA	Central Public Works Accounts
CPWD	Central Public Works Department
DAC	Departmental Accounts Committee
DC	Deputy Commissioner
DDO	Drawing & Disbursing Officer
DEO	District Education Officer
DG	Director General
DHO	District Health Officer
DMO	District Monitoring Officer
DP	Draft Para
DPR	Disabled Person Rehabilitation
E&SED	Elementary & Secondary Education Department
FD	Finance Department
FTR	Federal Treasury Rules
GFR	General Financial Rules
GGMS	Government Girls Middle School
GGPS	Government Girls Primary School
GPO	General Post Office
HDPE	High Density polyethylene
HPA	Health Professional Allowance
HRA	House Rent Allowance
IPSAS	International Public Sector Accounting Standards
KP	Khyber Pakhtunkhwa
KPPRA	Khyber Pakhtunkhwa Public Procurement Regulatory Authority
LGE & RDD	Local Government, Election & Rural Development Department
MB	Measurement Book
MCC	Medicines Coordination Cell
MFDAC	Memorandum for Departmental Accounts Committee
NBP	National Bank of Pakistan
PAO	Principal Accounting Officer
PLS	Profit & Loss Sharing
PTC	Parents Teacher Council
TAC	Tehsil Accounts Committee
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
TS	Technical Sanction
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 the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019 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 Dir Upper for the financial year 2021-22. The Directorate General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2022-23 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 Annexure-1 of the Audit Report. The audit observations listed in Annexure-1 will 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.

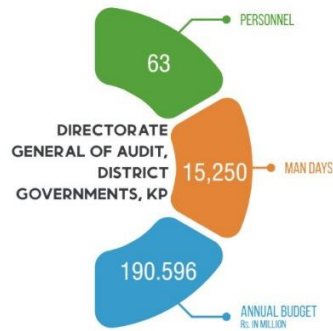
Some of the observations included in this report were finalized in the light of written replies of the departments whereas in most cases the departments did not submit written replies till the finalization of this report. DAC meetings were not convened despite reminders.

The Audit Report is submitted to the Governor, Khyber Pakhtunkhwa in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 37 of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019 for causing it to be laid before the appropriate legislative forum.

Islamabad
Dated:

(Muhammad Ajmal Gondal)
Auditor General of Pakistan

SUMMARY



The Directorate General of 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 Directorate General of 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 of Audit has a human resource of 63 officers and staff with a total of 15250 man-days. The annual budget amounting to Rs 190,596 million was allocated to the office during FY 2022-23. The office is mandated to conduct regularity audit, financial attest audit, performance audit and special studies. Local Governments of District Dir Upper consist of three tiers, which perform their operations under Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019. 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.

The Local Government has the following three Tiers:

- i. District Government;
- ii. Tehsil Municipal Administrations;
- iii. Village and Neighborhood Councils

The District Government comprises one Principal Accounting Officer (PAO) i.e. Deputy Commissioner for the District Government, who is officer in charge of 08 devolved departments including AD Local Government Election and Rural Development Department (AD LG & RDD). The Tehsil Municipal Administrations have one PAO i.e. Tehsil Municipal Officer for each administration. There are four Tehsil administrations in district Dir Upper. The Village and Neighborhood Councils have AD LG & RDD as their Principal Accounting Officer. There are 122 VCs/NCs in District Dir Upper.

A) SCOPE OF AUDIT

This office is mandated to conduct audit of 233 formations working under 06 PAOs. Total expenditure and receipt of these formations were Rs. 6,789.388 million and Rs. 190.556million respectively for the financial year 2021-22.

Audit coverage relating to expenditure for the current audit year comprises 09 formations of 06 PAOs having a total expenditure of Rs .4,241.470 million for the financial year 2021-22. In terms of percentage, the audit coverage for expenditure is 62% of auditable expenditure.

Audit coverage relating to receipts for the current audit year comprises 04 formations of 04 PAOs (4 TMAs) having a total receipt of Rs 190.556 million for the financial year 2021-22. In terms of percentage, the audit coverage for receipt is 100 % of auditable receipts.

This audit report also includes audit observations resulting from the audit of expenditure of Rs 89.530 million for the financial year 2020-21 pertaining to 02 formations of 01 PAO.

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 59,526 million was pointed out in this report. Recovery amounting to Rs.3,115 million was affected till finalization of the report.



AUDIT RECOVERIES

RS. 52,526 MILLION
Recovery pointed out by the Audit

RS. 3,115 MILLION
Recovery verified by the Audit

C. AUDIT METHODOLOGY

Audit was conducted according to INTOSAI guidelines for Compliance audit and Financial Audit Manual of AGP.

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

D. AUDIT IMPACT

As a result of the Audit, control environments of audited entities have been effectively strengthened by facilitating Local Government offices in risk mitigation and improving the effectiveness and efficiency of their business processes:

- i. A recovery of Rs 3,115 million was affected;
- ii. Unauthorized payments through DDOs were reduced;
- iii. Some offices converted their bank accounts from current to Profit & Loss Sharing (PLS) mode and
- iv. Bank profit deposited into Government Treasury.

E. Comments On Internal Control And Internal Audit Department

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

Comments on five components of internal control are given below:

The organizational structure followed in the Local Government Offices was according to the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019.

- No activity i.e. risks identification, risk evaluation and appropriate responses were carried out in the local governments.
- Accounts were not submitted by TMAs concerned to 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 objective. Annual review of internal controls was not carried out.



B. Key Audit Findings of the Report .

01 Non-compilation/Consolidation of Accounts of Local Governments- Rs 455.531 million

02 Unauthorized cheque payments to DDOs of vendors - Rs 30.186 million

03 Misappropriation was noticed in 01 case amounting to Rs 1.650 million

04 HR/Employees related issues was noticed in 05 case amounting to- Rs.18.411 million.

05 Procurement related issues were noticed in 11 cases amounting to- Rs.189.831 million.

06 Management of accounts with commercial banks issues were noticed in 03 cases amounting to- Rs 84.953 million.

07 Values for money related issues were noticed in 14 cases amounting to- Rs64.438million

08 Others related issues were noticed in 36 cases amounting to Rs 693.976 million.

Recommendation:

- TMA accounts need to be consolidated at the DAO.
- All payments need to be made through crossed cheques to vendors as per APPM.
- Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending public money.
- Strenuous efforts need to be made by the departments to recover long outstanding dues on account of water charges.
- 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.
- Strenuous efforts need to be made by the departments to recover outstanding dues on account of rent of shops, revenue contracts, taxes and water charges.
- The DAC meetings should be held more frequently





CHAPTER-01

PUBLIC FINANCIAL MANAGEMENT



CHAPTER-1

Public Financial Management

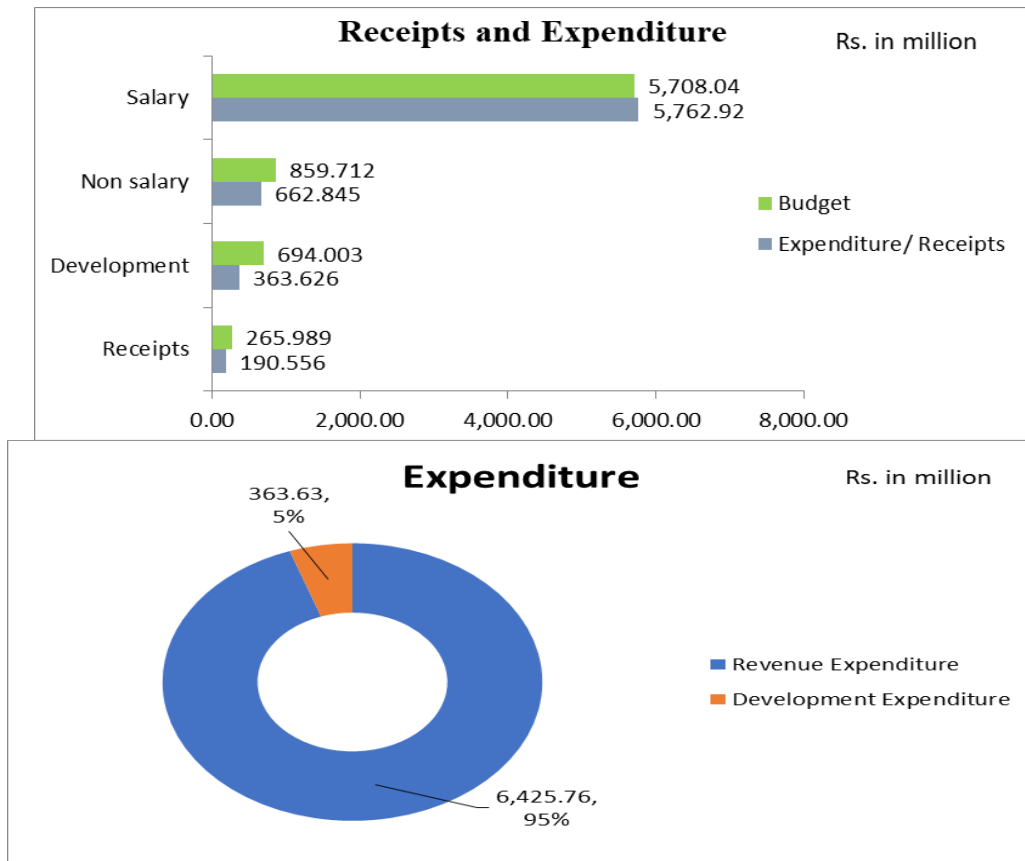
1.2 Sectorial Analysis

In compliance to the Notification of Local Governments, Election and Rural Development Department (LGE&RDD) issued on 04.09.2019, Councils of all tiers of the District Government were stood dissolve on the culmination of their respective tenure on 29.08.2019. The same notification authorized Deputy Commissioner, Tehsil/Town Municipal Officers, and Assistant Director LGE&RDD to perform functions of respective Nazimeen as envisaged under the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019, till the instillation of newly elected Local Governments. In the light of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019, District Dir Upper is headed by Deputy Commissioner who is Principal Accounting Officer of the budget grant allocated to the 08 offices devolved at District level. Similarly, Tehsil Municipal Administration is headed by Tehsil Municipal Officer who is its Principal Accounting Officer. Furthermore, Assistant Director LGE& RDD is the Principal Accounting Officer of Village/ Neighborhood Councils.

In District Dir Upper, Funds amounting to Rs. 7,261.754 million were allocated to 233 formations working under 06 PAOs. Out of which, expenditure of Rs. 6,789.388 million was made resulting into saving of Rs. 472.366 million. Receipts of Rs. 190.556 million were collected through these formations during the financial year 2021-22. Audit coverage relating to expenditure for the current audit year comprises 09 formations of 06 PAOs having a total expenditure of Rs. 4,241.470 million for the financial year 2021-22. In terms of percentage, the audit coverage for expenditure is 62% of auditable expenditure. Similarly, audit coverage for receipts is 100 %.

(Rs in million)

2021-22	Budget	Actual Expenditure/ Receipts	(Saving)/	Expenditure Audited	%age
			Excess		
Salary	5,708.039	5,762.918	144.983	4,241.470	62
Non-salary	859.712	662.845	196.867		
Developmental	694.003	363.626	330.377		
Total	7,261.754	6,789.388	472.366	4,241.47	35.067
Receipts	265.989	190.556	75.433	190.56	100



According to Section 36(3) of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019, the District Accounts Officer was required to consolidate accounts of Local Government on quarterly and annual basis. However, District Accounts Officer, Dir Upper did not reflect Rs. 455.531 million into the consolidated financial statement of Local Government, Dir Upper which resulted into qualified opinion on the accounts of Local Government Dir Upper.

District Government, Dir Upper was found lagging behind in many areas envisioned as integral component of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019. The District Government could not establish & maintain Public Fund account as required under section 30 of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019. Similarly, it also failed to prepare, present and approve the budget estimates of receipts from district council for District Government, Dir Upper as required under section 18

of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019. Most importantly, Finance Department, Khyber Pakhtunkhwa could not provide District Account Office, Dir 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 4 of section 37 of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019, 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 Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019.

The Local government provided services in the following sectors.

Education:

The education sector is one of the major sectors devolved at district level. Funds to the tune of Rs 4,993.486 million were provided to elementary & secondary education headed by District Officer. Expenditure of Rs 5,025.263 million was incurred.

Statistics show that there are 807 primary, 91 middle, 50 secondary and 22 higher secondary schools in District Dir Upper. The estimated Teacher Student Ratio is 1:44 at primary, 1:61 at middle, 1:18 at secondary and 1:9 at the level of higher secondary schools. District Dir Upper literacy rate is 42%, the Gross Enrollment Rate (GER) is 90 %, and the Net Enrollment Rate (NER) is 73% at the primary level. On budgetary front, District Education office, Dir Upper succeeded in spending 99.6 % of the District ADP and 65.99 % non-salary budgets.

District Education Offices in Dir Upper enrolled 135,020 in boys schools while 87,506 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 94% & 71% respectively. Furthermore, 92% schools in district Dir 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 29% against the assigned targets.

Health

Health is another important sector of District Dir Upper with a total of 54 health facilities spread across the district among which 30 BHUs, 11 CDs, 3 leprosy centers, 3 SHCs, 4 RHC and 3 THQs/Category-D with the total catchment area population of approximately 946,421 as per survey carried out by Health department in 2021.

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.

On mother and child health care front, 5898 babies were born with 4,543 and 1,355 in primary and secondary health facilities respectively. Out of them, 38 infant and 02 maternal deaths were recorded. Lab investigations and diagnostic facilities were also fully utilized as 193,805 lab tests, 3,453 X-rays, 15,517 ultrasounds and 580 ECGs were done in both primary and secondary health facilities in district Dir Upper. Figures of immunization from EPI register are also very impressive as 23,532 pregnant women received TT-2 vaccines, 32,356 kids under 12 months received full immunization. 7,185 families were provided family planning services. Human resource data from facility records revealed that these health facilities were 65 vacant posts of medical officers and were amply provided with paramedics as only very few positions were found vacant. As these facilities were frequently visited by patients so they also generated good revenue from OPD services, indoor patient’s treatment and other lab investigations etc.

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.

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 Dir Upper. Moreover, there was no Rehabilitation center for drug addicts in district Dir Upper. District Officer Social welfare failed to provide rehabilitation aids and financial assistance during the year. Furthermore, various vocational and industrial trainings were provided by the Social Welfare Department. However, keeping in view the spread of drug use and incidence of poverty in Dir Upper, the efforts made by Social Welfare office, Dir Upper are not likely to bring about any visible improvement in the short or long run unless more resources are diverted to this sector.

Municipal Services

Tehsil Municipal Administrations, District Dir Upper did not fulfill some primary requirements envisioned as essential component of Local Government in the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019. The Local Government could not establish & maintain Tehsil Public Fund Account as required under the section 30 of Khyber Pakhtunkhwa Local Government (Amendment) Act, 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 the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019. 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, Dir 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 qualification of its accounts by the Auditor General of Pakistan. In addition, Asset management by Tehsil councils was yet another area it could not

address as required under section 38 of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019.

01.2 AUDIT PARAS (Financial Attest Audit)

1.2.1 Non compilation/consolidation of Accounts of Local Governments – Rs 455.531 million

According to section 36(3) of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019, 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 the certification audit of the accounts of the DAO Dir Upper for the financial year 2021-22, audit observed incompleteness and incorrect presentation of the financial statements as the DAO failed to consolidate them into the quarterly and annual accounts of the district, both government, and local resources, as required under section-36(3) of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019. Receipts and expenditure of Rs. 455.531 million, 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 qualification of audit opinion.

As per decision of DAC meeting held in September 2022, Para stands till compilation of accounts as per rules. The similar observation was pointed out during the financial year 2018-19, 2019-20 and 2020-21 amounting to Rs.624.928, Rs 1,233.313 and Rs 716.479 respectively. However, no corrective measures were taken.

Audit recommends compilation of accounts.

1.2.2 Unauthorized cheques payments to DDOs instead of venders – Rs.30.186 million

According to Para 2.3.2.8 of the directions 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/ vendor concerned) instead of payment through DDOs.

Further Finance Department Letter No: BO (W&M) /6-5/2021-22 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 Dir Upper, paid Rs.30.186 million to various DDOs instead of issuance crossed cheques to Venders/Payees accounts.

The lapse occurred due to weak internal controls, which resulted in unauthorized issuance of crossed cheques to vendors. The similar observation was pointed out during the financial year 2019-20 and 2020-21 amounting to Rs 382.871 and Rs 17.008 respectively. However, no corrective measures were taken.

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-02

DISTRICT GOVERNMENT



CHAPTER-2

District Government Dir Upper

2.1 Introduction

A. Under the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019, activities of District Government are managed through offices of Deputy Commissioner and District Officers. Each group of District Offices is headed by a District Officer (DO). The DO according to Rules of Business of District Government, 2015 distributes the work among the officers, branches, and/or sections of each district office. The offices which manage the activities of District Government are Deputy Commissioner (DC), District Officers Education, Health, Agriculture, Fisheries, Population Welfare, AD LGE& RDD, Sports, Live Stock & Dairy Development, Cooperation and Social Welfare.

According to section 13 of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019 the authority and responsibilities of the District Government have been given as under:

- i. The authority of district Government shall comprise the operation, management and controls 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.
- ii. 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.
- iii. 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 Dir Upper

(Rs. in million)

S.No	Description	Total Nos	Audited	Expenditure audited FY 2021-22	Revenue /Receipts audited FY 2021-22
1	Formations	10	04	4,241.470	0
Total		10	04	4,241.470	0

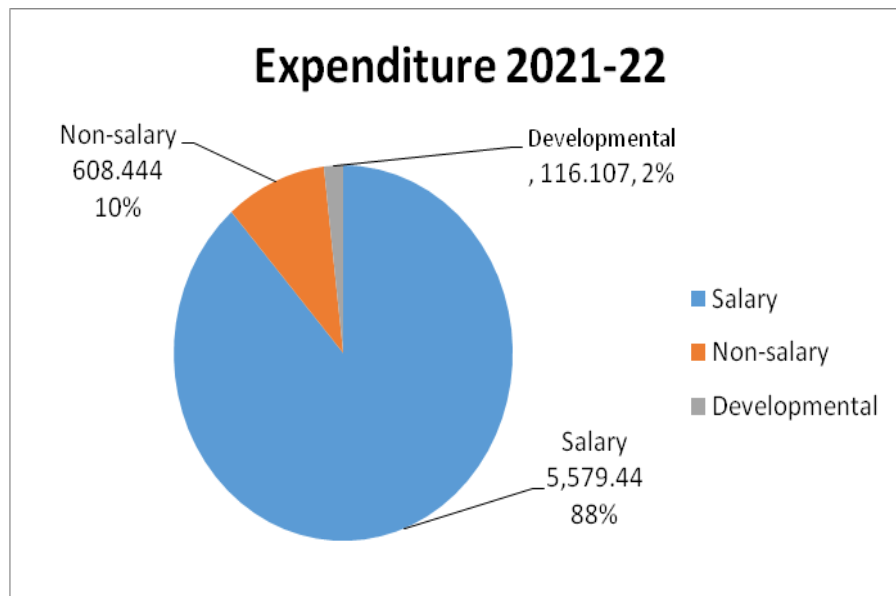
B. Comments on Budget and Accounts (Variance Analysis)

(Rs in million)

2021-22	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	5,479.512	5,579.442	99.931	2%
Non-salary	650.705	608.444	42.261	6%
Developmental	303.134	116.107	187.027	62%
Total	6,433.351	6,303.993	129.357	

The savings of Rs129.357 million indicate inefficiency in the capacity of District Government Departments to utilize the amount allocated.

(Rs in million)



The salary component was 88% of the total expenditure whereas non salary and development expenditure was 10% and 2% respectively of total expenditure. Less allocation of budget was made for the development activities due to less priority of the District Government towards development activities, which deprived the public at large. As a result of less development activities, job opportunities were not adequately provided to the larger population, business operations were not increased and ultimately standard of living of the people was not improved and role of District Government could not be seen in the development functions as required under the Rules of Business 2015.

2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 558.323 million were raised in this audit report. This amount also includes recoverable of Rs 38.527million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

Table: Classified Summary of Audit observations

		(Rs. in million)
Sr. No.	Classification	Amount (Rs)
1	Non production of record	Nil
2	Reported cases of fraud, embezzlement and misappropriation	1.650
3	Irregularities	0
A	HR/Employees related irregularities	8.10
B	Procurement related irregularities	189.831
C	Management of Accounts with Commercial Banks	11.486
4	Value for money and service delivery issues	47.839
5	Others, including cases of accidents, negligence etc.	299.417
	Total	558.323

2.3 Comments on the status of compliance with Zilla Accounts Committee directives

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

S No.	Audit Year	ZAC meeting
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
11.	2012-13	Not convened
12.	2013-14	Not convened
13.	2014-15	District Government did not exist. Audit Report not prepared
14.	2015-16	District Government did not exist. Audit Report not prepared
15.	2016-17	Not convened
16.	2017-18	Not convened
17.	2018-19	Not convened
18.	2019-20	Not convened
19.	2020-21	Not convened
20.	2021-22	Not convened

2.4 AUDIT PARAS

2.4.1 Fraud, Embezzlement and Misappropriation

2.4.1.1 Non recovery of misappropriated amount of conditional grant – Rs 1.650 million

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

Office of the District Education Officer (Male) Upper Dir did not recover Rs 1,650,000 from the following teachers/ parent teachers councils of 10 schools on account of misappropriations in utilization of the funds of conditional grants despite lapsed of considerable time and despite repeated directions for deposit of the misappropriated amount. Detail is given at annexure -02

The lapse occurred due to weak administrative controls, which resulted in loss to the Government. The similar observation was also pointed out during the financial years 2018-19 & 2019-20 amounting to Rs. 1,100,000, Rs 1,412,000 and 1,650,000 respectively. However, no corrective measures were taken, resultantly total losses of Rs. Rs. 4,162,000 to the government.

When pointed out in August 2022, management replied that the matter would be pursued and progress be shown to audit. However, no progress was reported to audit till finalization of this report.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends recovery of the amount besides fixing responsibility on the person(s) at fault.

AIR Para No. 11 (2021-22)

2.4.2 Irregularities

A. HR related irregularities

2.4.2.1 Blockage of Government money in Parent Teachers Council's accounts – Rs 8.100 million

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

Office of the District Education Officer (Male) Dir Upper transferred an amount of Rs 8,100,000 to eleven (11) Schools (GHS/GMS/GPS) for hiring of teachers during the month of June 2021 and then directions were issued vide letter No. 631/DEO (Male)/ADEO dated 23.06.2021 to the concerned SDEOs for non-utilization of the amount till further orders without any reasons. Hence the public money was unnecessarily withdrawn from the Government treasury and blocked in bank accounts without any valid reasons instead of utilization on hiring teachers for achieving the targeted objectives of the withdrawal and transfer of money.

The lapse occurred due to violation of rules which resulted in blockage of government money.

When pointed out in August 2022, management replied that detailed reply would be furnished later on. No progress was reported till finalization of this report.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends to deposit the amount into Government treasury as 2nd shift programme has already been started and teachers have been engaged for which separate budget is released.

AIR Para No. 10 (2021-22)

2.4.2.2 Unauthorized transfers of NTS teachers in violation of policy

According to the laid down policy of the Government and terms and conditions of the offer of appointments, their appointment are Ad-hoc and school

based. They shall have to serve at their place of posting and their services are not transferable to any other station.

Office of the District Education Officer (Male) Dir Upper issued transfer orders of the following NTS teachers in violation of the relevant policy and repeated orders of the provincial Government. Reportedly, a number of transfers/corrigendum/adjustments/re-allocations and detailment have been made which needs detailed joint inquiry and investigation of all the NTS teachers. Detail is given at annexure-3

The lapse occurred due to violation of rules, which resulted in illegal transfers.

When pointed out in August 2022, management replied that detailed reply would be furnished later on. No progress was reported till finalization of this report.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends fixing responsibility on the responsible persons and conducting detailed facts finding joint inquiry in the matter.

AIR Para No. 14 (2021-22)

2.4.2.3 Irregular payment of pay and allowance to staff of Zanana Hospital – Rs 2.111 million

According to Para 12 of the General Financial Rules Volume-I, a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

Office of the District Health Officer Dir Upper paid Rs 2,111,388 on account of pay and allowances during FY 2017-18, to the staff of Zanana Hospital working in the office of MS DHQ Dir Upper, the amount was paid from the budget allocation of DHO office. Thus, the expenditure made was held irregular.

Irregular payment was occurred due to weak financial controls, which resulted in violation of rules.

When pointed out in August 2018, stated that the local office has requested the Provincial Government to convert the posts to DHQ Hospital and audit would be informed accordingly.

PAO was requested to convene DAC meeting in September 2018, which could not be convened till finalization of this report.

Audit recommends to regularize the expenditure.

AIR Para No. 03 (2021-22) MFDAC

B. Procurement related irregularities

2.4.2.4 Unauthorized expenditure on purchase of tablet PCs through simple receipts– Rs 2.685 million and unauthorized payment to an official of the office - Rs 2.430 million

According to Government of Khyber Pakhtunkhwa Elementary & Secondary Education Department Notification No.MO-III/ESRU/E&SED/Tablet PCs Policy/2020 dated 29th June 2020, newly inducted teachers shall be required to purchase a Tablet PC according to notified specifications and this will constitute a pre-requisite for Induction Program. The Department will make upfront reimbursement of 50% cost of Tablet PCs through crossed Cheques via DEO office up to maximum of Rs 15,000 to the newly inducted teachers on production of actual purchase receipt issued in his/her name. The DEO office will maintain complete auditable record including copies of crossed Cheques through which 50% cost is reimbursed and Cheque acknowledgment receipt duly signed by the teacher concerned and officer processing the crossed Cheque.

According to Serial No. 2 (vi) of the Khyber Pakhtunkhwa, Delegation of Financial Powers Rules, 2018, category-II officer was empowered to accord sanction of purchase of physical assets including computer equipment up to Rs 1,000,000 at a time.

Office of the District Education Officer (Female) Dir Upper withdrew Rs 2,685,000 through simple receipts, from the Government treasury during financial year 2021-22 vide three Cheques dated 22.02.2022 and 03.03.2022 on account of purchase of 179 Tablet PCs for newly inducted teachers @ Rs 15,000 per tablet without sanction of the competent authority (Deputy Commissioner). The Cheques were primarily issued by the District Accounts Officer Dir Upper in

the name of “Manager NBP for Accounts as per list attached” but latter on irregularly opened to the DEO who credited the entire amount to designated bank account. Payment of Rs 2,430,000 from designated bank account was made to Mr. Shah Faisal Naib Qasid of the office of DEO Female Dir Upper through three Cheques duly debited in bank statement on 23.02.2022, 14.03.2022, 22.03.2022 and 15.04.2022 while remaining payment of Rs 255,000 was made to the teachers concerned through Cheques.

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

When pointed out in August 2022, management stated that the teachers had purchased the PC tablets directly from the concerned dealer to whom the payment was made and, in some cases, reimbursement were made to the concerned teachers who purchased the PC tablets in personal capacity. Reply was not convincing as the Department was required to make upfront reimbursement of 50 % cost of Tablet PCs through crossed Cheques up to maximum of Rs 15,000 to the newly inducted teachers on production of actual purchase receipt issued in his/her name. The DEO office would maintain complete auditable record including copies of crossed Cheques through which 50% cost is reimbursed and Cheque acknowledgment receipt duly signed by the teacher concerned and officer processing the crossed Cheque.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends fixing responsibility on the persons at fault for withdrawal from Government treasury without competency and deposit of excess amount into Government treasury.

AIR Para No. 03 (2021-22)

2.4.2.5 Unauthentic supply of furniture without inspection reports of inspection committees -Rs 10.00 million

According to Notification No. SO(IMP-1)R&I/E&SED/2021/ Furniture Procurement dated 28.01.2022 issued by Secretary to Khyber Pakhtunkhwa for Elementary & Secondary Education Department, the following Inspection Committee (for Malakand and Hazara Divisions) will check and verify physically

the quality and quantity of newly procured furniture as per approved specification and submit their reports after every inspection.

1. Mr. Abdul Akram Additional Secretary (General)
2. DMO Abbottabad
3. DMO Swat
4. M&E Officer (Malakand & Hazara), E&SED
5. Additional Director Establishment E&SED
6. Representative of DC concerned
7. Section Officer (Litigation-I) E&SED

According to letter NO. SO(IMP-1)R&I/E&SED/2021/FURNITURE-20-21 dated 01.12.2021 issued by Elementary & Secondary Education Department, the DC concerned will notify a committee at district level for inspection of newly procured furniture for Government Schools.

According DC Dir Upper office letter No.3203/Nazar dated 23.12.2021, addressed to DEO Male and Female Dir Upper, District level committee for inspection of newly procured furniture in Government schools was constituted as under:

- | | |
|--|----------|
| 1. District Education Officer | Chairman |
| 2. Deputy District Education Officer concerned | Member |
| 3. Assistant District Education Officer (P &D) | Member |
| 4. Sub Divisional Education Officer concerned | Member |
| 5. Representative of Forest Department | Member |
| 6. Representative of Industries Department | Member |

Office of the District Education Officer (Female) Dir Upper spent Rs 35,728,000 on account of purchase of furniture from M/S Danyal Traders Timargara during FY 2021-22. Supply of Rs 10,000,000 was shown made as per bills but quantity and quality reports of the inspection committees, constituted at provincial and district level, were not available to authenticate the supply of furniture according to the approved specifications and approved samples. Whereas, sub-standard supply of furniture was reportedly, being made to different schools which needs detailed inquiry. Detail is as under:

S.No	Description	Supply		
		Quantity	Rate	Amount (Rs)
01	Large tablet chairs	0	0	0
02	Small tablet chairs	5131	1949	10,000,000
Total				10,000,000

Irregularity occurred due to violation of Government instructions, which resulted in unauthentic supply of furniture.

When pointed out in August 2022, management stated that the required inspections would be made by the concerned committees after complete supply and be provided to audit. Reply was not convincing as inspections were not made till finalization of this report and no further progress was reported.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends full supply by producing the requisite reports and documents and investigation in the matter.

AIR Para No. 04 (2021-22)

2.4.2.6 Advance payment for purchase of furniture without sanction Rs25.727 million

According to clause 3.1& 3.1(a) of the agreement between the DEO (Female) Dir Upper and M/S Danyal Traders Timargara dated 20.09.2021, payment will be made after completion of delivery and verification (quality and quantity) certificate and no advance payment will be made to the supplier.

According to Khyber Pakhtunkhwa Elementary & Secondary Education, Directorate letter No.56526-81/ F.No /DD (P&D)/Furniture dated 01.12.2021, addressed to all DEOs (Male & Female), arrangement for drawl for payment to the contractors/bidders on supply of Furniture to the concerned schools after verification & Inspection of the District Inspection Committee as per agreement, be made.

According to Treasury Rule 290, advance payment will only be made after obtaining sanction from the Finance Department, Khyber Pakhtunkhwa.

Office of the District Education Officer (Female) Dir Upper spent Rs 35,728,000 on purchase of furniture from M/S Danyal Traders Timargara during FY 2021-22. Supply of Rs 10,000,000 was shown made as per bills while furniture of Rs 25,727,501 were not supplied till the end of August 2022 and advance payment was made to the supplier without sanction of Finance Department for advance payment and in violation of the agreement referred to above. Two Cheques of JS Bank Timargara and Bank of Khyber for Rs 35.728 million was obtained from the supplier and kept in the file in original form which showed that full advance payment was made to the supplier without supply. Detail is as under:

S.No	Description	Supply			Non-supply		
		Quantity	Rate	Amount (Rs)	Quantity	Rate	Amount (Rs)
01	Large tablet chairs	0	0	0	2388	2399	5,728,812
02	Small tablet chairs	5131	1949	10,000,000	10261	1949	19,998,689
Total				10,000,000			25,727,501

The lapse occurred due to weak internal controls, which resulted in advance payment and non-supply of furniture. The same observation was also pointed out during the financial years 2018-19, 2019-20 & 2020-21 amounting to Rs. 32,458,000, Rs 1,230,000 and 19,701,000 respectively. However, no corrective measures were taken, resultantly violation of rules.

When pointed out in August 2022, management stated that the payment has been made to the supplier as per agreement and the supply would be completed within stipulated time of agreement. Reply was not convincing as payment was made to the supplier in advance while according to clause 3.1 & 3.1(a) of the agreement, payment was required to be made after completion of delivery and verification (quality and quantity) certificate and no advance payment will be made to the supplier.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends fixing responsibility on the persons at fault besides regularization from the competent authority and ensure full supply of furniture according to the approved specifications and samples.

AIR Para No. 05 (2021-22)

2.4.2.7 Irregular award of contract without competition and without submission of 10% performance guarantee-Rs 3.572 million

According to clause 1(ii) of the agreement between the DEO (Female) Dir Upper and M/S Danyal Traders Timargara dated 20.09.2021, an amount equal to 10% of the agreement value in the shape of CDR or Bank guarantee shall be submitted as performance guarantee by the supplier within one month of the signing of the agreement.

According to clause 2.4.3 of the agreement *ibid*, performance security shall be released after the successful completion of the project and according to clause 2.1 of the agreement, the completion time period of the contract is twelve months starting from the signing date of this contract. However, the parties may, by mutual consent, extend this period.

Office of the District Education Officer (Female) Dir Upper signed contract of Rs 35,728,000 with M/S Danyal Traders Timargara on 20th September 2021 without competitive bidding process. In comparative statement, prepared at Directorate level, M/S Danyal Traders had been shown as a single bidder. Expenditure equal to the contract amount was incurred during FY 2021-22 and paid to the supplier. Moreover, as per agreement, the supplier was bound to submit 10 % performance guarantee equal to the amount of Rs 3,572,800 in shape of CDR or Bank Guarantee within one month of the signing of the Agreement i.e. 20.09.2021 but the same was not submitted till the end of August 2022.

Irregularity occurred due to violation of contract agreement, which resulted in non-submission of performance guarantee due to which Government money was put at risk.

When pointed out in August 2022, management replied that tender process has been made at provincial level and required formalities would have been observed at that level. Reply of the management was not convincing as

performance guarantee was not obtained from the supplier as required under clause 1 (ii) of the agreement.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends fixing responsibility on the persons at fault for non-obtaining performance guarantee.

AIR Para No. 06 (2021-22)

2.4.2.8 Unauthorized expenditure on purchase of tablet PCs – Rs.3.375 million and unnecessary retention of cash - Rs 1.095 million

According to Government of Khyber Pakhtunkhwa Elementary & Secondary Education Department Notification No.MO-III/ESRU/E&SED/Tablet PCs Policy/2020 dated 29th June 2020, newly inducted teachers shall be required to purchase a Tablet PC according to notified specifications and this will constitute a pre-requisite for Induction Program. The Department will make upfront reimbursement of 50% cost of Tablet PCs through crossed Cheques via DEO office up to maximum of Rs 15,000 to the newly inducted teachers on production of actual purchase receipt issued in his/her name. The DEO office will maintain complete auditable record including copies of crossed Cheques through which 50% cost is reimbursed and Cheque acknowledgment receipt duly signed by the teacher concerned and officer processing the crossed cheque.

According to Serial No. 2 (vi) of the Khyber Pakhtunkhwa, Delegation of Financial Powers Rules, 2018, category-II officer was empowered to accord sanction of purchase of physical assets including computer equipment up to Rs 1,000,000 at a time.

Office of the District Education Officer (Male) Dir Upper incurred expenditure of Rs 3,375,000, through simple receipts during financial year 2021-22 vide four Cheques dated 7.3.2022, 9.03.2022 and 10.03.2022 on account of purchase of 225 Tablet PCs for newly inducted teachers @ Rs 15,000 per tablet without sanction of the competent authority (Deputy Commissioner). The Cheques were primarily drawn by the District Accounts Officer Dir Upper in the name of Manager NBP for Accounts as per list attached but latter on irregularly opened to the DEO who credited the entire amount to his designated bank account of BOK bearing No. 3002973676 on 11th and 15th March 2022. The entire

amount was withdrawn in cash by the local office through five Cheques on 14th, 22nd, 24th, 29th March 2022 and 12th April 2022 and cash payments of Rs 2,280,000 were shown to 152 teachers instead of issuance of crossed Cheques in their names while the remaining amount of Rs 1,095,000 were unpaid and retained in cash instead of reimbursement to the concerned teachers. Detail of deposits and withdrawn is as under:

S. No	Date of Deposit	Amount (Rs)	Date of withdrawal	Amount (Rs)	Payment up to 31.08.2022 (Rs)	Cash balance as on 31.08.2022 (Rs)
01	11.03.2022	2,385,000	14.03.2022	500,000	2,280,000	1,095,000
02	15.03.2022	990,000	22.03.2022	500,000		
03	-	0	24.03.2022	500,000		
04	-	0	29.03.2022	875,000		
05	-	0	12.04.2022	1,000,000		
Total		3,375,000		3,375,000		

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

When pointed out in August 2022, management replied that payment would be made to the concerned and record be shown to audit. However, no progress was provided till finalization of this report.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends fixing responsibility on the persons at fault for withdrawal from Government treasury without competency and deposit of excess amount into Government treasury.

AIR Para No. 02 (2021-22)

2.4.2.9 Unauthentic supply of furniture without inspection reports of inspection committees -Rs 19.490 million

According to Notification No. SO(IMP-1)R&I/E&SED/2021/FURNITURE PURICURTMENT dated 28.01.2022 issued by Secretary to Khyber Pakhtunkhwa for Elementary & Secondary Education Department, the following Inspection Committee (for Malakand and Hazara Divisions) will check and verify physically the quality and quantity of newly procured furniture as per approved specification and submit their reports after every inspection.

1. Mr. Abdul Akram Additional Secretary (General)
2. DMO Abbottabad
3. DMO Swat
4. M&E Officer (Malakand & Hazara), E&SED
5. Additional Director Establishment E&SED
6. Representative of DC concerned
7. Section Officer (Litigation-I) E&SED

According to letter NO. SO(IMP-1)R&I/E&SED/2021/FURNITURE-20-21 dated 01.12.2021 issued by Elementary & Secondary Education Department, the DC concerned will notify a committee at district level for inspection of newly procured furniture for Government Schools.

According DC Dir Upper office letter No.3203/Nazar dated 23.12.2021, addressed to DEO Male and Female Dir Upper, District level committee for inspection of newly procured furniture in Government schools was constituted as under:

- | | |
|--|----------|
| 1. District Education Officer | Chairman |
| 2. Deputy District Education Officer concerned | Member |
| 3. Assistant District Education Officer (P &D) | Member |
| 4. Sub Divisional Education Officer concerned | Member |
| 5. Representative of Forest Department | Member |
| 6. Representative of Industries Department | Member |

Office of the District Education Officer (Male) Dir Upper spent Rs 127,395,000 on purchase of furniture from M/S Danyal Traders Timargara during FY 2021-22. Supply of Rs 19,490,000 was shown made as per bills but quantity and quality reports of the inspection committees, constituted at provincial and district level, were not available to authenticate the supply of furniture according to the approved specifications and approved samples. Whereas, sub-standard supply of furniture was, reportedly, being made to different schools which needs detailed inquiry. The sub-standard supply was admitted by local office vide letter No. 10190-93 dated 05.07.2022. Detail is as under:

S.No	Description	Supply		
		Quantity	Rate	Amount (Rs)
01	Large tablet chairs	0	0	0
02	Small tablet chairs	10000	1949	19,490,000
Total				19,490,000

The lapse occurred due to violation of Government instructions, which resulted in unauthentic supply of furniture.

When pointed out in August 2022, management replied that inspection reports would be provided to audit in due course of time. Management reply was not convincing as inspections were not made so far and no progress was intimated till finalization of this report.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends full supply by producing the requisite reports and documents and investigation in the matter.

AIR Para No. 03 (2021-22)

2.4.2.10 Advance payment for purchase of furniture without sanction - Rs.107.906 million

According to clause 3.1& 3.1(a) of the agreement between the DEO (Male) Dir Upper and M/S Danyal Traders Timargara dated 20.09.2021, payment will be made after completion of delivery and verification (quality and quantity) certificate and no advance payment will be made to the supplier.

According to Khyber Pakhtunkhwa Elementary & Secondary Education, Directorate letter No.56526-81/ F.No /DD (P&D)/Furniture dated 01.12.2021, addressed to all DEOs (Male & Female), arrangement for drawl for payment to the contractors/bidders on supply of Furniture to the concerned schools after verification & Inspection of the District Inspection Committee as per agreement, be made.

Office of the District Education Officer (Male) Dir Upper spent Rs 127,395,000 on purchase of furniture from M/S Danyal Traders Timargara during FY 2021-22. Supply of Rs 19,490,000 was shown made as per bills while furniture of Rs 107,906,455 were not supplied till the end of August 2022 and advance payment was made to the supplier without sanction of Finance Department for advance payment and in violation of the agreement referred to above. A Cheque of JS Bank Timargara for Rs 127.395 million was obtained from the supplier and kept in the file in original form which showed that full advance payment was made to the supplier. Detail is as under:

S.No	Description	Payment			Non-supply		
		Cheque No	Date	Amount (Rs)	Quantity	Rate	Amount (Rs)
01	Large tablet chairs	0	0	0	16545	2399	39,691,455
02	Small tablet chairs	10000	1949	19,490,000	35000	1949	68,215,000
Total				19,490,000			107,906,455

The lapse occurred due to violation of contract agreement, which resulted in advance payment and unauthentic supply of furniture. The same observation was also pointed out during the financial years 2018-19, 2019-20 & 2020-21 amounting to Rs. 99,847,000 Rs 1,116,000 and 2,062,000 respectively. However, no corrective measures were taken, resultantly violation of rules.

When pointed out in August 2022, management replied that payment has been made to the supplier as per agreement and supply would be completed within stipulated time period as mentioned in the agreement. Management reply was not convincing as supply was not made and advance payment to the supplier was made in violation of rules and agreement. According to clause 3.1 & 3.1(a) of the agreement, payment was required to be made after completion of delivery and verification (quality and quantity) certificate and no advance payment will be made to the supplier.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends fixing responsibility on the persons at fault besides regularization from the competent authority by obtaining sanction for advance payment and ensure full supply of furniture according to the approved specifications and approved samples.

AIR Para No. 04 (2021-22)

2.4.2.11 Irregular award of contract without competition and without submission of 10% performance guarantee-Rs 12.739 million

According to clause 1(ii) of the agreement between the DEO (Male) Dir Upper and M/S Danyal Traders Timargara dated 20.09.2021, an amount equal to 10% of the agreement value in the shape of CDR or Bank guarantee shall be

submitted as performance guarantee by the supplier within one month of the signing of the agreement.

According to clause 2.4.3 of the agreement *ibid*, performance security shall be released after the successful completion of the project and according to clause 2.1 of the agreement, the completion time period of the contract is twelve months starting from the signing date of this contract. However, the parties may, by mutual consent, extend this period.

Office of the District Education Officer (Male) Dir Upper signed contract of Rs 127,395,000 with M/S Danyal Traders Timargara on 20th September 2021 without competitive bidding process. In comparative statement, prepared at Directorate level, M/S Danyal Traders had been shown as a single bidder. Expenditure equal to the contract amount was incurred during FY 2021-22 and paid to the supplier. Moreover, as per agreement, the supplier was bound to submit 10 % performance guarantee equal to the amount of Rs 12,739,500 in shape of CDR or Bank Guarantee within one month of the signing of the Agreement i.e. 20.09.2021 but the same was not submitted till the end of August 2022. The supplier was directed to deposit 10 % performance guarantee vide letter No. 6872-75 dated 07.03.2022 but not done.

The lapse occurred due to violation of contract agreement, which resulted in non-submission of performance guarantee due to which Government money was put at risk.

When pointed out in August 2022, management replied that tender process has been made at provincial level and required formalities would have been observed at that level. Reply of the management was not convincing as performance guarantee was not obtained from the supplier as required under clause 1 (ii) of the agreement.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends fixing responsibility on the persons at fault for non-obtaining performance guarantee.

AIR Para No. 05 (2021-22)

2.4.2.12 Unauthentic expenditure on purchase of agriculture inputs – Rs 0.565 million

Para 18 (I) of GFR terms of contract must be precise, definite and there be no room for ambiguity.

According to Rule 9 (2) (f) of Khyber Pakhtunkhwa, District and City District Governments, Budget Rules 2016, the function of Drawing & Disbursing officer is to keep accounting and operational record updated and in an orderly manner.

Office of the District Director Agriculture Dir Upper incurred a sum of Rs.565,000 on account of purchase of different agriculture inputs for use in demonstration plots during Financial Year 2021-22. Audit observed the following irregularities;

- i. No agreement for demonstration plots with farmers was signed by the department
- ii. Identity of the farmer could not be verified as NICs of the farmers were not available
- iii. Acknowledgement / recipient signature in token of having received the seeds, fertilizers etc. by the farmer was not found on record
- iv. No criterion for selection of plots of the beneficiaries was available on record.
- v. Disbursement of seeds, fertilizer, etc. was not confirmed as acknowledgment of the end users was not available on record.
- vi. Report from the Technical / Inspection Committee of the local office about quality and quantity as mentioned in Bill of Quantity, was available on record.
- vii. The local office authority failed to produce complete/detail list of demonstration plots in the district.
- viii. Whereabouts of outputs from the demonstration plots was also not produced to Audit.

The lapse occurred due to violation of rules and administrative controls, which resulted in unauthentic expenditure.

When pointed out in February 2022, management stated that detail reply will be given after scrutiny of record.

PAO was requested to convene DAC meeting in March 2022, which could not be convened till finalization of this report.

Audit recommends the matter for corrective action.

AIR Para No. 131 (2021-22) (Lean Period Audit)

2.4.2.13 Irregular expenditure on purchase of Hot and cold charges Rs.0.442 million

According to Rule-1 read with Rule 10 of Chapter-II of PPR 2014, the procuring entity shall use open competitive bidding for procurement of goods over the value of Rs. 100,000 (rupees one hundred thousand).

Office of the District Director Agriculture Dir Upper incurred an expenditure of Rs 442,269 on purchase of Hot and cold charges during FY 2021-22, without adopting open tender system, which was irregular. Moreover, proper stock register was also not maintained to verify the receipts and issuance of hot and cold charges.

The lapse occurred due to violation of procurement rules, which resulted in irregular expenditure.

When pointed out in February 2022, management stated that detail reply will be given after scrutiny of record.

PAO was requested to convene DAC meeting in March 2022, which could not be convened till finalization of this report.

Audit recommends the matter for corrective action.

AIR Para No. 130 (2021-22) (Lean Period Audit)

2.4.2.14 Irregular expenditure on Hot and cold charges Rs.2.49 million

According to Rule-1 read with Rule 10 of Chapter-II of PPR 2014, the procuring entity shall use open competitive bidding for procurement of goods over the value of Rs. 100,000 (rupees one hundred thousand).

Office of the District officer Population Dir Upper incurred an expenditure of Rs2,499,999 on purchase of Hot and cold charges during FY 2021-22 without adopting open tender system, which was clear violation of the above Criteria. Moreover, proper stock register was also not mentioned to verify the receipts and issuance of hot and cold charges.

The lapse occurred due to violation of procurement rules, which resulted in irregular expenditure.

When pointed out in February 2022, management stated that detail reply will be given after scrutiny of record.

PAO was requested to convene DAC meeting in March 2022, which could not be convened till finalization of this report.

Audit recommends the matter for corrective action.

AIR Para No. 133 (2021-22) (Lean Period Audit)

C. Management of Accounts with Commercial Banks

2.4.2.15 Unverified expenditure due to lump sum transfer to PTC Accounts – Rs 9.00 million

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

Office of the District Education Officer (Male) Dir Upper withdrew Rs.9,000,000 from the Government treasury and transferred to PTC bank accounts of the schools on account of Petty Repair and Classroom Consumables during FY 2021-22. Actual transfer of funds to the respective PTC accounts and further utilization by the PTCs could not be verified in the absence of PTC banks accounts and relevant record. Hence, the expenditure remained unverified. Moreover, One Cheque bearing No. 10962971 dated 22.12.2021 of Rs 4,500,000

was retained for 2 months and 12 days and sent to the NBP on 3rd March 2022 vide letter No. 6631 which was unjustified. Detail of expenditure is as under:

S. No	Description	Amount (Rs)
01	Petty Repair	5,000,000
02	Classrooms Consumables	4,000,000
Total		9,000,000

Irregularity occurred due to non compliance of rules, which resulted in unverified expenditure. The same observation was also pointed out during the financial years 2018-19, 2019-20 & 2020-21 amounting to Rs. 32,458,000, Rs 1,230,000 and 19,701,000 respectively. However, no corrective measures were taken, resultantly violation of rules.

When pointed out in August 2022, management replied that detailed reply would be furnished. Department did not furnish reply and no progress was provided till finalization of this report.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends provision of detailed record of actual transfer to the PTC accounts and expenditure for scrutiny by audit.

AIR Para No. 01 (2021-22)

2.4.2.16 Irregular cash withdrawals from designated bank account – Rs.2.486 million

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

Office of the District Education Officer (Female) Dir Upper withdrew cash of Rs 2,486,563 from designated bank account during FY 2021-22 through 28 open Cheques in violation of rules and no further disbursement record was not provided to audit for verification. Audit held that withdrawal from Government

treasury was made on fake bills and the amount was shifted to designated bank account and then withdrawn through open Cheques due to which misappropriation could not be ruled out. A number of pre-audit Cheques were manually opened by the DAO Dir Upper in the name of the DEO (DDO) for shifting the vender's payments to designated bank account which was illegal on the part of DAO and DEO for which inquiry needs to be conducted.

Irregularity occurred due to violation of rules and Government instructions, which resulted in cash payments.

When pointed out in August 2022, management stated that miscellaneous items were purchased and DDO Cheques were issued by the DAO and accordingly deposited in the designated bank account. Reply of the department was incomplete and not convincing as cash withdrawals were made from the designated bank account instead of issuance of crossed cheques in the name of the supplier(s).

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends detailed verification of relevant record besides fixing responsibility for cash withdrawal from designated bank account. Detailed inquiry for illegal manual opening of pre-audit Cheques needs to be conducted for fixing responsibility on the persons at fault including DAO Dir Upper.

AIR Para No. 11 (2021-22)

2.4.3 Value for money and service delivery issues

2.4.3.1 Loss to Government due to allowing compulsory acquisition charges –Rs 6.932 million

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".

According to Section 3(d) of the Act "Court" means a Principal Civil Court of original jurisdiction, unless the Provincial Government has appointed a special judicial officer within any specified local limits to perform the functions of the Court under this Act.

According to Section 18(1) & (2) of Land Acquisition Act 1894, any person interested who has not accepted the award may, by written application (application shall state the grounds on which objection to the award is taken) to the collector, 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.

Office of the Deputy Commissioner Dir Upper allowed an amount of Rs 6,932,177 as 15% compulsory acquisition charges for acquisition of land during the financial year 2021-22 without observing the due legal process and other codal formalities as per following details;

1. Compulsory acquisition charges were allowed without any court order as required under section 23(2) read with section 3(d) of Land Acquisition Act 1894.
2. No written objection, obstruction, refusal or appeal made to the Collector/Court by the owners as required under section 18 (1) & (2) of the Act.

In light of above mentioned points audit holds that the allowing 15% compulsory acquisition charges was in violation of Act, which resulted in loss of Rs 6,932,177. Detail given below:

S.No	Project	Cos of land	Compulsory acquisition charges (Rs)
1	Acquisition of land in r/o Establishment of sub campus university of Engineering and technology at Jekat Tehsil Wari Site 01	27,348,700	4,102,305
2	Acquisition of land in r/o Establishment of sub campus university of Engineering and technology at Jekat Tehsil Wari Site 02	18,865,810	2,829,872
Totals		46,214,510	6,932,177

The lapse occurred due weak administrative controls, which resulted in loss to Government. The same observation was also pointed out during the financial years 2018-19, 2019-20 & 2020-21 amounting to Rs. 14,122,000, Rs 1,262,000 and 6,932,000 respectively. However, no corrective measures were taken, resultantly total losses of Rs. 22,316,000 to the government.

When pointed out in July 2022, the management replied that the comments would be obtained from the concerned section and would be shown to audit. Reply was not satisfactory as documentary evidences were not shown to audit till finalization of this report.

PAO was requested to convene DAC meeting in August 2022, which could not be convened till finalization of this report.

Audit recommends recovery of 15% compulsory charges.

AIR PARA NO.08 (2021-22)

2.4.3.2 Non-deposit of health receipts -Rs 934,304

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

During scrutiny of the record of various health facilities under jurisdiction of Office of the District Health Officer, Dir Upper for the FY 2021-22, it was revealed that receipts under various heads amounting to Rs 934,304 were not deposited into Government treasury. Details given below;

S.No	Name of Health facility	Receipts not deposited (Rs)
01	Category D Hospital Barawal	146,893
02	Category D Hospital Wari	178,700
03	RHC Sheringal	97,850
04	Category D Hospital Patrak	351,400
05	RHC Bibyaware	159,461
Total		934,304

Non deposit of receipts occurred due to non compliance of the rules, regulations and administrative controls which resulted in declining of Provincial Consolidated Fund for further budgeting and non allocation of fund to prioritized areas of economy. The same observation was also pointed out during the financial years 2017-18, 2018-19, 2019-20 & 2020-21 amounting to Rs. 607,000, Rs 1,280,000, 1,129,000 and 1,345,000 respectively. However, no corrective measures were taken, resultantly total losses of Rs. 4,461,000 to the government.

When pointed out in July 2022, the management replied that the above receipts would be deposited and progress would be shown to audit. Reply was not satisfactory as documentary evidences were not shown to audit till finalization of this report.

PAO was requested to convene DAC meeting in August 2022, which could not be convened till finalization of this report.

Audit recommends deposit of receipts into Government treasury.

AIR PARA NO.01 (2021-22)

2.4.3.3 Non-deduction of House Rent and Conveyance Allowances—Rs 4.901 million

According to the standing orders of the Government of Khyber Pakhtunkhwa, the Government servants, who have been provided with official designated accommodation, are not entitled for the drawl of House Rent Allowance (HRA) and 5% maintenance charges of their pay.

Office of the District Health Officer, Dir Upper did not deduct House Rent and Conveyance Allowances, amounting to Rs 4,901,592 During the FY 2021-22, from employees having designated Government accommodations at various health facilities. Detail is given at annexure -4

Non deduction of allowances occurred due to non compliance of the rules, regulations and administrative controls which resulted in declining of Provincial Consolidated Fund for further budgeting and non allocation of fund to prioritized areas of economy. The same observation was also pointed out during the financial years 2017-18, 2018-19, 2019-20 & 2020-21 amounting to Rs. 1,145,000, Rs 6,524,000, 4,324,000 and 561,000 respectively. However, no corrective measures were taken, resultantly total losses of Rs. 12,554,000 to the government.

When pointed out in July 2022, the management replied that the amount would be recovered after scrutiny of record from the officials concerned. Reply was not satisfactory as documentary evidences were not shown to audit till finalization of this report.

PAO was requested to convene DAC meeting in August 2022, which could not be convened till finalization of this report.

Audit recommends recovery of the amount.

AIR PARA NO. 14 (2021-22)

2.4.3.4 Loss to Government due non-deduction of sales tax and income tax – Rs 6.799million

According to clause 3.1(d) of the agreement between the DEO (Female)Dir Upper and M/S Danyal Traders Timargara dated 20.09.2021, the supplier shall have full and exclusive liability for payment of all Duties, Taxes and other statutory payments payable under any or all of the Statutes/Laws/Acts, etc. now or here after imposed in Pakistan.

Office of the District Education Officer (Female) Dir Upper spent Rs 35,728,000 on purchase of furniture from M/S Danyal Traders Timargara during FY 2021-22. Deductions of sales tax and income tax amounting Rs

6,799,007 were not made from the bills of the contractor. The supplier had participated in the bidding process i.e. technical evaluation and financial evaluation in the name of Danyal Traders Peshawar and had obtained full 10 marks of taxes in technical evaluation due to which the firm was declared as technically qualified. For tax concealment, the firm sent invoices of Danyal Traders Timargara for payments instead of Danyal Traders Peshawar. Detail is as under:

S.No	Gross amount (Rs)	Sales tax @ 17% (Rs)	Income tax @ 4.5%(Rs)	Total deductions required (Rs)
01	35,728,000	5,191,247	1,607,760	6,799,007

Non deduction of taxes occurred due to non compliance of the rules, regulations and administrative controls which resulted in declining of Federal Consolidated Fund for further budgeting and non allocation of fund to prioritized areas of economy.

When pointed out in August 2022, management replied that the supplier was resident of Timargara Dir Lower which is tax free area. Management did not furnish reply till finalization of this report. The supplier had participated in the tender process in the name of Danyal Traders Peshawar and was declared as qualified by obtaining total marks of tax deduction while he sent the invoices of furniture in the name of Danyal Traders Timargara for concealment of tax.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends recovery and deposit into Government treasury.

AIR Para No. 07 (2021-22)

2.4.3.5 Loss to Government due non-deduction of sales tax and income tax – Rs 24.243million

According to clause 3.1(d) of the agreement between the DEO (Male) Dir Upper and M/S Danyal Traders Timargara dated 20.09.2021, the supplier shall have full and exclusive liability for payment of all Duties, Taxes and other statutory payments payable under any or all of the Statutes/Laws/Acts, etc. now or here after imposed in Pakistan.

Office of the District Education Officer (Male) Dir Upper spent Rs 127,395,000 on purchase of furniture from M/S Danyal Traders Timargara during FY 2021-22. Deductions of sales tax and income tax amounting Rs 24,243,160 were not made from the bills of the contractor. The supplier had participated in the bidding process i.e. technical evaluation and financial evaluation in the name of Danyal Traders Peshawar and had obtained full 10 marks of taxes in technical evaluation due to which the firm was declared as technically qualified. For tax concealment, the firm sent invoices of Danyal Traders Timargara for payments instead of Danyal Traders Peshawar. Detail is as under:

S.No	Gross amount (Rs)	Sales tax @ 17% (Rs)	Income tax @ 4.5%(Rs)	Total deductions required (Rs)
01	127,395,000	18,510,385	5,732,775	24,243,160

Non deduction of taxes occurred due to non compliance of the rules, regulations and administrative controls which resulted in declining of Federal Consolidated Fund for further budgeting and non allocation of fund to prioritized areas of economy.

When pointed out in August 2022, management replied that reply would be furnished in due course of time. Management did not furnish reply till finalization of this report. The supplier had participated in the tender process in the name of Danyal Traders Peshawar and was declared as qualified by obtaining total marks of tax deduction while he sent the invoices of furniture in the name of Danyal Traders Timargara for concealment of tax.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends recovery and deposit into Government treasury.

AIR Para No. 06 (2021-22)

2.4.3.6 Non recovery of loans taken from Scout & Red Crescent fund – Rs 1.423 million

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

Office of the District Education Officer (Male) Dir Upper granted loans of Rs 1,423,492 to different officers/officials from the Scout & Red Crescent Fund but did not recover/recoup the loans despite lapses of years. Most of the officers/officials to whom the loans were granted have already been retired or posted out and the loans were not recovered before their retirement or transfers. The local office was required to recover the loans before issuance of clearance certificate in case of retirement and before the relieving in case of transfers which was not done.

Non recovery of loans occurred due to weak administrative controls, which resulted in loss to the Government.

When pointed out in August 2022, management replied that recovery would be made and record be shown to audit. However, no progress was reported till finalization of this report.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends recovery and deposit in the designated bank account of Scout and Red Crescent Fund.

AIR Para No. 12 (2021-22)

2.4.3.7 Loss due to irregular award of State land without open tender system- Rs 1.816 million

According to Tehsildar Dir and Barawal letter No. 234,235/Tehsildar Dir/State land dated 8-07-2019 and letter No. 2253/ Tehsildar Barawal/State land dated 12-07-2019 the current market rates of state land lease were Rs 6,003 and Rs 13,776 in tehsil Dir and Rs 116857 in tehsil Barawal.

Deputy Commissioner Dir Upper awarded state land measuring 47 Kanal and 5 Marla without adopting open tender system to various tenants since 2003 & 2006. The local office did not take any efforts for open auction of the state land in order to achieve high rates instead of the old rates. Thus, huge loss amounting to Rs 1,815,752 was sustained to Government. Detail is given below:

S#	Type of land & Location	Size	Rate per year (Rs)	Current rate as per DC Office 10% increase per year (Rs)	Diff: (Rs)	Period	Loss (Rs)
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1	Un-irrigated land at Shawo Tehsil Dir	12K-16M	3,300	6,003	2,703	15 years	40,545
2	Un-irrigated land at Shawo Tehsil Dir	03 Kanal	1,442	13,776	12,334	15 years	185,010
3	Irrigated land at Barawal Bandai Tehsil Barawal	31K-9M	23,316	116,857	93,541	17 years	1,590,197
Total							1,815,752

Irregular award of state land occurred due to violation of lease policy, which resulted in loss to Government.

When pointed out in July, 2019. Management replied that efforts would be made to streamline the state land open auction process and progress would be shown to audit. Reply was not satisfactory as documentary evidence was not shown to audit.

PAO was requested to convene DAC meeting in September 2019, which could not be convened till finalization of this report.

Audit recommends investigation, recovery of lease receipts on market rates from the occupants and action against the persons at fault.

AIR Para No. 01 (2018-19) MFDAC

2.4.3.8 Non-deposit of stamp duty on acquisition of land-Rs 797,200

Para 28 of GFR Vol.-I states that no amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

Office of the Deputy Commissioner Dir Upper did not deposit Rs 797,200 as stamp duty in the different acquisition of lands. Detail is given below:

S.No	Name of award	Stamp duty (Rs)
01	Acquisition of Land sub campus university of engineering I	471,765
02	Acquisition of Land sub campus university of engineering II	325,435
Total		797,200

Non deposit of stamp duty occurred due to non compliance of the rules, regulations and administrative controls which resulted in declining of Federal

Consolidated Fund for further budgeting and non allocation of fund to prioritized areas of economy.

When pointed out in August 2021, management stated that detail reply will be obtain from land acquisition branch and will be shown to Audit. However, no progress was shown till finalization of this report.

PAO was requested to convene DAC meeting in August 2021, which could not be convened till finalization of this report.

Audit recommends deposit of stamp duty into Government treasury besides framing of strong internal controls for the land acquisition section to avoid such lapses

AIR Para No. 04 (2020-21) MFDAC

2.4.4 Others, including cases of accidents, negligence etc.

2.4.4.1 Non-utilization of developmental fund –Rs 59.584 million

According to Government of Khyber Pakhtunkhwa, Local Government Election and Rural Development Department letter No. Director (LG)/ District ADP/2015 dated 28.01.2015, all the schemes shall be completed within the same financial year.

During audit of the accounts record of Office of the Deputy Commissioner, Dir Upper for the FY 2021-22, it was revealed that Rs 59,584,441 were remained unspent since 2015-16 resulting blockage of Government funds.

The lapse occurred due to weak internal controls, which caused depriving the community from the benefits of the developmental schemes.

When pointed out in July 2022, the management replied that the remarks would be obtained from the section concerned and would be shown to audit. Reply was not satisfactory as documentary evidences were not shown to audit till finalization of this report.

PAO was requested to convene DAC meeting in August 2022, which could not be convened till finalization of this report.

Audit recommends utilization of developmental fund besides justification in the matter.

AIR Para No.01 (2021-22)

2.4.4.2 Unverified ADP schemes worth - Rs. 11.266 million

According to Para 47(9) of Khyber Pakhtunkhwa District Government Budget rules 2016, the Nazim District Government and Deputy Commissioner each shall visit not less than 10 percent of the projects being funded through District ADP.

Office of the Deputy Commissioner Dir Upper spent Rs 112,658,986 on account of ADP fund through various executing agencies for execution of developmental schemes. The record revealed that not a single scheme was visited by the Deputy Commissioner as required under the budget rules, which resulted unverified schemes (10%) amounting to Rs 11,265,898

The lapses occurred due to weak internal controls, which resulted in ineffective monitoring system and unverified ADP schemes.

When pointed out in July 2022, the management replied that the schemes were inspected by the ADC (F&P) wing of DC office. Report would be shown to audit. Reply was not satisfactory as documentary evidences were not shown to audit till finalization of this report.

PAO was requested to convene DAC meeting in August 2022, which could not be convened till finalization of this report.

Audit recommends justification and corrective action.

AIR PARA NO.02 (2021-22)

2.4.4.3 Non-disbursement of land acquisition fund -Rs 43.880 million

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

Office of the Deputy Commissioner Dir Upper transferred Rs 39,241,770 to Tehsildar Larjam & Rs 34,638,717 to Tehsildar Wari on account of acquisition of land for further disbursement among the land owners during FY 2021-22. The concerned offices were directed for immediate payments to the land owners and mutation of land in the name of acquiring departments. The local offices failed to disburse the amount till date of audit i.e July 2022.

The lapse occurred due to weak financial controls, which resulted in blockage of funds.

When pointed out in July 2022, the management replied that the disbursement report would be obtained from the concerned Tehsildar and would be shown to audit. Reply was not satisfactory as documentary evidences were not shown to audit till finalization of this report.

PAO was requested to convene DAC meeting in August 2022, which could not be convened till finalization of this report.

Audit recommends disbursement of funds.

AIR PARA NO.03 (2021-22)

2.4.3.4 Unauthentic expenditure on account of POL -Rs. 6.928 million

According to Rule 22 of Government of Khyber Pakhtunkhwa Transport Rules 1964 and Transport Policy 2005, Log Book in respect of every official vehicle should be maintained and entries of POL and repair of vehicle should be made in the log book and attested by the allottees of vehicle.

Office of the Deputy Commissioner, Dir Upper incurred an expenditure amounting to Rs 6,928,114 on account of POL charges for the financial year 2021-22. Audit noticed that log books of the vehicles against the expenditure were not maintained resulting unauthentic payment.

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

When pointed out in July 2022, the management replied that log books would be shown to audit. Reply was not satisfactory as documentary evidences were not shown to audit till finalization of this report.

PAO was requested to convene DAC meeting in August 2022, which could not be convened till finalization of this report.

Audit recommends maintenance of log books.

AIR PARA NO.08 (2021-22)

2.4.3.5 Unauthentic Arms Licenses receipts - Rs. 6.094 million

As per Para 6.1 of the Agreement deed signed between Home & Tribal Affairs Department Khyber Pakhtunkhwa and M/S M.Comm private limited on 15th August 2014, monthly licenses receipts must be submitted by M/S M.Comm private limited into treasury on or before 5th date of next month and communication into this effect shall be made to the authorities.

During audit of the accounts record of Office of the Deputy Commissioner Dir Upper for FY 2021-22, it was noticed an amount of Rs 6,094,020 was collected by M/s M.Comm (A2Z E-Payments) on account of Arms licenses and deposited the amount into the bank account of the said firm. Proofs of further deposit into the Government treasury were not obtained by the local office.

The lapses occurred due to weak internal controls, which caused unauthentic collection of Arms Licenses fee and non-reconciliation of government revenue. The same observation was also pointed out during the financial years 2019-20 & 2020-21 amounting to Rs. 1,536,000 and Rs 5,064,000 respectively. However, no corrective measures were taken, resultantly violation of rules.

When pointed out in July 2022, the management replied that the reply would be obtained from the license branch and would be shown to audit. Reply was not satisfactory as documentary evidences were not shown to audit till finalization of this report.

PAO was requested to convene DAC meeting in August 2022, which could not be convened till finalization of this report.

Audit recommends deposit of receipts into Government treasury and reconciliation in the matter.

AIR Para No.14 (2021-22)

2.4.3.6 Unauthorized payment through to DDOs instead of crossed cheques to vendors –Rs 5.507 million

According to Para 4.5.1.3 of APPM “Payment of approved claims must be made only to the claimants as indicated on the claim voucher”

According to the requirements of PIFRA “Pay bills and other record of all Government servants shall be prepared through computerized system (SAP).

Office of the District Health Officer, Dir Upper during the FY 2021-22, drew an amount of Rs.5,507,252 from government treasury through DDO instead of issuance crossed cheques to Vendor/Payees Accounts which was unauthorized. Detail is given at annexure-5

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

When pointed out in July 2022, the management replied that all the payments were made to the concerned vendors. All APRs and documents are available on the office record. Reply was not satisfactory as documentary evidences were not shown to audit till finalization of this report.

PAO was requested to convene DAC meeting in August 2022, which could not be convened till finalization of this report.

Audit recommends justification in the matter.

2.4.3.7 Non-reporting of clinical efficacy of medicines worth – Rs.43.961 million

According to Para H of the Director General Health Services Khyber Pakhtunkhwa Peshawar letter No 5044-5244/DDC/DGHIS dated 23.09.2021, the purchasing entity shall submit quarterly reports regarding the clinical efficacy of the MCC approved brands of medicines, surgical disposables etc used at their ends. In case of failure, disciplinary action may be initiated against the In-charge of purchasing entity.

Office of the District Health Officer Dir Upper during the FY 2021-22 purchased medicines amounting to Rs 43,961,326 from various suppliers and issued to various health facilities in the district. However, the clinical efficacy reports of the medicines were not submitted to the quarter concerned which was contrary to the above instructions.

The lapse occurred due to weak internal controls, which caused non-compliance of Government orders. The same observation was also pointed out during the financial years 2018-19, 2019-20 & 2020-21 amounting to Rs. 3,357,000, Rs.5,172,000, and 46,550,000 respectively. However, no corrective measures were taken, resultantly violation of rules.

When pointed out in July 2022, the management replied that the subject report would be collected from the in charge of the facilities. Reply was not satisfactory as documentary evidences were not shown to audit till finalization of this report.

PAO was requested to convene DAC meeting in August 2022, which could not be convened till finalization of this report.

Audit recommends provision of clinical efficacy reports of medicines.

2.4.3.8 Unverified expenditure due to lump sum transfer to PTC Accounts – Rs6.00 million

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

Office of the District Education Officer (Female) Dir Upper withdrew Rs 6,000,000 from the Government treasury and transferred to PTC bank accounts of the schools on account of Petty Repair and Classroom Consumables during FY 2021-22. Actual transfer of funds to the respective PTC accounts and further utilization by the PTCs could not be verified in the absence of PTC banks accounts and relevant record. Hence, the expenditure remained unverified. Detail of expenditure is as under:

S. No	Description	Amount (Rs)
01	Petty Repair	4,000,000
02	Classrooms Consumables	2,000,000
Total		6,000,000

The lapse occurred due to violation of rules, which resulted in unauthentic expenditure. The same observation was also pointed out during the financial years 2017-18, 2019-20 & 2020-21 amounting to Rs. 7,085,000, Rs 7,898,000 and 7,600,000 respectively. However, no corrective measures were taken, resultantly in violation of rules.

When pointed out in August 2022, management stated that the concerned schools would be directed to produce PTC accounts for verification. Reply was not convincing as no progress was reported till finalization of this report while

PTC was required to maintain complete record of income and expenditure and shall also submit copies thereof to the DEO concerned at the closure of financial year. No such record was available at the office even for the previous financial years.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends provision of detailed record of actual transfer to the PTC accounts and expenditure for scrutiny by audit.

AIR Para No. 01 (2021-22)

2.4.3.9 Unauthentic payment of stipends due to non-reconciliation at schools and district level –Rs 65.539 million

According to Para 3 (iv to vi) of the Government of Khyber Pakhtunkhwa Elementary & Secondary Education Department letter No. DPC/E&SED/Stipend/2021-22 dated 10th March 2022, addressed to all DEOs (Female), the eligible girl student must be present in the school to receive the stipend from a postman by herself. The Head of the schools will only identify the student and endorse payment to her. The Disbursement must be completed of all the installments before 15th April, 2022. Relevant record of disbursement must be maintained at all school, circle officer and at the DEO officer for further reference, Audit and accounting purposes.

According to Standard Operating Procedure No. 7 and 8 of Girls Students Stipends Programme circulated vide Government of Khyber Pakhtunkhwa Elementary & Secondary Education Department letter No. DPC/Stipends /E&SED/2016-17 dated 25th April 2017, on the completion of disbursement, both head of the school and postman shall reconcile and sign off the final disbursement on the prescribed format (form 6) within the school and based on the reconciliation statements received from all the schools, the DEO (Female) and Post office will reconcile and sign the final disbursement on the prescribed format (form 7). The reconciliation will be made for both the installments separately.

Office of the District Education Officer (Female) Dir Upper transferred Rs 65,539,028 to Senior Post Master GPO Batkhela Malakand on account of stipend of girl's students of class 6th to 10th of district Dir Upper during FY 2021-22 in two installments in March and June 2022. Further progress of disbursements was neither reported by the Post office nor detailed record with reconciliations at schools level and district level were available to properly authenticate the payments.

Irregularity occurred due violation of rules and Government instructions, which resulted in unauthentic payment of stipends. The lapse occurred due to weak financial and administrative controls, which resulted in loss to Government. The same observation was also pointed out during the financial years 2018-19, 2019-20 & 2020-21 amounting to Rs. 48,772,000 Rs 56,319,000 and 32,440,000 respectively. However, no corrective measures were taken, resultantly in violation of rules.

When pointed out in August 2022, management stated that reconciliations would be made and provided to audit in due course of audit. However, no progress was reported till finalization of this report.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends proper reconciliations at schools and district level on prescribed forms and provision of detailed relevant record for verification.

AIR Para No. 10 (2021-22)

2.4.3.10 Unverified expenditure on POL and repair of vehicle – Rs 1.824 million

According to Rule 12 (i) of Khyber Pakhtunkhwa, Staff Vehicles (Use and Maintenance) Rules 1997, there shall be maintained, in respect of every Government vehicle, log book in Form "A" wherein shall be entered the journeys performed by a Government vehicle.

Rule 22 (i) to (iii) of the rules ibid, logbook shall be maintained in Form “A” and shall remain in the custody of the driver of the vehicles. History sheet be maintained in Form “B” and Petrol Account Register shall be maintained separately in Form “C”.

Rule 26 of the rules ibid, all the officers who are entitled to the vehicles, shall restrict themselves to use POL as per ceiling.

Office of the District Education Officer (Female) Dir Upper spent Rs 1,394,000 on POL and repair of one vehicle during FY 2021-22. Log book of the vehicle of was not maintained/not provided to verify the actual expenditure. The expenditure on one vehicle was extraordinarily high and beyond the entitlement of the officer. Apart from the expenditure from regular budget of DEO (Female) office, additional expenditure of Rs 430,000 were incurred on POL and repair from the budget of SDEOs Dir and Barawal where neither vehicles were available nor SDEOs were posted. Hence, chances of misuse/misappropriation could not be ruled out. Detail is as under:

S.No	Particulars	Amount (Rs)
01	POL of one vehicle of DEO	994,000
02	Repair of one Vehicle of DEO	400,000
03	POL of SDEO Dir & Barawal	350,000
04	Repair of SDEO Dir	80,000
Total		1,824,000

The lapse occurred due to weak internal controls, which resulted in violation of rules.

When pointed out in August 2022, management stated that log book would be maintained and provided to audit. Reply was not convincing as the same was required to be maintained on daily basis and provided to audit for verification during the course of audit. However, no further progress was intimated till finalization of this report.

PAO was requested to convene DAC meeting in September 2022, which could not be convened till finalization of this report.

Audit recommends investigation and fixing responsibility on the person(s) at fault besides provision of log books for verification.

AIR Para No. 13 (2021-22)

2.4.3.11 Non reporting of clinical efficacy of medicines Rs 0.995 million

According to MCC rules 202-21, clinical efficacy report is mandatory to collect by the head of the office for onward submission to headquarter concerned.

Office of the District Officer Population Dir Upper issued medicines of Rs 995,374 to various units for treatment of patients during the FY 2021-22 however did not collect quarterly clinical efficacy report from the units concerned to know the effectiveness of the medicines issued to the patients which was clear violation of the MCC rules. Detail is given at annexure -6.

The lapse occurred due to violation of MCC rules, which resulted in non-reporting of clinical efficacy of medicines. The same observation was also pointed out during the financial years 2018-19, 2019-20 & 2020-21 amounting to Rs.3,357,000, Rs 5,172,000, and 46,550,000 respectively. However, no corrective measures were taken, resultantly violation of rules.

When pointed out in February 2022, management stated that detail reply will be given after scrutiny of record.

PAO was requested to convene DAC meeting in March 2022, which could not be convened till finalization of this report.

Audit recommends inquiry into probable cause of irregularities

AIR Para No. 132 (2021-22) (Lean Period Audit)



CHAPTER-03

TEHSIL MUNICIPAL ADMINISTRATIONS



CHAPTER-3

Tehsil Municipal Administration

3.1 a Introduction

District Dir Upper has four Tehsils i.e. Dir Upper, Wari, Barawal and Kalkot. 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 Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019 the functions and powers of TMAs are as under: -

- (a) Monitor and supervise the performance of functionaries of Government offices located in the Tehsil and hold them accountable by making inquiries and reports to the district government or, as the case may be, Government for consideration and action;
- (b) Prepare spatial plans for the Tehsil including plans for land use and zoning and disseminate these plans for public enquiry;
- (c) Execute and manage development plans for improvement of municipal services and infrastructure;
- (d) Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including for agriculture, industry, commercial markets, shopping centers; residential, recreation, parks, entertainment, passenger and freight transport and transit stations;
- (e) Enforce municipal laws, rules and bye-laws;
- (f) Prevent and remove encroachments;
- (g) Regulate affixing of sign-boards and advertisements;
- (h) Provide, manage, operate, maintain and improve municipal services;
- (i) Prepare budget, long term and annual municipal development programmes;
- (j) Maintain 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;
- (k) Collect taxes, fines and penalties provided under this Act;

- (l) Organize sports, cultural, recreational events, fairs and shows;
- (m) Organize cattle fairs and cattle markets;
- (n) Co-ordinate and support municipal functions amongst village and neighborhood councils;
- (o) Regulate markets and services, issue licenses, permits, grant permissions and impose penalties for violation thereof;
- (p) Manage municipal properties, assets and funds;
- (q) Develop and manage schemes, including site development in collaboration with district government;

Audit Profile of TMAs of District Dir Upper

(Rs in million)

S.No	Description	Total Nos	Audited	Expenditure audited FY 2021-22	Revenue /Receipts audited FY 2021-22
1	Formations	04	04	317.866	190.556
Total		04	04	317.866	190.556

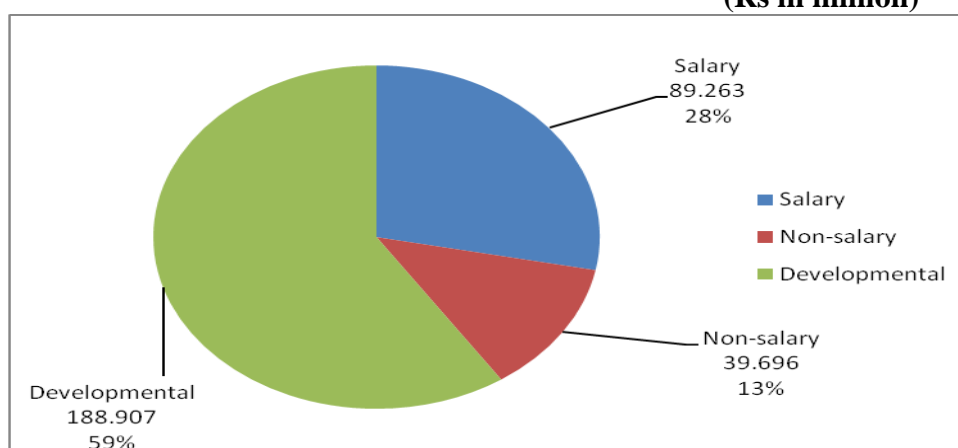
3.1. b Comments on Budget and Accounts (Variance Analysis)

(Rs in million)

2020-21	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	134.300	89.263	45.037	34%
Non-salary	193.809	39.696	154.114	80%
Developmental	329.768	188.907	140.861	43%
Total	657.877	317.866	340.012	52%
Receipts	265.989	190.556	75.433	

EXPENDITURE 2021-22

(Rs in million)



The savings of Rs 340.012 million indicate weakness in the capacity of Tehsil Administrations to utilize the allocated budget. Furthermore, the savings in salary and non salary components was 34% and 80% respectively which shows over estimation of budget. Whereas, the savings in development budget was 43% in development budget shows inefficiency in utilization of fund on the part of management.

3.2 Classified Summary of Audit Observations.

Audit observations amounting to Rs 341.376million were raised in this audit report. This amount also includes recoverable of Rs 15.586 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Sr. No.	Classification	Amount (Rs. in million)
1	Non production of record	-
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	-
A	HR/Employees related irregularities	8.2
B	Procurement related irregularities	0
C	Management of Accounts with Commercial Banks	0
4	Value for money and service delivery issues	11.186
5	Others, including cases of accidents, negligence etc.	321.99
	Total	341.376

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

The audit reports pertaining to following years have been submitted to the Governor of Khyber Pakhtunkhwa. Detail of TAC meetings are given below:

Sr. No.	Audit Year	TAC meeting
1.	2009-10	Not Convened
2.	2010-11	Not Convened
3.	2011-12	Not Convened
4.	2012-13	Not Convened
5.	2013-14	Not Convened
6.	2014-15	Not Convened
7.	2015-16	Not Convened
8.	2016-17	Not Convened
9.	2017-18	Not Convened
10.	2018-19	Not Convened
11.	2019-20	Not Convened
12.	2020-21	Not Convened
13.	2021-22	Not Convened

3.4 AUDIT PARAS

3.4.1 Irregularities

A. HR related irregularities

3.4.1.1 Unauthorized expenditure on contingent paid staff – Rs2.431 million

According to 2.3.2.8 of the APPM, the accounting system shall include 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/ vendor concerned.

Office of the TMO Dir Upper incurred expenditure of Rs 2.431,000 on account of contingent paid staff during 2021-22, which was unauthorized and needs justification.

Irregularity occurred due to weak administrative controls, which resulted in unauthorized cash payments.

When pointed out in November 2022, the management stated that in future all the payment will be made on account. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

Audit recommends inquiry to fix responsibility on person(s) at fault.

AIR Para No.08 (2021-22)

3.4.1.2 Unauthentic cash payments to daily wagers and fixed pay – Rs.1.636 million

According to serial No. 4.3.1.1 of the Accounting Policies and Procedures Manual, all expenditure will be made through crossed Cheques in the name of supplier/contractor.

Office of the Tehsil Municipal Officer, TMA Barawal, incurred expenditure of Rs 1,636,278 during FY 2021-22 on account of daily wages/contingent paid staff and cash payments were shown made instead of payments through Cheques from the designated bank account.

Irregularity occurred due to weak administrative controls, which resulted in unauthorized cash payments.

When pointed out in October 2022, the management stated that account for daily wages staff will be maintained and progress will be shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

Audit recommends inquiry to fix responsibility on person(s) at fault.

AIR Para No. 02 (2021-22)

3.4.1.3 Non transfer of Pension Contributions - Rs 4.133 million

According to Rule 5 of the Khyber Pakhtunkhwa Local Councils Servants (Pension), Rules 1980, for every Local Council, to which these rules have been extended, there shall be maintained a Pension Fund, to the credit where of shall be placed :-

- (a) the amounts contributed by the local council and
- (b) Such contribution per month for every servant of the Local Council as would have been payable by the local council.

TMA Barawal did not transfer Rs 4,133,336 on account of pension contributions to Pension Account during FY 2021-22.

Non transfer of pension contribution occurred due to weak financial controls, which resulted in violation of rules.

When pointed out in October 2022, the management stated that the amount will be transfer to local council board and progress will be shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

Audit recommends transferring pension contributions to pension account of the TMA.

AIR Para No. 05 (2021-22)

3.4.2 Value for money and service delivery issues

3.4.2.1 Loss to Government due to non-adjustment of 7% income tax - Rs 3.430 million

According to Finance Department Khyber Pakhtunkhwa Notification NO.SO(Dev-II) FD/12-6/14-5 dated 21.04.2015, all Provincial Works Departments, while preparing Cost Estimates of developmental projects which fall in the tax exempted areas such as PATA, shall frame the same on Market Rate System but with 7% less cost to defray the amount added in the rate analysis of all works/construction/supply items to meet withholding tax.

TMA Dir Upper incurred expenditure of Rs49,007,931 on account of execution of civil Works in 2021-22. During scrutiny of record, it was observed that 7%. Income tax amounting to Rs3,430,555 was not adjusted in the contractor's bills which need immediate recovery. Detail is given below:

S. No.	Name of scheme	Expenditure (Rs)	Income Tax (Rs)
1	Const of Road sarpothany	5,141,167	359,882
2	Estab: of Public Hill Park Barawal	3,656,191	255,933
3	Const of Road at cheragaliucswnai	4,160,064	291,204
4	Const of road hattandarabaghkaly to zakhana	27,990,435	1,959,330
5	Construction of verious link road at Nasratdara	8,060,074	564,205
	Total	49,007,931	3,430,555

Non adjustment of tax occurred due to non compliance of the rules, regulations and administrative controls which resulted in loss to Government.

When pointed out in November 2022, the management stated that adjustment will be made in the final bill and also be reflected in the TS & progress will be shown the next audit party. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

AIR Para No.03 (2021-22)

3.4.2.2 Loss to Government due to non-adjustment of 7% income tax - Rs2.927 million

According to Finance Department Khyber Pakhtunkhwa Notification NO. SO(Dev-II) FD/12-6/14-5 dated 21.04.2015, all Provincial Works Departments, while preparing Cost Estimates of developmental projects which fall in the tax exempted areas such as PATA, shall frame the same on Market Rate System but with 7% less cost to defray the amount added in the rate analysis of all works/construction/supply items to meet withholding tax.

TMA Kalkot incurred expenditure of Rs 41,814,387 on account of execution of civil Works in 2021-22. During scrutiny of record, it was observed that 7%. Income tax amounting to Rs2,927,007 was not adjusted in the contractor's bills which need immediate recovery. Detail is given below:

S.No.	Name of Scheme	Amount Paid (Rs)	I. Tax (Rs)
1	Construction Road at LaminLamoti	4,383,044	306,813
2	Construction of Road at GwaldaiSamadShahi Lake	3,464,812	242,537
3	Construction of Road Kawan Kalkot	3,703,103	259,217
4	Construction of Road at Doog Dara	5,298,832	370,918
5	Construction/Rehab of Kumrot Road at kumrot	24,964,596	1,747,522
	Total	41,814,387	2,927,007

Non adjustment of tax occurred due to non compliance of the rules, regulations and administrative controls which resulted in loss to Government.

When pointed out in October 2022, the management stated that adjustment will be made in final bill and will be shown to audit. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

Audit recommends adjustment/ recovery of overpayment and action against the persons at fault.

AIR Para No.2 (2021-22)

3.4.3.2 Overpayment due to wrong calculation – Rs 3.646 million

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

Office of the Tehsil Municipal Officer, TMA Kalkot overpaid amounting to Rs 3,646,235 on account of developmental work “Construction/Rehab of Kumrat Road at kumrat” to a contractor due to wrong calculation during 2021-22, which needs recovery. Detail is as under:

Correct calculation		Wrong calculation	
4th Running bill			
Total MRS items	9,362,128	Total	9,362,128
Add C.F 1.1	10,298,341	Add C.F 1.1 1to 4	10,298,341
	49,112,767	Pervious work done	50,104,476
TOTAL	59,411,108	Total	60,402,817
Deduct I.Tax	4,158,777.55	23.05 %BELOW	13,922,849
Total	55,252,330	Total	46,479,968
23.05 %BELOW	12,735,662	8% Secuity	3,718,397.40
Total	42,516,668	Total	42,761,570
8% Secuity	3,401,333	Deduct paid amount	34873701
Total	39,115,335	Paid in 4th running bill	7,887,869
Paid amount	34,873,701		
to be paid in 4th Rbill	4,241,634		
Excess payment	3,646,235		

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

When pointed out in October 2022, the management stated that Recovery/ adjustment will be made in final bill and will be shown to audit. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

AIR Para No 05 (2021-22)

3.4.3.3 Overpayment due to double drawl of same items of work – Rs.1.183 million

According to Para 71 CPWD Code, an officer of the Public Works Department may pass excess over estimates provided that the excess is not more than 5% of the amount sanctioned. The Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the quantities and rates are correctly entered and that all the calculations have been checked arithmetically as per Para 220 and 221 of CPWA Code.

Office of the TMO Kalkot paid Rs 1,183,171 in excess to the contractor on account of work “Wooden Bridge at Gawoon Gwaldai” in 3rd running bill. But scrutiny of record revealed that the items already claim in 2nd running bill resulted in overpayment of Rs 1,183,171 during 2021-22. Detail is given below:

S. No.	Name of work	Items executed	Amount (Rs)
01	Wooden bridge at Gawoon Gwaldai	Galvanized SWR 28mm	1,152,000
02		Galvanized SWR 20mm	108,000
03		Galvanized SWR 16mm	152,000
Total			1,412,000
8% security			124256
Net			1,183,171

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

When pointed out in October 2022, the management stated that excess quantity would be recovered and shown to audit. No progress was shown to audit till finalization of this report.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

AIR Para No 7 (2021-22)

3.4.3 Others, including cases of accidents, negligence etc.

3.4.3.1 Irregular expenditure without Technical Sanction – Rs43.980 million

According to Para 32 of CPWD Code, no work shall be executed without Administrative Approval/Technical Sanction and Budget allotment. Further, according to Para 56 of CPWD Code, if subsequent to the grant of technical sanction, material structural alterations are contemplated, orders of the original sanctioning authority should be obtained, even though no additional expenditure may be involved by the alterations.

Office of the Tehsil Municipal Officer Kalkot incurred an expenditure of Rs.43,980,320 on account of various developmental schemes during 2021-22. During scrutiny of record, it was observed that Technical Sanction was not obtained from the competent authority before commencement of work. Thus, the expenditure made was held irregular. Detail is given below:

s.No.	Name of Scheme	Estimated Cost (Rs)	Amount Paid (Rs)
3	PCC Road Gawoon Union Council Gwaldi	8,000,000	6,386,657
4	Construction of Road at MalookKhawarDoogDarrakohistano Banda Aminulhaq /union Council DoogDarra	5,000,000	4,073,760
1	Construction Road at LaminLamoti	10,000,000	7,711,400
2	Construction of Road at Jazz BANDA Lake Katora.	8,000,000	6,121,585
3	Construction of Road at GwaldaiSamadShahi Lake	8,000,000	6,865,627
4	Construction of Road Kawan Kalkot	4,000,000	3,406,853
5	Construction of Road at AkoPakoGwaldi	2,000,000	1,604,611
6	Construction of Road at DoogDara	8,000,000	5,829,827
3	Constt:/widening & PCC Road at Junkai	20,000,000	1,980,000
	Total	73,000,000	43,980,320

The lapse occurred due to weak financial control, which resulted in irregular expenditure.

When pointed out in October 2022, the management stated that technical sanction will be shown to audit. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

AIR Para No 03 (2021-22)

3.5.3.2 Irregular expenditure without technical sanction - Rs 6.386 million & Excess payment over and above the BOQ - Rs2.939 million

According to Para 71 CPWD Code, an officer of the Public Works Department may pass excess over estimates provided that the excess is not more than 5% of the amount sanctioned. The Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the quantities and rates are correctly entered and that all the calculations have been checked arithmetically as per Para 220 and 221 of CPWA Code.

Office of the TMO Kalkot paid Rs2,939,826 in excess to the contractor on account of work “Const. of PCC Road at Gawoon Gwadi” due excess execution of quantity over and above the approved PC-I during 2021-22. Detail is given below:

Furthermore, expenditure of Rs 6,386,657 was incurred but Technical Sanction was not obtained from the competent authority.

S.No	Work Name	Paid Qty	as per PC-I	diff	Rate	Excess (Rs)
1	S/F Wood work	10.44	0	10.44	279313	2,916,027
2	PCC 1:4:8	3.96	0	3.96	6004.18	23,799
Total						2,939,826

The lapse occurred due to violation of rules, which resulted in irregular expenditure.

When pointed out in October 2022, the management stated that the quantity will be covered in T.S and will be shown to audit. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

AIR Para No 14 (2021-22)

3.4.3.3 Non-execution of developmental schemes -Rs30.00 million

According to clause 3 (a) of contract agreement, call deposit may be forfeited in case a contractor fails to fulfill contractual obligations.

According to Clause 24 of the contract agreement, if the contractor refusing to carry out the work or leaving it incomplete, at any time or after the commencement of the work, the contractor shall pay compensation an amount equal to 10% of the estimated cost and the controlling officer, by in writing, rescind the contract and the security deposited by the contractor shall stand forfeited.

Office of the TMO Kalkot awarded contracts of developmental schemes “Construction of Hill Park at Kumrat Dir Upper” at an estimated cost of Rs 30,000,000 in June 2020. However, the contractors failed to start the works till the date of audit (October, 2021).

The lapse occurred due to weak administrative control, which deprived the public from the developmental activities.

When pointed out in October 2022, the management stated that the work in question is dispute on site amongst the local people. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

Audit recommends initiation of action against the defaulting contractors and action against the person(s) at fault.

AIR Para No 12 (2021-22)

3.4.3.4 Excess payment over and above the BOQ - Rs2.110 million

According to Para 71 CPWD Code, an officer of the Public Works Department may pass excess over estimates provided that the excess is not more than 5% of the amount sanctioned. The Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the quantities and rates are correctly entered and that all the calculations have been checked arithmetically as per Para 220 and 221 of CPWA Code.

Office of the TMO Kalkot paid Rs 2,110,679 in excess to the contractor on account of work “Const: of Dog Dara road” due excess execution of quantity over and above the approved PC-I during 2021-22. Detail is given below:

S#	Work Name	Paid Qty	PC-I Qty	Diff	Rate	Excess (Rs)
1	PCC 1:3:6 50%	350	152.89	197.1	4738.98	934,100
2	Shingle gravel formation	12,322	5098.85	7223	162.89	1,176,579
Total						2,110,679

Excess payment occurred due to weak internal controls, which resulted in loss to Government.

When pointed out in October 2022, the management stated that the quantity will be covered in T.S and will be shown to audit. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

AIR Para No 6 (2021-22)

3.4.3.5 Unauthorized expenditure without Technical Sanction – Rs27.510 million

According to Para 32 of CPWD Code, no work shall be executed without Administrative Approval/Technical Sanction and Budget allotment. Further, according to Para 56 of CPWD Code, if subsequent to the grant of technical sanction, material structural alterations are contemplated, orders of the original sanctioning authority should be obtained, even though no additional expenditure may be involved by the alterations.

Office of the Tehsil Municipal Officer Dir Upper incurred an expenditure of Rs 27,510,427 on account of various developmental schemes during 2021-22. During scrutiny of record, it was observed that Technical Sanction was not obtained from the competent authority before commencement of work. Thus, the expenditure made was held irregular. Detail as per an annexure-7

Irregularity occurred due to violation of rules and weak administrative controls, which resulted in unauthorized expenditure.

When pointed out in November 2022, the management stated that Technical Sanction will be obtained from the competent forum and will be shown the next audit party. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

Audit recommends obtaining technical sanctions from the competent forum and action against the person(s) at fault authorizing execution/payment without technical sanction.

AIR Para No. -01 (2021-22)

3.4.3.6 Unauthentic payment without having record entry in MB – Rs.13.201 million

According to Para 209(d) of CPWA Code, it is incumbent upon the person, responsible for measurements in the MB to record the correct actual figures and according to Para 220 and 221 of CPWA Code that the Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the quantities and rates are correctly entered and that all the calculations have been checked arithmetically.

TMA Dir upper paid Rs 13,201,241 to a contractor on account of developmental work during 2021-22. However, record entry of the work was not made in MB No 182. Thus, the expenditure/payment was held unauthentic.

MB NO.	Page NO.	Name of schemes	Expenditure (Rs)
MB 182	296	Construction of verious link road at Nasratdara	8,060,074
182	378	Const of Road sarpothany	5,141,167
Total			13,201,241

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

When pointed out in November 2022, management stated that entry in the MB will be made & the amount will be regularized. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

AIR Para No. -06 (2021-22)

3.4.3.7 Non-reconciliation of expenditure Rs. 20.462 million

According to para 89(4) (III) of GFR Vol-1, the head of the department/Accountant General will jointly be responsible for the reconciliation of figures given in the accounts maintained by the head of the department.

During audit of the accounts record of Office of the TMO Dir Upper for the year 2021-22, it was observed that monthly reconciliation of expenditure on account of developmental schemes out of funds SPDI, PP & DDIs etc amounting to Rs 20,462,000 was not carried out with the District Accounts Officer Dir Upper. Furthermore, works register was also not maintained by the local office. Therefore, the actual/reconciled expenditure was not known to Audit.

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

When pointed out in November 2022, management stated that reconciliation will be made the district accounts office and will be shown the next audit party. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

Audit recommends reconciliation of expenditure with the DAO.

AIR Para No. 07 (2021-22)

3.4.3.8 Non deduction/ deposit of Professional tax – Rs 1.100 million

According to Appendix-II Section III of Finance Account-IV of 2004 reproduced in the estimates of receipts for 2008-09 Vol-II Government of Khyber Pakhtunkhwa, Finance Department, Professional Tax from suppliers/contractors & firms should be deducted from their work at the following rates:

Value	Professional tax (Rs)
a) When exceeding Rs.10,000/- but not exceeding Rs.0.500 million	Rs 5,000
b) When exceeding Rs.0.500 million but not exceeding Rs.1.000 million.	Rs.10,000
c) When exceeding Rs.1.500 million but not exceeding Rs.2.500 million.	Rs.15,000
d) When exceeding Rs.2.500 million but not exceeding Rs.10.000 million.	Rs.30,000
e) When exceeding Rs.10.000 million but not exceeding Rs.25.000 million.	Rs.45,000
f) When exceeding Rs.25.000 million but not exceeding Rs.50.000 million.	Rs.60,000
g) When exceeding Rs.50.000 million and above.	Rs.100,000

Office of the TMA Dir did not deposit Rs 1,285,000 on account of professional tax deducted from the contractor bills during 2021-22 which resulted in loss to government.

Non deposit of professional tax occurred due to non compliance of the rules, regulations and administrative controls which resulted in declining of Provincial Consolidated Fund for further budgeting and non allocation of fund to prioritized areas of economy.

When pointed out in November 2022, management stated that the amount will be deposit the concern head and challan will be shown to audit. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

AIR Para No. 02 (2021-22)

3.4.3.9 Unjustified payment on account of developmental work– Rs.34.717 million

According to MADP, the execution Agency shall submit final bill of the scheme(s) to Additional deputy Commissioner Finance and Planning dir lower,

for further necessary action and release the final bill to the contractor after physical verification report of the F&P wing of this office.

Office of the TMO Wari paid Rs 34,717,656 on account of developmental schemes without obtaining Physical verification report/ completion certificate of the Finance and Planning department. Thus audit holds that the payment made to the contractors was irregular and needs justification.

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

When pointed out in October 2022, the management stated that verification report will be obtained from Finance & Planning department Dir Upper and will be shown to audit. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

Audit recommends for corrective action.

AIR Para No. - 01 (2021-22)

3.4.3.10 Non imposition of penalty- Rs 3.00 million

According to clause 2 of the Contract Agreement, penalty of 1% per day and up to maximum of 10% of the tender cost may be imposed for delay in completion of work.

Office of the TMO Wari awarded two works with estimated cost of Rs 30,000,000 during FY 2021-22. The works were not completed within the stipulated period of time and penalty of Rs 3,000,000 @ 10% of the estimated cost was not imposed. Detail is given below:

Date of commence	Completion day	Work Name	Status	Estimated Cost (M)	Penalty
16.4.2018	251	Solarization of Masjids	In progress	30,000,000	3,000,000
Total				30,000,000	3,000,000

Irregularity occurred due to violation of contract agreement, which resulted in loss to the Government.

When pointed out in October 2022, the management stated that time extension will be obtained and will be shown to audit. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

AIR Para No. 04 (2021-22)

3.4.3.11 Irregular expenditure without technical sanction Rs 27.284 million & Excess payment over and above the BOQ - Rs 7.852 million

According to Para 71 CPWD Code, an officer of the Public Works Department may pass excess over estimates provided that the excess is not more than 5% of the amount sanctioned. The Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the quantities and rates are correctly entered and that all the calculations have been checked arithmetically as per Para 220 and 221 of CPWA Code.

Office of the TMO Wari paid Rs 7,852,300 in excess to the contractor on account of work "Solarization of Masjids in different UCs" due excess execution of quantity over and above the approved PC-I during 2021-22. Furthermore,

expenditure of Rs 27,284,500 was incurred but Technical Sanction was not obtained from the competent authority. Detail is given below:

S.No	Work Name	Paid Qty	as per PC-I	diff	Rate	Excess (Rs)
1	S/F of Solar panels 300 MP	350	100	250	24,000	6,000,000
2	Inverter 3 KV	40	15	25	70,000	1,750,000
3	Inverter 5 KV	3	2	1	102300	102,300
Total						7,852,300

Irregularity occurred due to violation of rules and weak administrative controls, which resulted in unauthorized/excess expenditure.

When pointed out in October 2022, the management stated technical sanction will be obtained from the competent authority and will be shown to audit. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

AIR Para No.08 (2021-22)

3.4.3.12 Unauthorized expenditure without technical Sanction – Rs.78.354 million

According to Para 32 of CPWD Code, no work shall be executed without Administrative Approval/Technical Sanction and Budget allotment. Further, according to Para 56 of CPWD Code, if subsequent to the grant of technical sanction, material structural alterations are contemplated, orders of the original sanctioning authority should be obtained, even though no additional expenditure may be involved by the alterations.

Office of the Tehsil Municipal Officer Wari incurred an expenditure of Rs 78,354,535 on account of various developmental schemes during 2021-22. During

scrutiny of record, it was observed that Technical Sanction was not obtained from the competent authority before commencement of work. Thus, the expenditure made was held irregular. Detail is given below:

S.No	Work Name	Estimated Cost (Rs)	Expenditure (Rs)
1	Constwideingpcc BTR road at Akhagram to BatanKarkabanj	10,000,000	8,519,190
2	PCC Road UC Dislawar	10,169,500	2,876,695
3	Const /Imp/Reh/PCC/BTR road at Bandai	7,600,000	6,049,362
4	Const /Imp/Reh/PCC/BTR road at Akhagram&Pashta	18,000,000	17,907,109
5	Cutt/Widing/PCC road Jagam	10,000,000	8,731,529
6	Const/ PCC/wid Road UC Dislawar	9,240,000	6,986,150
7	Solarization of Masjids	30,000,000	27,284,500
	Total	95,009,500	78,354,535

Irregularity occurred due to violation of rules and weak administrative controls, which resulted in unauthorized expenditure.

When pointed out in October 2022, the management stated technical sanction will be obtained from the competent authority and will be shown to audit. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

Audit recommends obtaining technical sanctions from the competent forum and action against the person(s) at fault authorizing execution/payment without technical sanction.

AIR Para No. 02 (2021-22)

3.4.3.13 Unauthorized execution of work due to deviation from approved PC-I Rs 1.843 million

According to work order issued to the contractor vide No.2017/Uplift Rural Roads (RDD)/2015-16 dated 18/04/2016 condition No.2 that the work

should be completed according to its specification of quality and quantity approved in PC-I/Cost Estimate.

Office of the TMO Wari Dir Upper paid Rs 1,843,341 in excess to the contractor on account of work “Construction/wideing/PCC Road at Jagam to Galkor Karbadi” due excess execution of quantity over and above the BOQ during 2021-22. Detail is given below:

S.No	Work Name	Paid Qty	as per PC-I	diff	Rate	Excess (Rs)
1	RRM	163.46	0	163.46	3,380.07	552,506
2	PCC 1:3:6	35.76	0	35.76	6,626.80	236,974
3	Filling	346.34	0	346.34	2,336.42	809,196
4	Filling	346.34	0	346.34	706.43	244,665
	pCC 1:3:6 50%	503.58	218.01	285.57	4,528.74	1,293,272
Total						1,843,341

Irregularity occurred due to violation of rules and weak administrative controls, which resulted in unauthorized execution of work.

When pointed out in October 2022, the management stated the said items will be covered in technical sanction and will be shown to audit. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

Audit recommends investigation and action against the persons at fault.

AIR Para No. 03 (2021-22)

3.4.3.14 Unauthorized expenditure without technical sanction–Rs.1.793 million

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

Office of the TMO Barawal incurred expenditure of Rs1,793,605 on account of developmental Schemes during 2021-22 without obtaining technical sanction of the competent authority. Detail is given below:

S#	Name of Scheme	Approved Cost	Expenditure (Rs)
1	Construction Of Sanitation Scheme At Shahidano Mor Marawaro Kharkany	500,000	332,785
02	Construction Of R.C.C Bridge At Shinagar Khwar	1,500,000	1,115,900
03	Construction Of WSS Gul Muhammad GiShahi kot	700,000	344920
	Total	2,700,000	1,793,605

Irregularity occurred due to violation of rules and weak administrative controls, which resulted in unauthorized expenditure.

When pointed out in October 2022, the management stated that TS will be submitted. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

Air Para No 1 (2021-22)

3.4.3.15 Unauthentic payment without having record entry in MB – Rs 10.216 million

According to Para 209(d) of CPWA Code, it is incumbent upon the person, responsible for measurements in the MB to record the correct actual figures and according to Para 220 and 221 of CPWA Code that the Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the quantities and rates are correctly entered and that all the calculations have been checked arithmetically.

Office of the TMA Kalkot paid Rs10,216,918 to a contractor on account

of developmental work during 2021-22. However, record entry of the work was not made in MB No 58 Thus, the expenditure/payment was held unauthentic.

Name of Scheme	Expenditure (Rs)
Construction Road at Lamin Lamoti	4,032,401
Construction of Road at Gwaldai Samad Shahi Lake	3,187,646
Construction of Road Kawan Kalkot	2,996,871
Total	10,216,918

Irregularity occurred due to violation of rules and weak administrative controls, which resulted in unauthentic payment.

When pointed out in October 2022, the management stated that entry will be made and will be shown to audit. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

AIR Para No.-01 (2021-22)

4.4.3.16 Irregular payment due to non-obtaining of satisfactory/ completion certificate – Rs 978,093

According to the condition No. 03 of work order issued to the contractor, final payment will be made after obtaining satisfactory/completion certificate from the concerned MNA.

According to S. No. xvii of Guidelines issued by the Cabinet Secretariat dated 15.01.2015, the PAO/ACS (Dev) shall prepare completion certificate on PC-IV proforma within three months of the project completion sending copies to the Cabinet Division, P & D Division and Finance Division.

Office of the Tehsil Municipal Officer Warai paid Rs 996,093 to M/S Badshah Amin Khan Government Contractor on account of execution of

developmental scheme “RCC Culvert at Khall” during the financial year 2015-16. The amount paid was held irregular as satisfactory/completion certificate from the concerned MNA was not obtained. Moreover, satisfactory/completion certificate was also not sent by the PAO to Cabinet Division, P & D Division and Finance Division which was clear violation of the above-mentioned criteria.

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

When pointed out in January 2022, management stated that detailed reply would be submitted after scrutiny of record.

PAO was requested to convene DAC meeting in January, 2022. However, meeting of DAC was not convened till finalization of this report.

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

AIR Para No. 01 & 02 (2021-22) (AR MDGs)

4.4.3.17 Irregular payment due to non-obtaining of satisfactory/completion certificate – Rs 996,053

According to the condition No. 03 of work order issued to the contractor, final payment will be made after obtaining satisfactory/completion certificate from the concerned MNA.

According to S. No. xvii of Guidelines issued by the Cabinet Secretariat dated 15.01.2015, the PAO/ACS (Dev) shall prepare completion certificate on PC-IV proforma within three months of the project completion sending copies to the Cabinet Division, P & D Division and Finance Division.

Office of the Tehsil Municipal Officer Wari paid Rs 996,053 to M/S Gul Nawab Khan Government Contractor on account of execution of developmental scheme “Construction of Bar Room at Wari” during the financial year 2015-16. The amount paid was held irregular as satisfactory/completion certificate from the concerned MNA was not obtained. Moreover, satisfactory/completion

certificate was also not sent by the PAO to Cabinet Division, P & D Division and Finance Division which was clear violation of the above-mentioned criteria.

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

When pointed out in January 2022, management stated that detailed reply would be submitted after scrutiny of record.

PAO was requested to convene DAC meeting in January, 2022. However, meeting of DAC was not convened till finalization of this report.

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

AIR Para No. 03 & 04 (2021-22) (AR MDGs)

4.4.3.18 Irregular payment due to non-obtaining of satisfactory report – Rs2.969 million

According to the condition No. 07 of work order issued to the contractor, final payment will be made after obtaining satisfactory/completion certificate from the concerned MNA.

According to S. No. xvii of Guidelines issued by the Cabinet Secretariat dated 15.01.2015, the PAO/ACS (Dev) shall prepare completion certificate on PC-IV proforma within three months of the project completion sending copies to the Cabinet Division, P & D Division and Finance Division.

Office of the Tehsil Municipal Officer Kalkot paid Rs 2,969,959 to M/S Farhad Rahim Khan Government Contractor on account of execution of developmental scheme “Construction of MHP U/C Kalkot” during the financial year 2015-16. The amount paid was held irregular as satisfactory/completion certificate from the concerned MNA was not obtained. Moreover,

satisfactory/completion certificate was also not sent by the PAO to Cabinet Division, P & D Division and Finance Division which was clear violation of the above-mentioned criteria.

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

When pointed out in January 2022, management did not respond to the observation.

PAO was requested to convene DAC meeting in January, 2022. However, meeting of DAC was not convened till finalization of this report.

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

AIR Para No. 01 & 02(2021-22) (AR MDGs)

4.4.3.19 Irregular award of work without contract agreement – Rs.3.000 million

According to Para 89 of CPWD Code, the agreement with the contractor selected must be in writing and should be precisely and differently expressed. It should state the quantity and quality of work to be done, and the terms upon which the payment will be made, with any provision necessary for safeguarding the property entrusted to the contractor.

Office of the Tehsil Municipal Officer Kalkot awarded a developmental scheme with an estimated cost of Rs 3,000,000 during the financial year 2015-16. During scrutiny of record, it was observed that Contract Agreement was not executed with the contractor. Thus, the award of work was held irregular. Detail is as under:

S. No.	Name of work	Amount (Rs)
1	Installation of Micro Hydel Power Station Kalkot	3,000,000
	Total	3,000,000

Irregularity occurred due to violation of works rules which resulted in irregular awarded of works.

When pointed out in January 2022, management did not respond to the observation.

PAO was requested to convene DAC meeting in January, 2022. However, meeting of the DAC was not convened till finalization of this report.

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

AIR Para No. 03(2021-22) (AR MDGs)

4.4.3.20 Non imposition of penalty on late completion of scheme – Rs.300,000

According to Clause 2 of the Contract Agreement, penalty of 1% per day and up to maximum of 10% of the tender cost may be imposed for delay in completion of work.

Office of the Tehsil Municipal Officer Kalkot did not impose 10% penalty of Rs.300,000 during the financial year 2015-16 on contractor for late completion of developmental scheme. Detail is as under:

S. No.	Scheme	W/order date	Due date of Completion	Actual date of completion	Cost (Rs)	10%Penalty (Rs)
1	Installation of Micro Hydel Power Station Kalkot	09-05-2016	09-08-2016	In Progress	3,000,000	300,000
Total						300,000

Audit observed that non-recovery of penalty occurred due to lack of internal control.

When pointed out in January 2022, management did not respond to the observation.

PAO was requested to convene DAC meeting in January, 2022. However, meeting of the DAC was not convened till finalization of this report.

Audit recommends to recovery of the amount.

AIR Para No. 04 (2021-22) (AR MDGs)

4.4.3.21 Unverified expenditure – Rs 1.000 million

Section 14 (3) of Auditor General’s Functions, Powers and Terms and Conditions of Service Ordinance, 2001 provides, “any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.”

Office of the Tehsil Municipal Officer Dir Upper awarded a work “Construction of 01 No. Room old Zanana Hospital Dir” with an estimated cost of Rs 1,000,000 “Under Pak MDGs Community Development Programme” during the financial year 2014-15. The local office failed to provide the same record for verification.

Audit observed that the irregularity occurred due to weak administrative control.

When pointed out in January 2022, management did not respond to the observation.

PAO was requested to convene DAC meeting in January, 2022. However, meeting of DAC was not convened till finalization of this report.

Audit recommends production of record and action against the person(s) at fault.

AIR Para No. 01(2021-22) (Printed AR MDGs)



CHAPTER-04

ASSISTANT DIRECTOR LGE & RDD



CHAPTER-4

Assistant Director LGE&RDD

4.1 a Introduction

There is an Assistant Director Local Government Election & Rural Development Department and 122 VCs/NCs. Each VCs/NCs has a Nazim and 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 Dir Upper.

According to section 29 of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019 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 Dir Upper

(Rs. in million)

S.No	Description	Total Nos	Audited	Expenditure audited FY 2021-22	Revenue /Receipts auditedFY2021-22
01	Formations	01	01	225.861	Nil
	Total	01	01	225.861	Nil

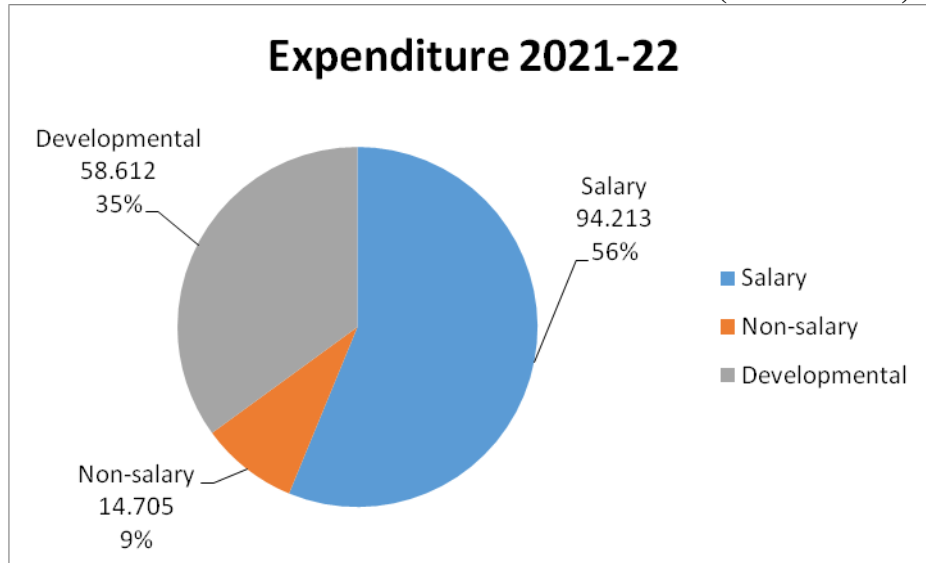
4.1 b Comments on Budget and Accounts (Variance Analysis)

(Rs in million)

2020-21	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	94.228	94.213	0.016	0.02
Non-salary	15.198	14.705	0.492	3.24
Developmental	61.100	58.612	2.488	4.07
Total	170.526	167.530	2.996	1.76
Receipts	0	0	0	

The savings of Rs 2.996 million indicate inefficiency in the capacity of AD LGE&RDD to utilize the amount allocated.

(Rs in million)



4.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 151.449million were raised in this audit report. This amount also includes recoverable of Rs 5.413 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Sr. No.	Classification	Amount
1	Irregularities	
A	HR/Employees related irregularities	-
B	Procurement related irregularities	-
C	Management of Accounts with commercial bank	73.467
2	Value for money and service delivery issues	5.413
3	Others, including cases of accidents, negligence etc.	72.569
Total		151.449

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

The audit reports pertaining to following years have been submitted to the Governor of Khyber Pakhtunkhwa. Detail of VAC/NACs meetings are given below:

S #	Audit Year	VAC/NAC meeting
1	2014-15	Not Convened
2	2015-16	Not Convened
3	2016-17	Not Convened
4	2017-18	Not Convened
5	2018-19	Not Convened
6	2019-20	Not Convened
7	2020-21	Not Convened
8	2021-22	Not Convened

4.4 AUDIT PARAS

4.4.1 Irregularities

A. Management of Accounts with Commercial Banks

4.4.1.1 Loss due to placement of public fund in current bank accounts – Rs 73.467 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 AD LGE&RDD Dir Upper maintained 03 bank accounts in current mode instead of PLS mode during FY 2021-22 which resulted in loss to government as detailed below:

S.No	Name of branch	Account title	Bank account No.	Balance as on 30.06.2022 (Rs)
1	BOK Dir	AD LG&RDD	2219	316,968
2	BOK Dir	AD LG&RDD security AC	3515	69,426,970
3	BOK Dir	Security Account	3516	3,723,895
Total				73,467,833

Irregularity occurred due to violation of Government instructions, which resulted in understatement of provincial receipts during the year. The same observation was also pointed out during the financial years 2017-18, and 2019-20 amounting to Rs. 181,150,000, and 40,799,000 respectively. However, no corrective measures were taken, resultantly violation of rules which resulted in understatement in provincial receipts during the year.

When pointed in November 2022, the management stated that the account will be converted to the PLS account and will be shown to the next audit party. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

AIR Para No. -08 (2021-22)

3.4.2 Value for money and service delivery issues

4.4.2.1 Loss to Government due to non-adjustment of 7% income tax - Rs4.258 million

According to Finance Department Khyber Pakhtunkhwa Notification NO.SO(Dev-II) FD/12-6/14-5 dated 21.04.2015, all Provincial Works Departments, while preparing Cost Estimates of developmental projects which fall in the tax exempted areas such as PATA, shall frame the same on Market Rate System (MRS) but with 7% less cost to defray the amount added in the rate analysis of all works/construction/supply items to meet withholding tax.

Office of the Assistant Director LG&RDD Dir Upper incurred expenditure of Rs 60,834,462 on account of execution of civil Works in 2021-22. During scrutiny of record, it was observed that 7% Income tax amounting to Rs 4,258,412 was not adjusted in the contractor's bills which need immediate recovery. Detail is given at annexure-8.

Non adjustment of income tax occurred due to non compliance of the rules, regulations and administrative controls which resulted in loss to Government. The same observation was also pointed out during the financial years 2019-20 & 2020-21 amounting to Rs. 1,833,000 and 1,215,000 respectively. However, no corrective measures were taken, resultantly total losses of Rs. 3,048,000 to the government.

When pointed in November 2022, the management stated that the adjustment will be made during final bill and will be shown to the next audit party. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

Audit recommends adjustment/ recovery of overpayment and action against the person(s) at fault.

AIR Para No.2 (2021-22)

4.4.2.1 Non deduction of Professional tax – Rs 1.155 million

According to Appendix-II Section III of Finance Account-IV of 2004 reproduced in the estimates of receipts for 2008-09 Vol-II Government of Khyber Pakhtunkhwa, Finance Department, Professional Tax from suppliers/contractors & firms should be deducted from their work at the following rates:

Value	Professional tax (Rs)
a) When exceeding Rs.10,000/- but not exceeding Rs.0.500 million	Rs 5,000
b) When exceeding Rs.0.500 million but not exceeding Rs.1.000 million.	Rs.10,000
c) When exceeding Rs.1.500 million but not exceeding Rs.2.500 million.	Rs.15,000
d) When exceeding Rs.2.500 million but not exceeding Rs.10.000 million.	Rs.30,000
e) When exceeding Rs.10.000 million but not exceeding Rs.25.000 million.	Rs.45,000
f) When exceeding Rs.25.000 million but not exceeding Rs.50.000 million.	Rs.60,000
g) When exceeding Rs.50.000 million and above.	Rs.100,000

Office of the Assistant Director LG&RDD Dir did not deduct Rs 1,555,000 on account of professional tax from the contractor bills during 2021-22 which resulted in loss to government.

Non deduction of professional tax occurred due to non compliance of the rules, regulations and administrative controls which resulted in declining of Provincial Consolidated Fund for further budgeting and non allocation of fund to prioritized areas of economy.

When pointed in November 2022, the management stated that this is responsibility of account office to deduct the professional tax. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

AIR Para No. 11 (2021-22)

4.4.3 Others, including cases of accidents, negligence etc.

4.4.3.1 Irregular expenditure without technical sanction of- Rs.22.364 million

According to Para 56 of CPWD Code, if subsequent to the grant of technical sanction, material structural alterations are contemplated, orders of the original sanctioning authority should be obtained, even though no additional expenditure may be involved by the alterations. Further, Para 178(iii) of GFR Vol.-I states that no work should be commenced or liability incurred in connection with it until administrative approval and sanction has been obtained from the competent authority, a properly detailed design and estimate has been sanctioned and funds to cover the charge have been provided by the competent authority.

Office of the Assistant Director LGE&RDD, Dir Upper incurred expenditure of Rs22,364,569 on account of developmental schemes during 2021-22. Technical Sanctions were not obtained from the competent authority and schemes were executed without any comments on the feasibility and technical aspects of the schemes. Thus, the expenditure without technical sanctions was held irregular. Detail is given at Annexure-2.

Irregularity occurred due to violation of rules and weak administrative controls, which resulted in unauthorized expenditure. The same observation was also pointed out during the financial years 2018-19, 2019-20 & 2020-21 amounting to Rs. 39,729,000, Rs 22,606,000 and 46,000,000 respectively. However, no corrective measures were taken, resultantly violation of rules.

When pointed in November 2022, the management stated that technical sanction will be obtained from the competent forum and will show to the next audit party. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

Air Para No 1 (2021-22)

4.4.3.2 Unauthentic payment without having record entry in MB – Rs.12.389 million

According to Para 209(d) of CPWA Code, it is incumbent upon the person, responsible for measurements in the MB to record the correct actual figures and according to Para 220 and 221 of CPWA Code that the Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the quantities and rates are correctly entered and that all the calculations have been checked arithmetically.

Office of the Assistant Director LGE&RDD Dir Upper paid Rs.12,389,760 to contractors on account of different developmental works. However, record entry of the work was not made in MB. Thus, the expenditure/payment was held unauthentic. Detail is given below:

S.NO	MB No	Page No	Expenditure (Rs)
1	23/D/10	45	4,331,119
2	MB N0 7D/10	71	2,711,256
3	MB N0 6D/10	23-24	1,765,975
4	do	95	3,581,410
	Total		12,389,760

Irregularity occurred due to violation of rules and weak administrative controls, which resulted in unauthentic payment. The same observation was also pointed out during the financial years 2017-18, 2018-19 & 2019-20 amounting to Rs. 8,829,000, Rs 2,197,000 and 1.960,000 respectively. However, no corrective measures were taken, resultantly in violation of rules.

When pointed in November 2022, the management stated that will be regularized in the next bill. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

AIR Para No.-03 (2021-22)

4.4.3.3 Non-reconciliation of expenditure Rs. 28.308 million

According to para 89(4) (III) of GFR Vol-1, the head of the department/Accountant General will jointly be responsible for the reconciliation of figures given in the accounts maintained by the head of the department.

During audit of the accounts record of Office of the AD LGE&RDD Dir Upper for the year 2021-22, it was observed that monthly reconciliation of expenditure on account of developmental schemes out of funds DDP, MADP etc amounting to Rs 28,308,466 was not carried out with the District Accounts Officer Dir Upper. Therefore, the actual/reconciled expenditure was not known to Audit.

The lapse occurred due to weak financial controls, which resulted in unverified expenditure.

When pointed in November 2022, the management stated that the reconciliation will be made with DAO & copy will be submitted to the next audit party. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

Audit recommends reconciliation of expenditure with the DAO.

AIR Para No. 06 (2021-22)

**4.4.3.4 Unauthorized payment on account of developmental work–
Rs. 14.508 million**

According to MADP, the execution Agency shall submit final bill of the scheme(s) to Additional deputy Commissioner Finance and Planning DirUpper, for further necessary action and release the final bill to the contractor after physical verification report of the F&P wing of this office.

Office of the AD LGE & RDD Dir Upper paid Rs 14,508,141 on account of developmental schemes during FY 2021-22, without obtaining Physical verification report/ completion certificate of the Finance and Planning department. Thus audit holds that the payment made to the contractors was irregular and needs justification.

Irregularity occurred due to violation of rules and weak administrative controls, which resulted in unauthorized payment.

When pointed in November 2022, the management stated that the verification certificate will be obtained from the quarter concern and would be shown to audit. Reply was not satisfactory as no progress was shown to audit.

PAO was requested to convene DAC meeting in November 2022, which could not be convened till finalization of this report.

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

AIR Para No. 07 (2021-22)

ANNEXURES

Annexure-01

Detail of MFDAC Paras

S. No	Department	Caption of Para
1	DC	Irregular placement of fund under lump sum provision –Rs 1.923 million
2	DC	Loss to government due to non-achievement of receipt- target –Rs 62.04 million
3	DC	Loss to government due to non-deposit of stamp duty–Rs 797,200
4	DC	Non-auctioning of condemn vehicles
5	DC	Irregular repair of transport Rs 172,600
6	Health	Illegal occupation of the hospital residential buildings
7	Health	Non conversion of current bank account into PLS
8	Health	Non-imposition of penalty- Rs 67,351
9	Health	Loss to Government due to Non-auction/ non-surrender of condemned vehicles
10	Health	Overpayment on account of Health Professional Allowance during leave –Rs 142,667
11	Health	Non-supply of medical equipment - Rs 648,400
12	Health	Non-recovery of misappropriated funds –Rs 273,000
13	DEO M	Non deduction of Disabled Persons Rehabilitation Fund – Rs 234,000
14	DEO M	Difference in expenditure figure of Class Room Consumables - Rs 100,000
15	DEO M	Excess expenditure in non-salary heads over & above revised budgetary grants –Rs 868,250
16	DEO M	Irregular advertisement of enrollment campaign items – Rs 653,300 and fake distribution of purchased items - Rs 222,500
17	DEO M	Unverified expenditure on POL and repair of vehicle – Rs 1.193 million
18	DEO M	Unauthorized advance payment of telephone charges for zero bill - Rs 120,000
19	DEO M	Unauthorized withdrawal of house rent allowance despite of accommodation facility in the office – Rs 159,408
20	DEO M	Unauthorized payment of arrears of pay and allowances without sanction of Finance Department after investigation by audit – Rs 210,406
21	DEO Female	Inadmissible transfer of Class Rooms Consumables and Petty Repair funds in designated bank account of DEO Rs 245,000
22	DEO Female	Overpayment of conveyance charges without admissibility - Rs 412,500
23	DEO Female	Irregular advertisement of enrollment campaign items – Rs 253,670

24	DEO Female	Excess expenditure in non-salary heads over & above revised budgetary grants –Rs 884,000
25	DEO Female	Un-reconciled expenditure - Rs 7.747 million
26	DEO Female	Misclassified utilization of science equipment funds for the purchase of IT equipment – Rs 300,000
27	DEO Female	Unauthentic purchase of stationary and other items due to non accountal on stock – Rs 200,000
28	DEO Female	Unauthentic expenditure on account of TA/DA due to non-provision of bills– Rs 1.269 million
29	DEO Female	Non-payment of withdrawn amount – Rs 242,802
30	DEO Female	Irregular expenditure on doubtful purchase of equipment without open tender system – Rs 450,000
31	DEO Female	Non-production of record of girls guide fund
32	SDEO (F) Dir	Unidentified retention of amount in designated bank account – Rs 118,270
33	SDEO (F) Dir	Inadmissible withdrawal of money on account of POL and repair of vehicle – Rs 230,000
34	SDEO (F) Dir	Inadmissible payment of TA/DA bills of irrelevant persons and unverified due to non-provision of photostat copies - Rs 600,000
35	SDEO F Barwal	Inadmissible withdrawal of money on account of POL – Rs 200,000
36	SDEO F Barwal	Inadmissible payment of TA/DA bills of irrelevant persons and unverified due to non-provision of photostat copies - Rs 499,640
37	SDEO F Barwal	Excess withdrawal of Home firewood allowance - Rs 257,300
38	SDEO (F) larjam	Irregular expenditure on purchase of equipment without open tender system –Rs 1.098 million
39	SDEO F Wari	Unauthorized expenditure due to non-maintenance of logbook - Rs 170,522
40	SDEO F Wari	Unauthentic withdrawal of TA/DA bills without supporting documents – Rs 469,778
41	SDEO F Wari	Unauthorized payment of rent of office building of 24 rooms beyond the entitlement Rs 480,000
42	SDEO (F) sheringal	Un-verified expenditure due to non-provision of non-salary record – Rs 833,298
43	SDEO (F) Kalkot	Un-verified expenditure due to non-provision of non-salary record – Rs 742,765
44	SDEO M Dir	Unidentified retention of money in designated bank account – Rs 201,983
45	SDEO M Larjam	Unauthorized withdrawal of encashment of LPR of teachers from the irrelevant budget - Rs 560,520
46	SDEO M Larjam	Lapse of full budget of electricity charges of primary schools – Rs 770,950

47	SDEO wari	Unauthorized expenditure due to non-maintenance of logbook - Rs 230,000
48	SDEO wari	Unauthorized cash withdrawal from the designated bank account – Rs 1.571 million
49	SDEO M Sheringal	Irregular expenditure on rent of office building Rs 182,500
50	SDEO M Sheringal	Unauthorized cash withdrawals from the designated bank account Rs 2.988 million
51	SDEO M Kalkot	Un-verified expenditure due to non-provision of non-salary record – Rs 910,455
52	AD LG&RDD	Non-deduction of 2% Sales tax – Rs 327,842
53	AD LG&RDD	Overpayment due to non-deduction of below rates – Rs 303,000
54	AD LG&RDD	Non-reconciliation of expenditure Rs. 28.308 million
55	AD LG&RDD	Irregular expenditure without agreement amounting to Rs 7.226 million
56	AD LG&RDD	Blockage of Government money - Rs 2.7 million
57	TMA Dir	Overpayment by allowing higher rate Rs 174,144
58	TMA Dir	Non deposit of stamp duty - Rs 706,600
59	TMA Dir	Non transfer of Pension Contributions - Rs 1.579 million
60	TMA Dir	Overpayment due to allowing excess payment over and above the work done – Rs296,510
61	TMA Wari	Non deposit of profit earned on Government funds into Government treasury –
62	TMA Wari	Rs 2.00 million
63	TMA Wari	Overpayment by allowing higher rate Rs 71,448
64	TMA Wari	Non deduction of Professional tax – Rs 873,000
65	TMA Wari	Non deduction of stamp duty – Rs 637,525
66	TMA Wari	Non deposit of Government taxes – Rs 161,550
67	TMA Wari	Non-execution of developmental schemes -Rs 1.750 million
68	TMA Wari	Irregular and unauthentic payment on account of advertisement charges -Rs 2.5 million
69	TMA Wari	Non transfer of Pension Contributions - Rs 1.579 million
70	TMA Wari	Non deposit of DPR- Rs 206,457
71	TMA Kalkot	Overpayment due to wrong calculation – Rs 378,080
72	TMA Kalkot	Irregular award of contracts (Non MRS items without Rate analysis) - Rs 1.412 million
73	TMA Kalkot	Overpayment by allowing higher rate – Rs 482,014
74	TMA Kalkot	Non deposit of DPR- Rs 174,812
75	TMA Kalkot	Non deduction of Professional tax – Rs 375,000
76	TMA Kalkot	Non deduction of stamp duty – Rs 193,750
77	TMA Kalkot	Irregular award of developmental work without Contract

		Agreement – Rs 8.00 million
78	TMA Barawal	Non deposit of Professional tax – Rs 215,000
79	TMA Barawal	Unauthorized payment without approval of the competent authority –Rs 500,000
80	TMA Barawal	Non imposition of penalty- Rs 150,000
81	TMA Barawal	Blockage of Government money – Rs 0.8 million
82	TMA Barawal	Unauthorized expenditure without pre-audit Rs 2.47 million
83	TMA Barawal	Non-deposit of stamp duty – Rs 103,135
84	TMA Barawal	Non maintained of pension fund in bank account
85	TMA Barawal	Irregular expenditure without Agreement – Rs 1.1 million

Annexure-2
Para no 2.5.1.1

Non recovery of misappropriated amount of conditional grant

S. No	Name of school	Amount (Rs)
01	Government High School Ganshall	150,000
02	Government Middle School Pataw	80,000
03	Government Primary School Belanzai	450,000
04	Government Primary School Goorkohi	100,000
05	Government Primary School GalkorOshera	150,000
06	Government Primary School Shalga Daman	200,000
07	Government Primary School Li Babal	80,000
08	Government Primary School SeraiPatrak	150,000
09	Government High School Tall	200,000
10	Government Middle School Kass	90,000
Total		1,650,000

Annexure-03
Para No.2.5.1.1

Unauthorized transfers of NTS teachers in violation of policy

S. No	Name	Designation	From	To
01	Mr. Muhammad Adnan	PST	GPS Surbat	GPS Azim Abad
02	Mr. Inayatullah	PST	GPS Akopako	GPS Tangisar
03	Mr. Rizwanullah	PST	GPS Sharmai	GPS Vegal
04	Mr. Izaz Ahmad	PST	GPS KassChappar	GPS UmrlaiBala
05	Mr. Farhad Ali	PST	GPS UmrlaiBala	GPS KassChappar
06	Mr. IntikhabAlam Khan	CT	GHSS Berari	GHSS Akhgram
07	Mr. Kamran Ullah	AT	GMS Shamorgar	GMS Shedyal
08	Mr. Zarshad Khan	TT	GMS Daskore	GMS Maskari
09	Mr. Muhammad Shouib	TT	GMS Moha	GHS Osorai
10	Mr. ZahoorUl Islam	CT (IT)	GHS Daskore	GHS Jelar
11	Mr. SaeedUllah	PET	GMS Katigam	GMS Badalai

Annexure-4
Para No.2.5.3.3

DETAIL OF RESIDENTIAL ACCOMODATION DHO DIR UPPER
FROM JULY 2021 TO JUNE 2022

S No	Name	Place of Posting	HRA	Conveyance Allowance	Total	Period of accommodation	Total per year(Rs)
1	Anwar Ali MP	CD Hayagai	2940	2856	5,796	12 months	69,552
2	Waliullah WO	CD Hayagai	2187	1785	3,972	2 months	47,664
3	Sardar Husain CT Pharm	BHU Dogdara	2940	2856	5,796	12 months	69,552
4	AttiaBibi LHV	BHU Dogdara	2940	2856	5,796	12 months	69,552
5	Rashidullah MP	BHU Jillar	2940	2856	5,796	12 months	69,552
6	FehmidaBibi LHV	BHU Jillar	2940	2856	5,796	12 months	69,552
7	Israrudin CT Pham	BHU Bara dara	2940	2856	5,796	12 months	69,552
8	Subhanullah CT Phar	BHU Binpayen	2940	2856	5,796	12 months	69,552
9	Niaz Muhammad CT Pharm	BHU Dislowar	2940	2856	5,796	12 months	69,552
10	Bibi Salma LHV	BHU Dislowar	2940	2856	5,796	12 months	69,552
11	M. Islam CT Pharm	BHU malanga	2940	2856	5,796	12 months	69,552
12	Hafizullah CT Pharm	BHU Darora	2940	2856	5,796	12 months	69,552
13	Gulzar Muhammad MP	BHU Ganori	2940	2856	5,796	12 months	69,552
14	Gultaj LHV	BHU Ganori	2940	2856	5,796	12 months	69,552
15	Ijaz Ahmad MP	BHU Kairdara	2940	2856	5,796	12 months	69,552
16	Bakht Shania LHV	BHU Kairdara	2940	2856	5,796	12 months	69,552
17	Wasiullah MP	BHU Hattandara	2940	2856	5,796	12 months	69,552
18	Asia Bibi LHV	BHU Hattandara	0	2856	2,856	12 months	34,272
19	Imran ali MP	BHU Battal	2940	2856	5,796	12 months	69,552
20	Sarhad Begum	BHU Battal	2940	2856	5,796	12 months	69,552
21	Zafar Ali CT Pharm	BHU Gudai	2940	2856	5,796	12 months	69,552
22	Zahir Shah CT	BHU	2940	2856	5,796	12 months	69,552
23	Misbahudin MP	BHU Kalkot	2940	2856	5,796	12 months	69,552
24	Shakila LHV	BHU Kalkot	2940	2856	5,796	12 months	69,552
25	Usman MP	BHU	2940	2856	5,796	12 months	69,552

		Karodara					
26	Samina Hamid LHV	BHU Jabar	2940	2856	5,796	12 months	69,552
27	Tabiullah MP	BHU Barikot	2940	2856	5,796	12 months	69,552
28	Gulbahar LHV	BHU Barikot	2940	2856	5,796	12 months	69,552
29	Inayatullah MP	BUH Akhagram	3321	2856	6,177	12 months	74,124
30	Shamsurahman CT Pharm	BHU Bara dara	2940	2856	5,796	12 months	69,552
31	saifuhaq MP	Cat-D Patrak	3321	2856	6,177	12 months	74,124
32	Abdurahman CT Phar	BHU	3321	2856	6,177	12 months	74,124
33	Islamzada CT Phar	BHU	2940	2856	5,796	12 months	69,552
34	ZainabBegam MCH	BHU Dok	2940	2856	5,796	12 months	69,552
35	IrshadChowkidar	BUH Akhagram	2187	1785	3,972	12 months	47,664
36	Anwar shad CT Pharm	BHU Sundal	2940	2856	5,796	12 months	69,552
37	Jamshed CT Pharm	BHU Binpayeen	2940	2856	5,796	12 months	69,552
38	Rawasia Dai	BHU Binpayeen	2187	1785	3,972	12 months	47,664
39	Attaullah MP	BHU Janbati	2940	2856	5,796	12 months	69,552
40	Rifatbibi LHV	BHU Janbati	2940	2856	5,796	12 months	69,552
41	M. Imran MP	BHU Bilachand	2940	2856	5,796	12 months	69,552
42	Naheed Begum LHV	BHU Bilachand	2940	2856	5,796	12 months	69,552
43	Naeemahmad MP	BHU Shahikot	2940	2856	5,796	12 months	69,552
44	Fehmida LHV	BHU Shahikot	2940	2856	5,796	12 months	69,552
45	ShabanaBibi LHV	BHU Quladi	2940	2856	5,796	12 months	69,552
46	M. Ishaq MP	BHU Pataw	2940	2856	5,796	12 months	69,552
47	Jehanzada MP	BHU Thall	2940	2856	5,796	12 months	69,552
48	FareedaBibi	BHU Thall	2940	2856	5,796	2 months	69,552
49	Akbarzada MP	BHU Kakad	2940	2856	5,796	12 months	69,552
50	SiasatBibi LHV	BHU Kakad	2940	2856	5,796	12 months	69,552
51	Shahzada CT Pharm	BHU Diskorbala	2940	2856	5,796	12 months	69,552
52	Amir Mohammad CT Phar	BHU Darrora	2940	2856	5,796	12 months	69,552
53	Nargisbibi LHV	BHU Diskorbala	2940	2856	5,796	12 months	69,552

54	Idrees Ahmad MP	BHU Dubando	2940	2856	5,796	12 months	69,552
55	Abdulmastan CT Pharm	BHU Sawni	2940	2856	5,796	12 months	69,552
56	Inamullah CT Pharm	BHU Nasirabad	2940	2856	5,796	12 months	69,552
57	Painda khan CT Pharm	RHC Nehagbandi	2940	2856	5,796	12 months	69,552
58	M.Haroon MP	BHU Kalkot	3321	2856	6,177	12 months	74,124
59	Najeemakhtar LHV	RHC Nehagbandi	2940	2856	5,796	12 months	69,552
60	Abdul salam CT Pharm	RHC Tarpatar	2940	2856	5,796	12 months	69,552
61	Sahib Sultan LHV	RHC Tarpatar	0	2856	2,856	12 months	34,272
62	MinhasBibi LHV	RHC Tarpatar	2940	2856	5,796	12 months	69,552
63	Inamullah WO	RHC Tarpatar	2187	1785	3,972	12 months	47,664
64	Umar zeb CT Pathology	RHC Tarpatar	2940	2856	5,796	12 months	69,552
65	Anwarzeb CT Pathalogy	Cat-D wari	2940	2856	5,796	12 months	69,552
66	Hanif Muhammad S.Keeper	Cat-D wari	2315	1932	4,247	12 months	50,964
67	Yar Muhammad	Cat-D wari	2315	1932	4,247	12 months	50,964
68	Nadia amin MP	Cat- barawal	2940	2856	5,796	12 months	69,552
69	Pashmina LHV	Cat-Patruk	2940	2856	5,796	12 months	69,552
70	NusratDiyar MP	Cat-Patruk	2940	2856	5,796	12 months	69,552
71	JehanBibi Dai	Cat-Patruk	2187	1785	3,972	12 months	47,664
72	Amjad ali MP	Cat-Patruk	2940	2856	5,796	12 months	69,552
73	Bano Dai	RHC Tarpatar	0	1932	1,932	12 months	23,184
74	Zahid CT dental	Cat-Patruk	2940	2856	5,796	12 months	69,552
Total							4,901,592

Annexure-5
Para No. 2.5.3.6

Detail of payment through to DDOs

Check number from to	Recipient/void reason code	Amount paid	Enca./void
1061879	District Health Officer Dir Upper	63,823.00	16.07.2021
1061918	District Health Officer Dir Upper	145,618.00	31.08.2021
1061930	District Health Officer Dir Upper	69,300.00	30.08.2021
1061928	District Health Officer Dir Upper	90,500.00	30.08.2021
1061924	District Health Officer Dir Upper	22,710.00	30.08.2021
1061980	District Health Officer Dir Upper	54,000.00	10.09.2021
1061979	District Health Officer Dir Upper	114,000.00	10.09.2021
1061978	District Health Officer Dir Upper	168,000.00	10.09.2021
1061977	District Health Officer Dir Upper	1,000,000.00	10.09.2021
1061976	District Health Officer Dir Upper	156,000.00	10.09.2021
1061975	District Health Officer Dir Upper	107,500.00	10.09.2021
1061974	District Health Officer Dir Upper	292,000.00	10.09.2021
1061985	District Health Officer Dir Upper	8,745.00	15.09.2021
1062072	District Health Officer Dir Upper	235,000.00	24.09.2021
1062094	District Health Officer Dir Upper	51,050.00	28.09.2021
1062107	District Health Officer Dir Upper	69,377.00	30.09.2021
1062106	District Health Officer Dir Upper	55,857.00	30.09.2021
1062105	District Health Officer Dir Upper	22,005.00	30.09.2021
1062104	District Health Officer Dir Upper	81,093.00	30.09.2021
1062103	District Health Officer Dir Upper	129,581.00	30.09.2021
1062241	District Health Officer Dir Upper	241,200.00	25.10.2021
1062240	District Health Officer Dir Upper	236,000.00	25.10.2021
1062234	District Health Officer Dir Upper	31,330.00	25.10.2021
1062292	District Health Officer Dir Upper	119,406.00	28.10.2021
1062289	District Health Officer Dir Upper	69,377.00	28.10.2021
1062288	District Health Officer Dir Upper	29,937.00	28.10.2021
1062287	District Health Officer Dir Upper	46,034.00	28.10.2021
1062286	District Health Officer Dir Upper	22,006.00	28.10.2021
1062285	District Health Officer Dir Upper	81,093.00	28.10.2021
1062284	District Health Officer Dir Upper	169,303.00	28.10.2021
1062303	District Health Officer Dir Upper	13,565.00	29.10.2021

1062337	District Health Officer Dir Upper	12,000.00	04.11.2021
1062336	District Health Officer Dir Upper	2,900.00	04.11.2021
1062576	District Health Officer Dir Upper	36,348.00	26.11.2021
1062575	District Health Officer Dir Upper	43,539.00	26.11.2021
1062573	District Health Officer Dir Upper	22,006.00	26.11.2021
1062571	District Health Officer Dir Upper	82,577.00	26.11.2021
1062578	District Health Officer Dir Upper	24,858.00	26.11.2021
1062635	District Health Officer Dir Upper	10,500.00	30.11.2021
1062612	District Health Officer Dir Upper	6,500.00	30.11.2021
1062667	District Health Officer Dir Upper	8,550.00	02.12.2021
1062842	District Health Officer Dir Upper	40,830.00	16.12.2021
1062884	District Health Officer Dir Upper	19,190.00	16.12.2021
1062883	District Health Officer Dir Upper	51,790.00	16.12.2021
1062910	District Health Officer Dir Upper	17,500.00	20.12.2021
1063002	District Health Officer Dir Upper	71,531.00	27.12.2021
1063020	District Health Officer Dir Upper	22,079.00	04.01.2022
1063057	District Health Officer Dir Upper	55,170.00	29.12.2021
1063198	District Health Officer Dir Upper	8,910.00	10.01.2022
1063270	District Health Officer Dir Upper	26,596.00	13.01.2022
1063659	District Health Officer Dir Upper	11,916.00	16.02.2022
1063789	District Health Officer Dir Upper	7,240.00	01.03.2022
1063832	District Health Officer Dir Upper	9,500.00	03.03.2022
1063831	District Health Officer Dir Upper	13,500.00	03.03.2022
1063983	District Health Officer Dir Upper	2,890.00	15.03.2022
1063996	District Health Officer Dir Upper	14,140.00	16.03.2022
1215052	District Health Officer Dir Upper	7,500.00	18.03.2022
1215118	District Health Officer Dir Upper	3,270.00	29.03.2022
1215173	District Health Officer Dir Upper	21,530.00	11.04.2022
1215239	District Health Officer Dir Upper	7,500.00	15.04.2022
1215319	District Health Officer Dir Upper	4,000.00	26.04.2022
1215330	District Health Officer Dir Upper	334,562.00	26.04.2022
1215399	District Health Officer Dir Upper	21,760.00	29.04.2022
1215632	District Health Officer Dir Upper	3,600.00	27.05.2022
1216002	District Health Officer Dir Upper	47,410.00	09.06.2022
1215998	District Health Officer Dir Upper	61,000.00	09.06.2022

1215994	District Health Officer Dir Upper	39,000.00	09.06.2022
1216258	District Health Officer Dir Upper	38,750.00	16.06.2022
1216523	District Health Officer Dir Upper	7,800.00	20.06.2022
1216491	District Health Officer Dir Upper	291,600.00	22.06.2022
Total		5,507,252.00	

Annexure-6
Para No. 2.5.3.11

Non reporting of clinical efficacy of medicines

S.No	Name of firm	Name of medicines	Quantity	Rate	Total amount (Rs)
1	StainlyPhrama	TabMetronidazole	46080	1.58	72,806
2	StainlyPhrama	Tab Meffinamic Acid (250 mg)	44928	1.29	57,957
3	StainlyPhrama	SypIburpofen	2073	55	114,015
4	StainlyPhrama	SypACefyline	4665	35.00	163,275
5	StainlyPhrama	TabDyminhydrate	11520	0.88	10,138
6	StainlyPhrama	Tab Ferous sulphate	2073	36.50	75,665
7	Glaxo smith	SypAmoxil(250 mg)	2073	78.50	162,730
8	Glaxo smith	SypAmoxil(500 mg)	46080	4.70	216,576
9	Glaxo smith	Tab pirton	138240	0.30	41,472
10	Glaxo smith	Polyfax Skin Oint	1440	56.07	80,740
Total					995,374

Annexure-07
Para No 3.5.3.5

Irregular expenditure without Technical Sanction

S. No.	Name of scheme	E/Cost	Expenditure (Rs)
1	Const of Road at cheragaliucswnai	5,000,000	4,160,064
2	Estab: of Public Hill Park Barawal	5,000,000	2,281,463
3	RCC culvert village shingargulshingara	2,000,000	1,258,000
4	Constt; of approaches Road to kassshingara bridge	3,000,000	1,518,000
5	RCC culvert at village sadiqbanda	1,500,000	962,550
6	PCC Road Ali Man ShaKoronaDarora	2,000,000	1,056,000
7	Sanitation Scheme at Village KattanPayeen	2,000,000	1,120,000
8	RCC culvert village shingargulshingara	2,000,000	1,258,100
9	Constt; of approaches Road to kassshingara bridge	3,000,000	1,975,700
10	RCC culvert at village sadiqbanda	1,500,000	962,550
11	PCC Road Ali Man ShaKoronaDarora	2,000,000	1,056,000
12	i) RCC Slab at Kotkay C/O Hamed-ur-Rahman (TMA Engineer) (Chukyatan) (0.70)	1,600,000	900,000
13	Remaining work suspension bridge at Surbat Bala	2,000,000	1,840,000
14	DWSS at Yaseen Khan Mohallah Dir Upper	1,000,000	883,000
15	DWSS at Dobando Dir Upper	1,500,000	1,296,000
16	Construction Of Link/PCC Road Noor Khel	1,800,000	1620000
17	Sewerage Lin/ Sanitation Scheme, P/Wall at Shalimar Patay	1,500,000	1500000
18	Sewerage Lines & Septic Tank at D.C House & Dir Levy Line	3,000,000	1863000
	Total	41,400,000	27,510,427

Annexure-08
Para No. 4.5.2.1

Detail of Income tax

S.No	Name of work	Expenditure	7% income Tax
1	Const PCC Road Barkand	8,907,343	623,514
2		3,058,882	214,122
3	Cons; PCC Road NaveedIqbalKoronaShaga UC Sawnai=0.60 Const; Shingle Road Gargal to waigal UC Sawnai =1.50 Cons; PCC Road Seratai Rafi UllahKorona UC Sawnai=1.20 Cons;PCC Road Dodba UC Sawnai=0.80 Const of Shingle Road Haji HazratKoronaGargal=0.80	2,444,739	171,132
4	Cons; PCC Road JamshedKoronaDarora=0.50 Cons; PCC Road SeraiKassDarora=1.00 Cons; PCC Road ShaldaraiDarora=1.1 Cons; PCC Road KattanPayeen=0.80	2,711,256	189,788
5	Const; R/wall/PCC Road FayaKhwarGandigar =1.20 Const; R/Wall PCC Road Mian Islam KoronaGandigar=0.80 Cons; PCC Road Aziz UllahKoronaGandigar=0.25 Cons; PCC Road Mohsin Ali KoronaGandigar =0.30	1,522,731	106,591
6	Cons;PCC Road Usherai C/O Fazal Wahid=1.20 Cons; PCC Road UC Palam C/O Ali Shah=1.20 Cons; PCC Road Tarpatar C/O Sartaj=1.20 Cons; PCC Road Kattan C/O Shoaib=0.60	2,671,632	187,014
7	RenvDist Lodge DC Complex	2,857,405	200,018
8	Water bore at DHQ Hospital	2,857,476	200,023
9	WSS Dura sheringal	10,818,867	757,321
10	DWSS at VC Kotkayshaib Abad	3,052,382	213,667
11	Remaining work atDC/ Reh of Dist Lodge Boundary wall	3,539,633	247,774
12	cont of Civil work/ missing facilities place in Sahibabad Markaz	16,392,116	1,147,448
	Total	60,834,462	4,258,412