



**AUDIT REPORT
ON
THE ACCOUNTS OF
DISTRICT GOVERNMENT
HARIPUR**

AUDIT YEAR 2012-13

AUDITOR GENERAL OF PAKISTAN

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS.....	i
Preface.....	i
EXECUTIVE SUMMARY.....	iii
SUMMARY TABLES & CHARTS.....	vii
Table 1: Audit Work Statistics.....	vii
Table 2: Audit observation Classified by Categories.....	vii
Table 3: Outcome Statistics.....	viii
Table 4: Table of Irregularities pointed out.....	viii
CHAPTER-1.....	1
1.1 District Government Haripur.....	1
1.1.1 Introduction.....	1
1.1.2 Brief comments on Budget and Expenditure 2011-12 (Variance Analysis).....	1
1.1.3 Comments on the status of compliance with ZAC/PAC Directives.....	2
1.2 AUDIT PARAS.....	3
1.2.1 Irregularities & Noncompliance.....	3
1.2.2 Weaknesses of Internal Control.....	7
ANNEXURE.....	16

ABBREVIATIONS AND ACRONYMS

AP	Advance Para
AG	Accountant General
ADO	Assistant District Officer
BHUs	Basic Health Units
C&W	Communication & Works
CPWA Code	Central Public Works Account Code
CPWD Code	Central Public Works Department Code
DAC	Departmental Accounts Committee
DCO	District Coordination Officer
DDC	District Development Committee
DDO	Drawing & Disbursing Officer
DG	Director General
DHQ	District Headquarter
DO	District Officer
EDO	Executive District Officer
F&P	Finance and Planning
GG	Girls Guide
GFR	General Financial Rules
MFDAC	Memorandum for Departmental Accounts Committee
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
TST	Triple Surface Treatment
WUA	Water User Association
XEN	Executive Engineer
ZAC	Zilla Accounts Committee
NESPAK	National Engineering Services of Pakistan

Preface

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

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

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

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

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

Islamabad
Dated:

(Muhammad Akhtar Buland Rana)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General District Governments Audit, Khyber Pakhtunkhwa carries out the audit of 25 District Governments. Regional Directorate of Audit (RDA) Abbottabad, on behalf of the DG District Governments Audit, Khyber Pakhtunkhwa carries out the audit of six District Governments namely Abbottabad, Haripur, Mansehra, Battagram Tor Ghar and Kohistan. This Regional Directorate has a human resource of 10 officers and staff, total of 3030 man days. The annual budget amounted to Rs6.357 million. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of programmes / Projects.

District Government, Haripur conducts its operations under Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended). It comprises one Principal Accounting Officer (PAO) covering nine groups of offices i.e. Finance & Planning, Revenue, Communication & Works, Public Health Engineering, Municipal Services, Education, Health, Community Development, and Agriculture. Financial provisions of the Ordinance describe the Government as District Local Fund and Public Account for which Annual Budget Statement is authorized by the District Nazim/Administrator in the form of budgetary grants as per Government of Khyber Pakhtunkhwa, Local Government and rural Department Notification No. SO(E-I)E&AD/9-49/20110 dated 20th February 2010 .

Administratively, District Haripur is subdivided into two Tehsils namely, Haripur & Ghazi. District Administration comprises Zilla Nazim/District Administrator and District Coordination Officer.

a. Audit Objectives

Audit was conducted to ensure that:

1. Moneys shown as expenditure in the accounts were authorized for the purpose for which they were spent.
2. Expenditure incurred was in conformity with the law, rules and regulations framed to regulate the procedure for expending public money.

3. Every item of expenditure was incurred with the approval of the competent authority in the Government for expending the public money.
4. Public money was not wasted.
5. The assessment, collection and allocation of revenue were done in accordance with the law and there was no leakage of revenue which legally should come to Government.

b. Audit Methodology

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

The selection of the audit formations i.e. DDOs was made keeping in view the significance and risk assessment, samples were selected after prioritizing risk areas by determining significance and risk associated with identified key controls. Sample size selected in the audited formations ranged between 10% to 45%.

c. Expenditure audited

Out of total expenditure of the District Government, Haripur for the financial year 2011-12, auditable expenditure under the jurisdiction of RDA was Rs3,099.225 million covering 01 PAO and 140 formations. Out of this, RDA audited an expenditure of Rs332.188 million which, in terms of percentage, is 11% of auditable expenditure. 05 formations were planned in Audit Plan and 80% achievement against the planned activities was made.

d. Receipts audited

The receipts of District Haripur for the financial year 2011-12 were Rs23.817 million. Out of this, RDA Abbottabad audited receipts of Rs11.040 million which, in terms of percentage, is 46.35% of auditable receipts.

e. Recoveries at the instance of audit

Recovery of Rs76.22 million was pointed out during the audit. However, recovery of Rs0.756 million was effected till the finalization of this report. Out of the total recoveries, Rs71.250 million was not in the notice of the executive before audit.

f. Desk Audit

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

g. Changes in Rules, Practices and Systems

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

h. Key audit findings of the report;

- i. Irregularities & non compliance were noted in 05 cases amounting to Rs11.053 million.¹
- ii. Weak internal control Rs67.867 million were noted in 09 cases amounting to Rs67.867 million.²

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

¹ Para 1.2.1.1, 1.2.1.2,1.2.1.3,1.2.1.4, 1.2.1.5

² Para 1.2.2.1, 1.2.2.2, 1.2.2.3, 1.2.2.4,1.2.2.5,1.2.2.6, 1.2.2.7, 1.2.2.8,1.2.2.9

Recommendations

- i. Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money.
- ii. Strenuous efforts need to be made by the departments to recover long outstanding dues on account of water charges.
- iii. Departments need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc to ensure that lapses of the kind reported in this audit report are preempted and fair value for money is obtained from public spending.
- iv. Deduction of taxes on supplies and contracts need to be ensured. .
- v. Lapsed deposits need to be timely credited into treasury.
- vi. Decisions taken in DAC meetings need to be implemented.

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rs in Million)

S.No	Description	No.	Budget
1	Total Entities (PAO) in Audit Jurisdiction	07	3,123.042
2	Total formations in audit jurisdiction	140	3,123.042
3	Total Entities(PAO) Audited	01	343.228
4	Total formations Audited	04	343.228
5	Audit & Inspection Reports	04	-
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

Table 2: Audit observation Classified by Categories

(Rs in Million)

S.No.	Description	Amount Placed under Audit Observation
1	Unsound asset management	-
2	Weak financial management	11.053
3	Weak Internal controls	67.867
4	Others	0
	Total	78.92

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

S.No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year	Total last year
1	Outlays Audited	-	157.569	11.040	174.618	343.228	1,582.537
2	Amount Placed under Audit Observation /Irregularities of Audit	-	65.707	6.058	7.161	78.926*	61.011
3	Recoveries Pointed Out at the instance of Audit	-	63.003	6.058	7.161	76.222	59.137
4	Recoveries Accepted /Established at the instance of Audit	-	0.323	6.058	9.359	15.74	59.137
5	Recoveries Realized at the instance of Audit	-	0.029	0.452	0.255	0.756	-

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

Table 4: Table of Irregularities pointed out**(Rs in Million)**

S.No.	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations, principle of propriety and probity in public operation	-
2	Report cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from NAM ³ , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	Quantification of weaknesses of internal control systems.	2.704
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	76.222
6	Non-production of record	-
7	Others, including cases of accidents, negligence etc.	-
	Total	78.926

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

CHAPTER-1

1.1 District Government Haripur

1.1.1 Introduction

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

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

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

1.1.2 Brief comments on Budget and Expenditure 2011-12(Variance analysis)

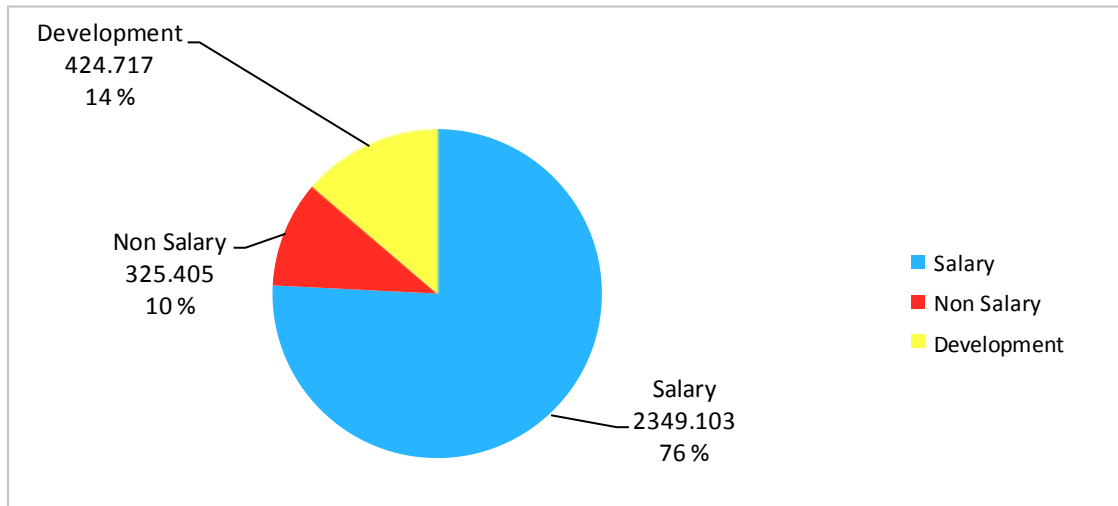
(Rs in million)

2011-12	Budget	Expenditure	Excess/(Savings)
Salary	2,230.571	2,349.103	118.532
Non-salary	509.845	325.405	(183.84)
Developmental	446.114	424.717	21.397
Total	3,186.530	3,099.225	86.705

A budget of Rs3,186.530 million was allocated, against which an expenditure of Rs3,099.225 million was incurred by the District Government, with a saving of Rs86.705 million during 2011-12.

Expenditure 2011-12

(Rs in million)



Detail at Annex-B

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

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

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

1.2 AUDIT PARAS

1.2.1 Irregularities & Noncompliance

1.2.1.1 Unauthorized payment of salaries of staff of closed school – Rs3.590 million

According to Government of Khyber Pakhtunkhwa E&A Department Notification No E&A(FDS)2-2/2001 dated 8th August,2001, a civil servant on willful absence shall be subject to Efficiency & Disciplinary Rules 1973.

Deputy District Officer Female Primary Education Haripur paid Rs3,590,397 on account of pay & allowances to the staff of closed schools during 2010-11. The schools were closed since long as reported by concerned circle incharge ADOs and no action was taken by the higher authorities. Details at Annex-D.

Audit observed that schools remained closed due to weak internal control, which resulted in loss to Government.

When reported in June 2012, Management stated that the matter would be investigated and action would be taken accordingly. No action was taken till finalization of this Report.

DAC in its meeting held on 29.11.2012, directed disciplinary action against person(s) at fault and recovery of salaries within one month. No progress was intimated till finalization of this Report.

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

AP 91, 92, 95, 96, 99, 100 & 104 (2010-11)

1.2.1.2 Unauthorized payment of pay & allowances for absent period -Rs2.195 million

According to Government of Khyber Pakhtunkhwa E&A Department Notification No E&A(FDS)2-2/2001 dated 8th August,2001, a civil servant on willful absence shall be subject to Efficiency & Disciplinary Rules 1973.

Deputy District Officer Female Primary Education Haripur paid Rs2,195,348 on account of pay & allowances. The teachers remained absent from duty as reported by ADO circle during 2010-11. Payment of salaries for absent period resulted in loss to public exchequer. Details at Annex-C

Audit observed that unauthorized payment for absent period occurred due to weak internal control, which resulted in loss to Government.

When reported in June 2012, Management stated that the matter would be investigated and action would be taken accordingly. No action was taken till finalization of this Report.

DAC in its meeting held on 29.11.2012, directed recovery and disciplinary action against person (s) at fault. No progress was reported till finalization of this Report.

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

AP 87, 94 & 93 (2010-11)

1.2.1.3 Unauthorized expenditure out of developmental funds - Rs2.145 million

According to Secretary to Government of Khyber Pakhtunkhwa E&SE Department Notification No.CPO/PO(SAC)/E&SE/I-I/A.A/2009-10/Haripur dated Peshawar the, 03.05.2010, contingency is not allowed in construction projects.

Executive Engineer C&W Division Haripur incurred expenditure of Rs2,145,000 on account of contingencies out of developmental funds in violation to Government instructions during 2011-12.

Audit observed that contingencies were charged to work due to non compliance of Government rules, which resulted in loss to Government.

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

Request for the convening of DAC meeting was made on 30.11.2012. DAC meeting was not convened till finalization of this Report.

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

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

1.2.1.4 Overpayment due to allowing higher rate -Rs1.829 million

According to item number (03-61-c) CSR 2009, labour rate would be charged at Rs222.42/M³.

XEN C&W Division Haripur overpaid Rs1,828,855 by allowing composite rate instead of labour rate in the following schemes during 2011-12. The contractor executed excavation in sub structure and approaches making available enough material to be used in formation of embankment in the approaches.

S.No	Name of Scheme	Vr. No & Date	Item of Work	Paid rate	Lab rate	Diff	Qty	Amount (Rs)
1	Construction of Gar Bridge	12-BM 26/09/2011	Formation of Embankment in Approaches	404.16	222.42	181.74	8973	1,630,753
2	GGC Mankrai	29-H 14/06/2012	Formation of Embankment in Approaches	404.16	222.42	181.74	1090.03	198,102
Total								1,828,855

Audit observed that overpayment was made due to weak internal control, which resulted in loss to Government.

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

Request for the convening of DAC meeting was made on 30.11.2012. DAC meeting was not convened till finalization of this Report.

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

AP 35 (2011-12) A/C-I

1.2.1.5 Overpayment due to non accountal of material available at site -Rs1.3 million

According to item number (8-01-d-3) and item number (03-61-c) CSR 2009 labour rate is 1373.92/M³ and Rs222.42/M³, respectively, labour rate should be paid when material is available at site.

Executive Engineer C&W Division Haripur overpaid Rs788,954 and Rs506,555 to contractor in the scheme “Rehabilitation of GMS Kangrocha” vide voucher No. 53-G dated 25/06/2012 and in the scheme Rehabilitation of roads flood damage Najufpur to Baghpur vide voucher no.35 BP date 25/06/2012, respectively, during 2011-12. The contractor executed “Dismantling of CR Stone Masonry” in the scheme Rehabilitation of GMS Kangrocha making available stone to be used in RR Stone Masonry for which labor rate was required to be paid.

Similarly, in the scheme “Rehabilitation of Najufpur to Baghpur road” full rate of Rs404.16/M³ was paid instead of labour rate of Rs222.42/M³ for item of work “formation of Embankment” for already available material at site, which resulted in overpayment of Rs788,954 and Rs506,555 as per detail given below:

S.No	Rate paid (Rs)	Rate Allowed (Rs)	Diff (Rs)	Qty	Amount (Rs)
1	3185.11/M3	1373.92/M3	1811.19/M3	435.60 M3	788,954
2	404.16	222.42	181.74	2787.25	506555
	Total				1,295,509

Audit observed that overpayment was made due to weak internal control, which resulted in loss to Government.

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

Request for the convening of DAC meeting was made on 30.11.2012. DAC meeting was not convened till finalization of this Report.

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

AP 27 (2011-12) A/C-I

1.2.2 Weaknesses of Internal Control

1.2.2.1 Non imposition of penalty -Rs36.225 million

Clause-2 of the conditions of the Contract Agreement clearly provides that the contractor has to pay compensation @ 1 per day or maximum 10% of the estimated cost per day for the delay in completion of work.

XEN C&W Haripur did not impose penalty on the contractors for delay in completion of work during 2011-12. Thus non imposition of penalty resulted in loss of Rs36,224,682 as per detail at Annex-H.

When pointed out in November 2012 management stated that detail reply would be submitted after consulting relevant record. No reply was furnished till finalization of this Report.

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

When reported in November 2012, Management stated that detail reply would be submitted after consulting relevant record.

Request for the convening of DAC meeting was made on 30.11.2012. DAC meeting was not convened till finalization of this Report.

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

AP 33 (2011-12) A/C-I

1.2.2.2 Loss to Government due to unauthorized payment on account of escalation –Rs16.614 million

Para-220 read with para-221&223 of CPWA provides that before the bill of a contractor is prepared, the Sub-Divisional Officer should scrutinize the entries in the measurement book relating to the description and quantities of work of supplies and the calculation of “contents or area” should be checked arithmetically under his supervision. He should compare the quantities in the bill

with those recorded in the measurement book and see that all the rates are correctly entered and that all calculations have been checked arithmetically.

XEN C&W Division Haripur paid Rs16,614,170 on account of escalation to contractor in the scheme construction of BT Road Pir Suhawa to Kohala bala Sh: KM 1-10 vide voucher no. 43 BP dated 25/06/2012 during 2011-12. The work was required to be completed up to October 2008; the contractor did not complete the work in stipulated period of time. The local office was required to impose penalty for delay in completion of work in terms of clause 2 of the contract agreement instead contractor was rewarded with the payment of escalation which is irregular.

Audit observed that escalation was paid instead of imposition of penalty due to weak internal control, which resulted in loss to Government.

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

Request for the convening of DAC meeting was made on 30.11.2012. DAC meeting was not convened till finalization of this Report.

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

AP 42 (2011-12) A/C-I

1.2.2.3 Non collection of funds form students -Rs6.058 million

According to Notification No.4204-33/F.No.P-7/P-Fund/General/DD(F&A) Dated Peshawar 29.04.2010 by Directorate of Elementary & Secondary Education Khyber Pakhtunkhwa. Sports, Examination, Poor, Red Crescent, Medical, Shaheen, Boys Scouts and Girls Guide funds should be collected from students at prescribed rates. Similarly, Directorate of Elementary and Secondary Education Khyber Pakhtunkhwa Notification No. 2616-20 dated 27.07.2011, requires that each student will contribute in various students fund.

Executive District Officer (E&S) Education Haripur did not collect various funds from the students required as per notification referred above, which resulted in loss of Rs6,058,597 during 2010-11. Detail at Annex-E

Audit observed that non collection of funds occurred due to weak internal control, which resulted in loss to government.

When reported in June 2012, Management stated that the matter would be investigated and progress would be shown to audit. No progress intimated till finalization of this Report.

DAC in its meeting held on 27.11.2012, directed that collection of funds should be verified within 15 days. No progress was intimated till finalization of this Report.

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

AP 122 (2010-11)

1.2.2.4 Irregular Expenditure on AOM&R residences -Rs2.704 million

According to Second Schedule serial number 21.1 of Delegation of Powers Rules 2001, Executive Engineer is authorized to sanction expenditure of Rs10,000 on repair of residential accommodations.

Executive Engineer C&W Division Haripur incurred expenditure of Rs2,704,323 on repair of DCO & ACO residences in violation of Delegation of Power Rules 2001, as per the following details:

S.No	Cheque No	Date	DCO Residence (Rs)	ACO Residence (Rs)	Total Amount (Rs)
1.	001709	03.10.2011	172,201	50,000	222,201
2.	001710	03.10.2011	799,561	-	799,561
3.	001728	23.11.2011	210,000	-	210,000
4.	001732	09.12.2011	-	276,671	276,671
5.	001738	30.12.2011	-	23,000	23,000
6.	001756	15.03.2012	978,298	-	978,298

7.	001758	24.03.2012	47,845	-	47,845
8.	001775	26.06.2012	146,747	-	146,747
Total					2,704,323

The expenditure was split up to avoid the sanction of the competent authority. Moreover, most of the items of work were repeated in aforementioned vouchers.

Audit observed that unauthorized expenditure incurred due to weak financial control, which resulted in loss to government.

When reported in November 2012, Management stated that the matter would be inquired and proper reply would be submitted in due course of time. No reply was submitted till finalization of this Report.

DAC in its meeting held on 29.11.2012, directed to obtain ex-post facto sanction from the competent authority. No progress was intimated till finalization of this Report.

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

AP 33 (2011-12)

1.2.2.5 Overpayment due to material available at site –Rs2.44 million

Para-220 read with para-221&223 of CPWA provides that before the bill of a contractor is prepared, the Sub-Divisional Officer should scrutinize the entries in the measurement book relating to the description and quantities of work of supplies and the calculation of “contents or area” should be checked arithmetically under his supervision. He should compare the quantities in the bill with those recorded in the measurement book and see that all the rates are correctly entered and that all calculations have been checked arithmetically.

XEN C&W Division Haripur overpaid Rs2,436,296 on account of earth filling under floor by allowing rate for material brought from outside whereas

material was available at site by excavation in foundation during 2011-12. Detail at Annex-G.

Audit observed that overpayment was made due to weak internal control, which resulted in loss to Government.

When reported in November 2012, Management stated that detail reply would be submitted after consulting relevant record. No reply was submitted till finalization of this Report

Request for the convening of DAC meeting was made on 30.11.2012. DAC was not convened till finalization of this Report.

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

AP 37 (2011-12) A/C-I

1.2.2.6 Unauthorized release of security deposit -Rs1.45 million

According to The General Rules and Directions to the Contractors Rule 11(e) in Contract Agreement executed between contractor and XEN C&W division 10% security should be retained from the payments made to contractors on work.

XEN C&W Division Haripur paid Rs877,390 & Rs572,035 out of security deposit on account for execution of work vide voucher No. 13-BM & 14-BM respectively, dated 04/06/2012 during 2011-12. Audit held the payment from security was unauthorized.

Audit observed that payment for work done out of security deposits occurred due to weak internal control, which resulted in unauthorized payment.

When reported in November 2012, Management stated that detail reply would be submitted after consulting relevant record. No reply was submitted till finalization of this Report

Request for the convening of DAC meeting was made on 30.11.2012. DAC was not convened till finalization of this Report.

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

AP 39 (2011-12) A/C-I

1.2.2.7 Loss to Government on account of non deduction of conveyance allowance –Rs1.376 million

According to AG Khyber Pakhtunkhwa letter No Computer/HR-Lab/CIC/203 dated 04-08-2011, Government officers who possess designated vehicles and Government servants who reside in office premises are not entitled for conveyance allowance in light of Finance Department notification No FD(SR-II)8-2/70 dated 06-06-1977.

EDO (Health) Haripur paid Rs1,376,320 to different employees on account of conveyance allowance during 2011-12. The officers were allotted Government vehicles and/ or residing in government accommodation in the premises of the Hospital. Detail at Annex-F.

Audit observed that conveyance allowance was paid due to weak financial control, which resulted in loss to Government.

When reported in November 2012, Management stated that proper action would be taken and audit would be informed accordingly. No action was taken till finalization of this Report.

DAC in its meeting held on 29.11.2012, directed recovery and stoppage of conveyance allowance. No progress was reported till finalization of this Report.

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

AP 4 (2011-12)

1.2.2.8 Non imposition of penalty due to late completion –Rs1.00 million

Clause-2 of the conditions of the Contract Agreement clearly provides that the contractor has to pay compensation @ 1 per day or maximum 10% of the estimated cost per day for the delay in completion of work.

XEN PHE Haripur did not impose penalty of Rs967,667 on the following schemes due late completion during 2011-12.

Name of contractor	Name of Scheme	Expenditure (Rs)	Date of commencement	Date of completion	Actual completion date	Delay period (Months)	Penalty Amount in Rs
Qazi Imtiaz	WSS Basso Maira	3,969,679	18/06/2011	18/09/2011	25/4/2012	7	396,967
Qazi Imtiaz	WSS Tarnawa	5,707,000	16/06/2011	16/09/2011	21/4/2012	7	570,700
Total		9,676,679					967,667

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

When reported in November 2012, Management stated that time extension from the competent authority would be obtained or otherwise recovery would be made from concerned contractors. No progress was intimated till finalization of this Report.

Request for the convening of DAC meeting was made on 20.11.2012. DAC was not convened till finalization of this Report.

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

AP 02 (2011-12) A/C-I

1.2.2.9 Non auction of old machinery

According to para 11 of GFR Vol-I, each head of the department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

XEN PHE Haripur incurred expenditure of Rs2,350,000 on purchase of submersible machines for the following water supply schemes out of M&R funds during 2011-12. Machinery already installed at site was neither auctioned nor recovery made from the contractors made.

Voucher No date	Particulars	Firm	Amount (Rs)
7/H dt 9/3/2012	WSS Kot Najeebullah pumping machinery	Pak Atlantis pumps	900,000
132/H dt 22/6/2012	WSS- Seria pumping machinery	TSK	500,000
171/G dt 26/6/2012	WSS Malikyar pumping machinery	MAK	950,000
Total			2,350,000

Audit observed that old machinery was not auctioned due to weak internal control, which resulted in deterioration of replaced machinery and loss to Government.

When reported in November 2012, Management stated that the expenditure was incurred on the approval of DCO/DDC chairman and also covered in TS estimate. Reply of the management was irrelevant.

DAC in its meeting held on 29.11.2012, directed to auction old machinery and pipes. No progress was intimated till finalization of this Report.

Audit recommends fixing responsibility on person(s) at fault and auction of old machinery to avoid its further deterioration.

AP 31 (2011-12)

ANNEXURE

Annex-A

Detail of MFDAC Paras

S No	AP No	Department	Gist of para	Nature of Audit Observation	Amount (Rs)
1.	75	DO Agriculture	Non deduction of income tax	Overpayment	41,000
2.	83	DO Water management	Non recovery of overpayment to WUA	Overpayment	46,000
3.	105	Deputy DO (F)	Missing of official vehicle and driver	Violation of rules	0
4.	106	-do-	Appointment of ghost teachers.	Violation of rules	0
5.	109	EDO(E&SE)	Unauthorized payment of advertisement charges	Violation of rules	12,000
6.	118	-do-	Irregular auction of old building material and non collection of income tax	Violation of rules	18,000
7.	120	-do-	Unauthorized cutting and auction of trees at GGPS Karlan	Violation of rules	0
8.	121	-do-	Non auction of old material/furniture	Violation of rules	0
9.	124	-do-	Non maintenance of inventory record of furniture provided by CESSD	Violation of rules	0
10.	128	-do-	Unauthorized transfer of money	Violation of	100,000
11	70	Deputy DO (M)	Loss to government due to non recovery of pay and allowances	Overpayment	549,000
12	86 & 103	Deputy DO (F)	Loss to Government due to impersonation of teachers in	Violation of rules	531,000
13	89	Deputy DO (F)	Overpayment on account of pay & allowances	Overpayment	86,000
14	85	Deputy DO (F)	Unauthorized payment of incentive allowance	Overpayment	83,000
15	06	EDO(H)	Willful absence from duty	Violation of rules	0
16	01 A/C-I	XEN PHE	Excess payment over TS item	Overpayment	344,000
17	70	Deputy DO (M)	Loss to government due to non recovery of pay and allowances -Rs 548,758	Overpayment	
18	10	-do-	Overpayment on account of GST	Overpayment	62,000

19	16	MS DHQ	Non compliance to the economy measures		0
20	21		Excess payment on account of sales tax	Overpayment	53,000
21	23		Loss to govt due to expiry of medicines	Violation of rules	0
22	27	XEN PHE	Unauthorized payment of conveyance allowance	Overpayment	124,000
23	6 A/C-I	-do-	Unauthorized retention of taxes in deposit V	Violation of rules	294,000
24	28	-do-	Non imposition of penalty	Violation of rules	70,000
25	05(A/c-I)	-do-	Overpayment due to material available at site	Overpayment	46,000
26	07,08 A/C-I		Unauthorized retention of savings in PW deposit	Violation of rules	11,548,000
27	09(A/c-I)	-do-	Non auction of old pipes	Violation of rules	0
28	34	XEN C&W	Misappropriation on account of POL charges	Misappropriation	100,000
29	35	-do-	Unauthorized expenditure on account of advertisement charges	Violation of rules	259,000
30	40 A/C-I	-do-	Less recovery of Professional Tax	Overpayment	774,000
31	21 A/C-I	XEN C&W	Overpayment on account of Internal Electrification	Overpayment	546,000
32	10 A/C-I	-do-	Overpayment due to award of contract on CSR 2008 rates	Overpayment	236,000
33	14 A/C-I	-do-	Overpayment payment on account of excess quantity of TST	Overpayment	110,000
34	11 A/C-I	-do-	Non deduction of sales tax	Overpayment	98,000
35	41 A/C-I	-do-	Overpayment due to misapplication of rates	Overpayment	158,000
36	12	EDO (H)	Loss to government due to payment of pay & allowances for absent period	Overpayment	117,000
37	14	-do-	Misappropriation on account of OPD receipts	Misappropriation	162,000

**EDO Wise Expenditure Summary
District Haripur 2011-12**

Department	Salary (Rs)	Non Salary (Rs)	Total Expenditure (Rs)	%age
DCO	30,502,292	13,827,045	44,329,337	
EDO (Agriculture)	49,540,558	10,190,299	59,730,857	
EDO (Community Development)	10,903,464	3,823,320	14,726,784	
EDO (Education)	2,044,351,495	60,563,821	2,104,915,316	
EDO (Finance and Planning)	9,287,537	113,601,165	122,888,702	
EDO (Health)	71,882,877	58,406,320	130,289,197	
EDO (Revenue)	32,070,190	1,805,578	33,875,768	
EDO (Works and Services)	95,053,858	62,515,532	157,569,390	
EDO (Industries)	5,510,440	672,018	6,182,458	
Total	2,349,102,711	325,405,098	2,674,507,809	
	76	11		87
Developmental			424,716,707	13
Grand Total	782,200,882	143,659,109	3,099,224,516	100

Annex-C**Unauthorized payment of Pay & Allowances for absent period**

S. No	Name of teacher	Name of School	Amount (Rs)
1	Riaz Bibi PST	GGPS Parhala	333,155
2	Asmat Ara PST	GGPS Parhala	226,030
3	Gulnaz Begum PST	GGPS Parhala	227,662
4	Shafqat Zohra PST	GGPS Parhala	252,347
5	Raheela Begum PST	GGPS Parhala	62,496
6	Jamila Bibi PST	GGPS Parhala	150,483
7	Arshad Mehmood Chowkidar	GGPS Parhala	116,157
8	Robina Shaheen PST	GGPS Zaida Amazai	246,184
9	Rizwana Siddique	GGPS Kheka English Medium	300,278
10	Sadia Mehfooz	GGPS Kheka English Medium	149,963
11	Hasina Shaheen	GGPS Kheka English Medium	130,593
Total			2,195,348

Annex-D**Details of Unauthorized payment of Salaries to staff of closed schools**

S. No	Name of teacher	Name of School	Amount (Rs)
1	Ghazala Shaheen PST	GGPS Degra	220,497
2	Neelam Bano PST	GGPS Kangrocha	149,573
3	Mussarat Bakht PST	GGPS Gul Doga	275,776
4	Nusrat Bibi PST	-do-	268,935
5	Bibi Saira PST	-do-	265,906
6	Gul Rehman Chowkidar	-do-	124,608
7	Samina Shaheen PST	GGPS Kakotri	152,732
8	Mehnaz Zeb PST	-do-	180,742
9	Mohammad Siddique Chowkidar	-do-	112,179
10	Tahira Bibi PST	GGPS Shingri Amazai	227,569
11	Sabira Sadiqa PST	GGPS Kangar Amgah	118,258
12	Mussarat Bibi PST	-do-	275,776
13	Munir Khan Chowkidar	-do-	111,363
14	Safia Razaq PST	GGPS Ghadra Amazai	228,466
15	Asia PST	-do-	251,827
16	Anisa Bano PST	-do-	176,667
17	Zahida Bibi PST	GGPS Saij Pur	168,560
18	Samina Bibi PST	GGPS Latif Abad	212,112
19	Ruqia Bibi PST	GGPS Kani Kot	68,851
		Total	3,590,397

Annex-F
Detail of unauthorized payment of conveyance allowance –Rs1.376 million

Name of Officer/Official	Designation	Conveyance Allowance
M Bilal Khan	Coordinator	49,760
M. Usman	MO	49,760
M. Mudasir Khan	MO	49,760
Gohar Ali	MO	49,760
Sajawal Khan	SMO	49,760
Gul fareen	C. Nurse	49,760
Fozian yasmin	WMO	49,760
M. Ayaz	MO	49,760
M.Ayaz	SMT	27,200
Taj Elahi	SMT	27,200
Jehan Zeb	SMT	27,200
M.Rafaqat	SMT	27,200
Rukhsana Sadiq	LHV	27,200
Robina Shaheen	LHV	27,200
Rehana Kosar	LHV	18,400
Naseem Akhtar	LHV	18,400
Taj Bibi	LHV	18,400
Rukhsana Bibi	LHV	18,400
Haji M. naseem		18,400
Shahida yasmeen	LHV	18,400
Shamim Akhtar Naz	LHV	18,400
Shamsu Nisa	LHV	18,400
Nasreen Bibi	LHV	18,400
Shabana Naheed	LHV	18,400
Mukhtiar Bibi	LHV	18,400
Shakil Ahmed	MT	18,400
M. Siddique	MT	18,400
Khadija Bibi	LHV	18,400
Shaista kanwal	LHV	18,400
M. taj Khan	MT	18,400
fakhra Jabeen	LHV	18,400
Zulfiqar Ali	MT	18,400
Asim Shehzad	MT	18,400
Saima Samad	LHV	18,400

Bibi fakhar un Nisa	LHV	18,400
Perveen Akhtar	LHV	18,400
naeema jan	LHV	18,400
farhat Naseem	LHV	18,400
M Ajmal khan	MT	18,400
Samim Akhtar	LHV	27,200
Shenaz begum	LHV	18,400
Shahida Rashid	LHV	18,400
Maryam Bibi	LHV	18,400
Hasina Bibi	LHV	18,400
M Javid	Dent Tech	18,400
M Afzal	Lab Tech	18,400
M.Rustam	Lab Tech	18,400
		1,177,280
Govt: vehicles		
EDO Health		49,760
DTO		49,760
Drug inspector		49,760
EPI Coordinator		49,760
		199,040
Grand Total		1,376,320

Annex-G**Details of overpayment due to material available at site
(Amount in Rupees)**

Vr No & Date	Item of work	Rate paid	Allowed Rate	Diff	Qty	Overpaid amount
29-H 14/06/2012	Earth filling as under floor	341.35	50.36	290.99	886.88	258,073
36-H 20/06/2012	Earth filling as under floor	104.55	50.36	54.19	62.81	4,357
42-H 20/06/2012	Earth filling as under floor	104.55	50.36	54.19	306.44	21,438
43-H 20/06/2012	Earth filling as under floor	104.55	50.36	54.19	248.58	13,471
46-H 20/06/2012	Earth filling as under floor	341.35	50.36	290.99	353.74	102,935
51-H 20/06/2012	Earth filling as under floor	341.35	50.36	290.99	29.66	9,451
53-H 20/06/2012	Earth filling as under floor	336.15	50.36	285.79	715.63	204,520
40-BP 25/06/2012	Earth filling as under floor	104.55	50.36	54.19	576.70	28,945
2-BM 01/06/2012	Earth filling as under floor	400.85	50.36	350.49	793	277,939
7-BM 01/06/2012	Earth filling as under floor	104.55	50.36	54.19	953.40	51,665
52-BM 25/06/2012	Earth filling as under floor	355.83	50.36	305.47	2169.67	728,383
59-BM 25/06/2012	Earth filling as under floor	383.37	50.36	333.01	909.28	302,799
3-H 02/11/2011	Earth filling as under floor	104.55	50.36	54.19	91.97	4,985
9-G 14/06/2012	Earth filling as under floor	104.55	50.36	54.19	117.32	6,358
3-BM 19/10/201	Earth filling as under floor	400.85	50.36	350.49	793	277,939
10-H 19/10/2011	Earth filling as under floor	104.55	50.36	54.19	2522.28	143,038
Total						2,436,296

Annex-E**Non collection of funds form students**

Student Level	Sport Fund (Rs)	Exam Fund (Rs)	Medical Fund (Rs)	Poor Fund (Rs)	Red Crescent (Rs)	Scout/GG Fund (Rs)	Shaheen Fund (Rs)	Total Fund (Rs)	Total Enrollment No.s	Amount (Rs)
Primary Male	3	2	1	2	0	0	2	10	55,491	554,910
Primary Girls	3	2	1	2	0	0	0	8	32,948	263,584
Middle Male	30	40	8	8	2	25	0	113	4,970	561,610
Middle Female	30	40	8	8	2	12	0	100	3,188	318,800
High Male	40	50	10	10	2	25	0	137	18,693	2,560,941
High Female	40	50	10	10	2	12	0	124	14,506	1,798,744
Total										6,058,589

Annex-H

Detail of non imposition of penalty

Contractor	Scheme	Date of commencement	Due date	Actual completion	Expenditure	Penalty @ 10 %
M.A Khan	Reh: Flood Damage Road Najipur to Bahgpur	31/03/2011	31/03/2012	In Progress	17,496,659	1,749,666
Urfan Khan	BT Road pir Suhawa to Kohala Bala 1to 10 KM	09/04/2007	09/10/2008	-do-	88,092,208	8,809,221
Lodhi & Co	BT Road Kohala Bala to Komal Gali 1to 4 KM	12/12/2007	12/12/2009	-do-	52,930,671	5,293,067
M. Irshad Khan	BT Road Pir Suhawa to Kohala Bala 5to 8.5 KM	12/12/2007	12/12/2009	-do-	83,893,571	8,389,357
M. Zahoor	GMS Chaprian	18/08/2010	18/08/2011	-do-	5,773,000	577,300
R.R Brothers	BHU to RHC Kangra typ-iv Quarters 2	13/07/2010	13/07/2011	-do-	3,381,000	338,100
Umer Zaman	GGPS Kangra	23/07/2010	23/07/2011	-do-	3,466,600	346,660
Tariq Mehmood Khan	BHU Kangra to RHC Type-iv quarters 3	20/08/2010	20/08/2011	-do-	5,532,415	553,242
M/S Ghazi Builders	Upgradation of middle school to high SH: GGMS Nulla Soha	9/6/2010	09/06/2011	In progress	8,397,000	839,700
Muhammad Rafique	Reconst/Rehof GHS Bagra	30/10/2010	30/10/2011	In progress	7,687,738	768,774
Abdul Hakim Khan	8G dt 11/6/2012	7/3/2011	30/06/2011	In progress	425,250	42,525
M. Siddique	Construction of H.security Zone Guard room, Watch tower, B.Wall	25/04/2011	25/04/2012	-do-	6,978,571	697,857
Zardad Khan	GGC Mankrai	17/03/2010	17/08/2011	-do-	24,588,000	2,458,800
Waheed ud Din	Dingi Hospital I/Electrification	18/11/2009	18/05/2010	-do-	1,338,000	133,800
Ashiq Hussain Shah	Dingi Hospital	07/12/2009	07/06/2011	-do-	2,602,4895	2,602,490
Utman & Co	BHU Kangra to RHC Lab Block	13/07/2010	13/12/2011	-do-	8,168,737	816,874

M. Rafique	Kalthri Road Flood Damage	31/03/2011	31/03/2012	-do-	2,337,000	233,700
Tariq Khan	GGDC Serai Saleh Visitor Room	20/10/2010	20/10/2011	-do-	7,157,000	715,700
M.Imtiaz	GMS Kangrocha	18/10/2010	18/10/2011	-do-	2,846,500	284,650
Abdur Rashid	GGPS Keroach	29/07/2010	29/07/2011	-do-	5,732,000	573,200
Total						36,224,682