



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

AUDIT YEAR 2013-14

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Programme
AP	Advance Para
CPWA Code	Central Public Works Account Code
CPWD Code	Central Public Works Department Code
CSR	Composite Schedule of Rates
C&W	Communication and Works
DAC	Departmental Accounts Committee
DCO	District Coordination Officer
EDO	Executive District Officer
GFR	General Financial Rules
GST	General Sales Tax
MFDAC	Memorandum for Departmental Accounts Committee
NIT	Notice Inviting Tender
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PESCO	Peshawar Electric Supply Company
PHE	Public Health Engineering
PPHI	People Primary Health Initiative
PWP	People Works Programme
RDA	Regional Directorate of Audit
R&E	Revenue & Estate
TMA	Tehsil Municipal Administration
XEN	Executive Engineer

Preface

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

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

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

The observations included in this Report have been finalized in the light of written responses of the Departments. DAC meetings were not convened despite repeated requests.

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

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) Kohat, on behalf of the DG District Governments Audit, Khyber Pakhtunkhwa carries out the audit of three District Governments namely Hangu, Kohat and Karak. This Regional Directorate has a human resource of 7 officers and staff, a total of 1,953 mandays. The annual budget amounted to Rs 8.971 million. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of programmes/ projects.

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

Administratively, District Karak is subdivided into three tehsils namely, Karak, Takhte Nasrati and Banda Duad Shah. District Administration comprises of 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 the public money.
3. Every item of expenditure was incurred with the approval of the competent authority in the Government for expending the public money.

4. Public money was not wasted.
5. The assessment, collection and 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 20% to 30%.

c. Expenditure audited

Total expenditure of the District Government Karak for the financial year 2012-13, was Rs 2,965.340 million covering one PAO and 108 formations. Out of this, Regional Directorate Audit (RDA) Kohat audited expenditure of Rs 755.580 million which, in terms of percentage, was 25.5% of total expenditure. Six (06) formations were planned and 100 % achievement against the planned activities was made.

d. Receipts audited

The receipts of District Karak for the financial year 2012-13, were Rs3.387 million. Out of this, RDA Kohat audited receipts of Rs 1.002 million which, in terms of percentage, was 29.58 % of auditable receipts.

e. Recoveries at the instance of audit

Recovery of Rs 90.341 million was pointed out during the audit. However no recovery was affected till finalization of this report. Out of the total

recoveries pointed out, Rs35.616 million was not in the notice of the executive before audit.

f. Desk Audit

The audit year 2013-14 witnessed intensive application of desk audit techniques in RDA. This was facilitated through internet 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, Management of the District Government agreed to conduct physical verification of the government assets. Management also agreed to deposit various government dues into government treasury. Audit stressed upon reconciliation of receipts and expenditure with the respective accounts office to which they agreed.

h. Key audit findings of the report;

- i. Non-production of record was noted in two cases amounting to Rs86.561 million.¹
- ii. Irregularities/ non compliance of rules were noted in ten cases amounting to Rs350.792 million.²
- iii. Internal control weaknesses were noted in four cases amounting to Rs52.277 million.³

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

i. Recommendations

- i. Audit needs to be facilitated through production of all auditable record.

¹ Para 1.2.2.1, 1.2.2.2

² Para 1.2.3.1, 1.2.3.2, 1.2.3.3, 1.2.3.4, 1.2.3.5, 1.2.3.6, 1.2.3.7, 1.2.3.8, 1.2.3.9, 1.2.3.10

³ Para 1.2.4.1, 1.2.4.2, 1.2.4.3, 1.2.4.4

- ii. Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money.
- iii. Strenuous efforts need to be made by the departments to recover long outstanding dues on account of water user charges.
- iv. All sectors of District Government need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc to ensure that reported lapses are preempted and fair value for money is obtained from public spending.
- v. Deduction of taxes on supplies and contracts needs to be ensured.
- vi. Inquiries need to be held to fix responsibility for losses, irregular payments and wasteful expenditure.

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics **(Rs in million)**

Sr. No	Description	No.	Budget
1	Total Entities (PAO) in Audit Jurisdiction	01	2,968.727
2	Total formations in audit jurisdiction	108	2,968.727
3	Total Entities (PAO) Audited	01	756.582
4	Total formations Audited	06	756.582
5	Audit & Inspection Reports	06	756.582
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	13.644
2	Weak financial management	296.706
3	Weak Internal controls relating to financial management	92.73
4	Others	86.561
Total		489.641

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	3.322	98.862	1.002	653.396	756.582	721.657
2	Amount Placed under Audit Observation /Irregularities of Audit	3.322	55.44	--	430.879	489.641	205.021
3	Recoveries Pointed Out at the instance of Audit	--	72.722	--	17.619	90.341	68.196
4	Recoveries Accepted /Established at the instance of Audit	--	--	--	--	--	36.227
5	Recoveries Realized at the instance of Audit	--	--	--	--	--	1.095

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	14.029
2	Report cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from NAM ¹ , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	Quantification of weaknesses of internal control systems.	55.774
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	44.942
6	Non-production of record	86.561
7	Others, including cases of accidents, negligence etc.	288.335
Total		489.641

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

CHAPTER 1

1.1 District Government Karak

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) and Local Government Act 2012. 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)

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 (Variance Analysis)

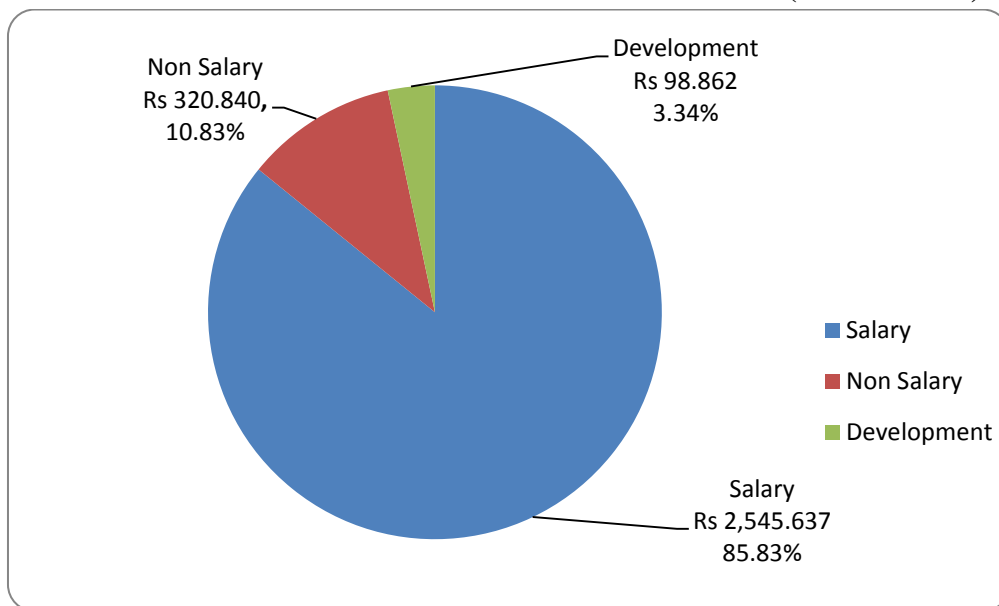
(Rs in million)

2012-13	Budget	Expenditure	Saving/Excess	%age Excess/Saving
Salary	2,281,144,183	2,545,637,000	264,492,817	11.594
Non-salary	321,004,344	320,840,899	(163,445)	0.0509
Developmental	99,061,693	98,862,309	(199,384)	2.012
Total	2,701,210,220	2,965,340,208	264,129,988	9.778

A budget of Rs 2,701.210 million was allocated, against which an expenditure of Rs 2,965.340 million was incurred by the District Government, Karak with an excess of Rs 264.130 million during 2012-13.

EXPENDITURE 2012-13

(Rs in million)



Detail is given at Annex-B

1.1.3 Brief 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	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

1.2 AUDIT PARAS

1.2.2 Non-production of record

1.2.2.1 Non production of developmental fund record-Rs86.561 million

According to Section 14(1-b) & (3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 the Auditor General has the authority to require any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to transactions to which his duties in respect of audit extend hence any person or authority hindering the auditorial functions of the Auditor General of Pakistan regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

DCO, Karak paid Rs 47,788,510 to contractors on account of execution of various schemes through TMA Banda Daud Shah under Gas Royalty during 2012-13. Relevant record was not produced to audit despite repeated requests.

Similarly, EDO Health, Karak released funds amounting to Rs 38,772,868 to PPHI for Basic Health Units during 2012-13. Relevant record was not produced to audit despite repeated requests.

Audit observed that non production of record occurred due to non compliance of government rules, which resulted into non verification of record.

When reported in August 2013, Management stated that detail reply would be furnished after consulting record. Reply was not convincing as the record was available with the department.

Request for the convening of DAC meeting was made on 22.8.2013 and 18.11.2013. DAC meeting could not be convened till finalization of this Report.

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

AP 47 & 64(2012-13)

1.2.3 Irregularity/ Non compliance

1.2.3.1 Non utilization of developmental funds –Rs 280.989 million

According to Para 95 of GFR Vol.-I, unspent funds are to be deposited into Government treasury before 30th June of each year.

DCO, Karak spent Rs 432,198,796 on execution of different developmental works through executing agencies out of Rs 713,188,218 received under Gas Royalty, and Tameer-e-Khyber Pakhtunkhwa during 2012-13 as per detail below. Funds valuing Rs280,989,422 were neither utilized nor surrendered and stand lapsed.

Fund	Budget (Rs)	Expenditure (Rs)	Balance (Rs)
Gas Royalty	633,642,223	361,899,022	271,743,201
TKP	79,545,995	70,299,774	9,246,221
Total	713,188,218	432,198,796	280,989,422

Audit observed that non utilization of fund occurred due to negligence, weak financial control and ill planning.

When reported in August 2013, Management stated that detail reply would be furnished after consulting record. Reply was not convincing as the record was available with the department.

Request for the convening of DAC meeting was made on 22.8.2013 and 12.11.2013. DAC meeting could not be convened till finalization of this Report.

Audit suggests action against the person(s) at fault.

AP 46 (2012-13)

1.2.3.2 Award of work to project leaders without adopting open tender system-Rs 37.741 million

Para 144 of GFR Vol.-I open tender system should be adopted in order to obtain economical and lowest rates.

DCO, Karak executed developmental schemes valuing Rs 4,775,700 out of District ADP through project leaders without adopting open tender system during 2012-13.

Audit observed that irregularity occurred due to non compliance of government rules, which resulted in violation of government rules.

When reported in August 2013, Management stated that detail reply would be furnished after consulting record. Reply was not convincing as the record was available with the department.

Request for the convening of DAC meeting was made on 22.8.2013 and 12.11.2013. DAC meeting could not be convened till finalization of this Report.

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

AP 51 (2012-13)

1.2.3.3 Unauthorized expenditure on purchase of vehicle-Rs 3.323 million

According to Government of Khyber Pakhtunkhwa, Local Government Election and Rural Development Department letter No SOB (LG/1-15/2012/Karak dated 28.12.2012, sanction the purchase of vehicle subject to the following conditions.

1. The existing old vehicle would be declared condemned/unserviceable in accordance with Rule-11 of the Delegation of Power Rules, 2001.

2. The existing old /condemned vehicle would be auctioned through auction committee of the administration department and sales proceeds thereof be deposited into government treasury through challan.
3. The new vehicle would be purchased in accordance with the entitlement of the officer as per the transport committee report.

DCO, Karak incurred expenditure of Rs 3,322,500 on account of purchase of vehicle "Toyota Corolla double cabin 4 x 4" during 2012-13. The following irregularities were noticed.

1. The old vehicle "Toyota Corolla 2006" bearing No. KKA 1101 was still in running condition, therefore, purchase of new vehicle was not justified despite ban.
2. The existing old vehicle was neither declared condemned nor unserviceable in accordance with Rule-11 of the Delegation of Power Rules, 2001
3. The existing old vehicle was neither auctioned nor the sales proceeds thereof were deposited into government treasury through challan.
4. Report from transport committee for entitlement of the officer was not obtained.

Audit observed that irregularity occurred due to non compliance of government rules, which resulted in loss to government.

When reported in August 2013, Management stated that detail reply would be furnished after consulting record. Reply was not convincing as the record was available with the department.

Request for the convening of DAC meeting was made on 22.8.2013 and 12.11.2013. DAC meeting could not be convened till finalization of this Report.

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

AP 59 (2012-13)

1.2.3.4 Non-adjustment of advance payment –Rs 8.065 million

According to Para 379 of Central Treasury Rules Vol.-1, payments prior to verification of quality and quantity of the material may be permitted in exceptional cases. In all such cases bill based on actual measurement must be obtained as soon as possible after payment has been made.

District Coordination Officer, Karak paid Rs 8,064,950 in advance to PESCO for external electrification of different schemes which were not completed till date of audit in August 2013 as per detail below:

S. No	Name of Schemes	Fund	Amount (Rs)
1	HT. Extension and 50KVA Transformer at Nazif Koroona Ghri Kel Sabir Abad	District ADP	440,000
2	HT. Extension and 50KVA Transformer at Muhammed Rauf Koroona Gidara Banda Sabir Abad	District ADP	403,398
3	Supply of Power / Electrification WSS at Naqeeb ullah koroona Inzar Banda.	District ADP	372,971
4	Supply of Power / Electrification WSS at Awal Mohammad Koroona Hasan Banda.	District ADP	611,581
5	Electrification of various villages in District Karak	Gas Royalty	6,237,000
Total			8,064,950

Audit observed that non adjustment of advance payment occurred due to negligence and weak administrative control, which resulted in loss to government.

When reported in August, 2013 Management stated that detail reply would be furnished after consulting record. Reply was not convincing as the record was available with the department.

Request for the convening of DAC meeting was made on 22.8.2013 and 12.11.2013. DAC meeting could not be convened till finalization of this Report.

Audit suggests action against the person(s) at fault.

AP 48(2012-13)

1.2.3.5 Irregular expenditure over and above technical sanction-Rs 7.299 million

According to Para 69 of CPWD Code, a revised estimate must be prepared when the sanctioned estimate is likely to exceeded by more 5 per cent.

Executive Engineer (PHE) Karak spent Rs 31.535 million on “WSS Taki Metha Khel and WSS Bogara” technically sanctioned for Rs 24.236 million during 2012-13. The unauthorized payment was made to contractor for Rs 7.299 million which was 30% over and above the technical sanction.

Audit observed that irregularity occurred due to negligence and weak financial control.

When reported in July 2013, Management stated that detail reply would be furnished after consulting record. Reply was not convincing as the record was available with the department.

Request for the convening of DAC meeting was made on 22.8.2013 and 12.11.2013. DAC meeting could not be convened till finalization of this Report.

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

AP 29 (2012-13)

1.2.3.6 Irregular purchase of pumping machinery through ordinary contractors-Rs 4.480 million

According to Para 3-2 of Chief Engineer Works and Services Khyber Pakhtunkhwa Peshawar letter No-03/530615/ dated 15-08-05; the pumping machinery shall be procured through press advertisement from the approved/Pre qualified firms.

DCO Karak, purchased submersible pumping machinery as non scheduled items amounting to Rs 4,480,000 from ordinary contractors instead of pre-

qualified firms during 2012-13. Further, sales tax amounting Rs 716,800 was also not recovered as per detail below:

S. No	Name of work/installation of H/Pumping	Qty	Rate (Rs)	Amount (Rs)	Sales Tax @ 16% (Rs)
1	Inst: of p/pump at U/c Mianki	36	40,000	1,440,000	230,400
2	Inst: of p/pump at U/c Jehangiri/Gudi Khel	31	40,000	1,240,000	198,400
3	Reh: of P/pump at U/c Chowkara	45	40,000	1,800,000	288,000
Total				4,480,000	716,800

Audit observed that irregular purchase and non deduction of sales tax occurred due to lack of financial control, which resulted in loss to Government.

When reported in August 2013, Management stated that detail reply would be furnished after consulting record. Reply was not convincing as the record was available with the department.

Request for the convening of DAC meeting was made on 22.8.2013 and 12.11.2013. DAC meeting could not be convened till finalization of this Report.

Audit suggests recovery of the sales tax and action against the person(s) at fault.

AP 49 (2012-13)

1.2.3.7 Unauthorized payment without enhancement of the contract agreement-Rs 3.251 Million

Para 89(c) requires that the agreement with the contractors selected must be in writing and should be precisely and definitely expresses; it should state the quantity and quality of the work to be done.

XEN C&W, Karak paid Rs 9,651,421 to contractor against the agreement executed for the execution of work "AOM&R Building" for Rs 6,400,000 during 2012-13. The payment of Rs 3,251,421 made to the contractor over and above the contract agreement without enhancement was unauthorized.

Audit observed that unauthorized payment occurred due to lack of financial control, which resulted in loss to Government.

When reported in July 2013, Management stated that detail reply would be furnished after consulting record. Reply was not convincing as the record was available with the department.

Request for the convening of DAC meeting was made on 22.8.2013 and 12.11.2013. DAC meeting could not be convened till finalization of this Report.

Audit suggests action against the person(s) at fault.

AP 15 (2012-13)

1.2.3.8 Irregular purchase of machinery and equipments-Rs 2.975 million

According to Para 12 of the GFR Vol.-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.

EDO Health, Karak purchased seven solar refrigerators out of conditional grant for Rs 2,975,000 during 2012-13. The refrigerators were required to be installed at civil hospitals or RHCs, whereas the same were installed at BHUs despite the fact that BHUs received the said conditional grant for purchase of machinery and equipment as required. As a result undue favor was granted to BHUs at the cost of CHs and RHCs.

Audit observed that irregularity occurred due to negligence and weak administrative control.

When pointed out in November, 2013 Management stated that detail reply would be furnished after consulting record. Reply was not convincing as the record was available with the department.

Request for the convening of DAC meeting was made on 22.8.2013 and 12.11.2013. DAC meeting could not be convened till finalization of this Report.

Audit suggests action against the person(s) at fault.

AP 73(2012-13)

1.2.3.9 Unauthorized payment on account of testing charges-Rs 1.669 million

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

Executive Engineer, Public Health Engineering Department Karak, paid Rs 1,669,950 on account of testing charges to different Government contractors during 2012-13 without accomplishment of testing assignments as no evidence of testing of the water supply schemes were produced. Detail is given at Annex-C.

Audit observed that irregularity occurred due to negligence and weak financial control.

When reported in July 2013, Management stated that detail reply would be furnished after consulting record. Reply was not convincing as the record was available with the department.

Request for the convening of DAC meeting was made on 22.8.2013 and 12.11.2013. DAC meeting could not be convened till finalization of this Report.

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

AP 30(2012-13)

1.2.3.10 Unauthorized expenditure on original work out of AOM&R Roads-Rs 1.00 million

According to Para 12 of the GFR Vol-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

XEN C&W, Karak spent Rs 999,347 on construction of “cause way at Shakar Khel” out of AOM&R funds during 2012-13. As the fund was meant for repair and maintenance therefore its utilization on original work was unauthorized.

Further, XEN C&W Karak was empowered to incur expenditure on repair of roads upto Rs 400,000 as per s.no. 21.1(d) of Delegation of Powers 2001, whereas the expenditure was split up to avoid sanction of the next higher authority as per following detail.

S. No	Name of work	Vr No. & date	Amount (Rs)
1	Construction of Cause way at Shakar Khel	20D 19.12.2012	248,308
2	-do-	21D 19.12.2012	397,888
3	-do-	22D 19.12.2012	353,151
Total			999,347

Audit observed that unauthorized payment occurred due to negligence and weak administrative control.

When reported in July 2013, Management stated that detail reply would be furnished after consulting record. Reply was not convincing as the record was available with the department.

Request for convening of DAC meeting was made on 22.8.2013 and 12.11.2013. DAC meeting could not be convened till finalization of this Report.

Audit suggests action against the person(s) at fault.

AP 18 (2012-13)

1.2.4 Internal Control Weaknesses

1.2.4.1 Non-recovery of water user charges-Rs 36.956 million

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

XEN PHE, Karak did not recover long outstanding water users charges amounting to Rs36,956,828 from the users of water supply schemes upto 30th June, 2013.

Audit observed that water user charges were not recovered due to lack of financial control, which resulted in loss to Government.

When reported in August 2013, Management stated that detail reply would be furnished after consulting record. Reply was not convincing as the record was available with the department.

Request for the convening of DAC meeting was made on 22.8.2013 and 12.11.2013. DAC meeting could not be convened till finalization of this Report.

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

AP 40(2012-13)

1.2.4.2 Loss to Government due to deterioration of costly machinery and equipments - Rs7.346 million

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

EDO Health, Karak incurred an expenditure of Rs 7,346,000 on purchase of machinery and equipment during 2012-13. The machinery was not installed till date of audit i.e November 2013. The purchase was made for civil hospital Guguri where the post of doctor in CH Gurguri was vacant and there was no sanctioned post of laboratory technician and X-Ray technician, the costly machinery and equipments were deteriorating without serving the purpose on which the government money was utilized.

Audit observed that non installation of machinery occurred due to negligence and weak administrative control, which resulted in loss to Government.

When reported in November 2013, Management stated that detail reply would be furnished after consulting record. Reply was not convincing as the record was available with the department.

Request for the convening of DAC meeting was made on 18.11.2013. DAC meeting could not be convened till finalization of this Report.

Audit suggests installation of the machinery, posting of staff and action against the person(s) at fault.

AP 70(2012-13)

1.2.4.3 Non credit of lapsed deposits into Government revenue-Rs6.144 million

According to Para 399 of CPWA Code, balances unclaimed for more than three (3) complete financial years should be credited to government.

XEN C&W, Karak did not credit unclaimed balances amounting to Rs 2,845,393, Rs 2,782,537 and Rs 516,590 during 2012-13 lying in PW-Deposit-II, PW-Deposit-III and PW-Deposit-V, respectively for more than three complete financial years as lapsed deposit to government revenue.

Audit observed that non credit of lapsed deposits into Government revenue occurred due to non observance of Government Orders.

When reported in July 2013, Management stated that detail reply would be furnished after consulting record. Reply was not convincing as the record was available with the department.

Request for the convening of DAC meeting was made on 22.8.2013 and 12.11.2013. DAC meeting could not be convened till finalization of this Report.

Audit suggests credit of lapsed deposit to revenue and action against the person(s) at fault.

AP 2(2012-13) A/C-I

1.2.4.4 Non-recovery of sales tax-Rs 1.842 million

According to Section 36 of Sales Tax Act, 1990, sales tax @ 16% may be recovered from the value of supply made to Government offices.

XEN C&W Karak, did not recover sales tax amounting to Rs 1,842,992 from contractors on Supply of electronic weight bridge, pumping machinery, PVC blind pipe, HDPE Pipe etc valuing Rs 11,518,724 during 2012-13 (Detail given at annexure-D).

Audit observed that non recovery of Government taxes occurred due to weak internal control, which resulted loss to government.

When reported in July 2013, Management stated that detail reply would be furnished after consulting record. Reply was not convincing as the record was available with the department.

Request for the convening of DAC meeting was made on 22.8.2013 and 12.11.2013. DAC meeting could not be convened till finalization of this Report.

Audit suggests recovery of the sales tax and action against the person(s) at fault.

AP 9(2012-13) A/C-I

ANNEXURE

Annex - A

Detail of MFDAC Paras

(Amount in Rs)

S. No	AP No	Department	Gist of Para	Nature of Audit Observation	Amount
1	1	XEN, C&W Karak	Non-credit of government dues into government treasury	Violation of rules	199,716
2	3	-do-	Non-recovery of professional tax from contractors	Violation of rules	657,400
3	4	-do-	Irregular expenditure without technical sanction	Violation of rules	107,413
4	5	-do-	Overpayment amounting to due to allowing higher rate	Overpayment	1,261,000
5	6	-do-	Overpayment due to allowing exorbitant rate	Overpayment	675,654
6	7	-do-	Unauthorized payment of Rs on account of item of work not provided in TS, PC-I and BOQ	Violation of rules	77,871
7	8	-do-	Overpayment due to non deduction of voids on account of formation of embankment	Violation of rules	857,452
8	10	-do-	Unauthorized payment on account of item of work not provided in TS, PC-I and BOQ	Violation of rules	11,002,000
9	11	-do-	Unauthorized Refund of Income Tax to Contractors	Violation of rules	95,590
10	12	-do-	Irregular/unauthorized payment	Violation of rules	2,458,000
11	13	-do-	Irregular expenditure without agreement	Violation of rules	11,449,000
12	14	-do-	Unauthorized expenditure on repair of buildings of non devolved departments	Violation of rules	241,832
13	16	-do-	Unauthorized expenditure on account of repair of circuit house	Violation of rules	636,087
14	17	-do-	Unauthorized expenditure on account of AOM&R	Violation of rules	41,987,000
15	19	-do-	Irregular payment	Violation of rules	90,000
16	20	-do-	Unauthorized expenditure	Violation of	892,700

				rules	
17	21	-do-	Non deduction of sales tax	Violation of rules	60,823
18	22	-do-	Overpayment due to non deduction of voids on account of formation of embankment	Violation of rules	335,717
19	23	XEN PHE, Karak	Irregular expenditure without technical sanction	Violation of rules	28,684,000
20	24	-do-	Non deduction of sales tax	Violation of rules	2,103,000
21	25	-do-	Undue benefit to contractors	Violation of rules	13,145,000
22	26	-do-	Non-deposit of income tax into government treasury	Violation of rules	127,156
23	27	-do-	Non-Credit of lapse deposits to Govt	Violation of rules	1,258,000
24	28	-do-	Non-recovery of professional tax from contractors	Violation of rules	391,600
25	31	-do-	Irregular release of security prior to maturity	Violation of rules	188,800
26	32	-do-	Irregular payments	Violation of rules	54,245
27	33	-do-	Irregular Expenditure on account of AOM&R of tube wells	Violation of rules	19,399,000
28	34	-do-	Irregular expenditure on account of pumping machinery	Violation of rules	2,279,000
29	35	-do-	Non deduction of sales tax	Violation of rules	364,720
30	36	-do-	Irregular expenditure without PC-1 & technical sanction	Violation of rules	1,750,000
31	37	-do-	Award of work to project leaders without adopting open tender system	Violation of rules	37,741,000
32	38	-do-	Unauthorized and irregular advance payment to project leaders	Violation of rules	9,435,000
33	39	-do-	Overpayment due to non-recovering of 10% contractor profit from project leaders	Overpayment	3,774,000
34	41	-do-	Suspected misappropriation	Violation of rules	337,500
35	42	-do-	Non utilization of developmental fund	Violation of rules	2,081,000
36	43	-do-	Unauthorized expenditure on original work out of M & R building	Violation of rules	250,290

37	44	-do-	Unauthorized construction of community centre	Violation of rules	1,000,000
38	45	DCO, Karak	Irregular and unauthorized expenditure	Violation of rules	70,299,000
39	50	-do-	Overpayment due to allowing higher rates	Overpayment	448,000
40	52	-do-	Overpayment due to non-recovering of 10% contractor profit from project leaders	Overpayment	14,647,000
41	53	-do-	Unauthorized and irregular advance payment to project leaders	Violation of rules	1,193,000
42	54	-do-	Non maintenance of cash book for the payment	Violation of rules	436,974,000
43	55	-do-	Non recovery of rental charges	Violation of rules	807,600
44	56	-do-	Unauthorized payment to private school	Violation of rules	375,000
45	57	-do-	Suspected misappropriation	Violation of rules	655,000
46	58	-do-	Un-verified payment on account of death and injured compensation of flood affectees-	Violation of rules	800,000
47	60	-do-	Unauthorized payment	Violation of rules	2,218,000
48	61	-do-	Non disbursement of public money	Violation of rules	27,170,000
49	62	-do-	Unauthorized purchase of furniture	Violation of rules	157,000
50	63	EDO Health Karak	Non supply of medicines and irregular retention and non imposition of penalty	Violation of rules	668,674
51	65	-do-	Miss-classification of Expenditure worth	Violation of rules	908,138
52	66	-do-	Irregular utilization of medicines	Violation of rules	4,331,000
53	67	-do-	Loss to government due to deterioration of costly machinery	Violation of rules	3,196,000
54	68	-do-	Irregular posting of the officials on detailment basis.	Violation of rules	---
55	69	-do-	Unauthorized payment	Violation of rules	1,578,000
56	71	-do-	Irregular purchase of X-Rays films without tender	Violation of rules	445,196
57	72	-do-	Loss to government due to approval of high rates	Violation of rules	420,030

58	74	-do-	Non utilization of fund	Violation of rules	4,045,000
59	75	MS, DHQ Hospital Karak	Non supply of medicines and irregular retention and non imposition of penalty	Violation of rules	249,098
60	76	-do-	Irregular utilization of medicines	Violation of rules	11,499,000
61	77	-do-	Misclassification of expenditure	Violation of rules	1,918,000
62	78	-do-	Irrational & unjustified payment on account of electricity charges.	Violation of rules	7,088,000
63	79	-do-	Unauthorized usage of Air Conditioners & Non recovery of Electricity Charges	Violation of rules	352,000
64	80	-do-	Non Deduction of Room Rent Charges	Violation of rules	468,728
65	81	-do-	Loss to govt. due to not collection of health receipts	Violation of rules	117,852
66	82	-do-	Loss to government due to deterioration of costly machinery	Violation of rules	5,327,000
67	83	SMO, THQ Hospital Banda Daud Shah	Irregular utilization of medicines	Violation of rules	999,784
68	84	-do-	Irregular expenditure on repair of vehicle	Violation of rules	79,990
69	85	-do-	Non supply of medicines and irregular retention and non imposition of penalty.	Violation of rules	237,828
70	86	-do-	Irregular expenditure without sanction	Violation of rules	2,720,000

**EDO wise Expenditure Summary
District Karak 2012-13**

Department	Salary (Rs)	Non salary (Rs)	Total Expenditure (Rs)	%age
DCO	36,152,360	4,556,485	40,708,845	1.37%
EDO Agriculture	66,946,350	8,437,624	75,383,974	2.54%
EDO (Community Development)	26,980,966	3,400,562	30,381,528	1.02%
EDO (Education)	1,803,551,698	227,311,729	2,030,863,427	68.49%
EDO (Finance and Planning)	13,059,002	1,645,899	14,704,901	0.50%
EDO (Health)	287,979,367	36,295,654	324,275,021	10.94%
EDO (Revenue)	29,632,457	3,734,745	33,367,202	1.13%
EDO (Works and Services)	281,334,799	35,458,202	316,793,001	10.68%
Total Current Expenditure	2,545,637,000	320,840,899	2,866,477,899	96.67%
Percentage	85.84%	10.83%	96.67%	
Developmental Expenditure			98,862,309	3.33%
Grand Total			2,965,340,208	100%

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

S. No	Name of Scheme	No. & Date of Voucher	Name of contractor	Amount paid
1	WSS Paida Khel	9 & 24.1.13	MAK Pumps	55,960
2	WSS Hazrat Karim Koroona	9 & 24.1.13	MAK Pumps	36,000
3	WSS Mianki	9 & 24.1.13	MAK Pumps	36,000
4	WSS Dagar Kala	9 & 24.1.13	MAK Pumps	145,000
5	WSS Meena Khel	9 & 24.1.13	MAK Pumps	150,350
6	WSS Zara Ghnadi	9 & 24.1.13	MAK Pumps	150,350
7	WSS Bakhani Koroona	9 & 24.1.13	MAK Pumps	152,950
8	WSS Kari Dhand	9 & 24.1.13	MAK Pumps	147,450
9	WSS Fateh Banda	1 & 2.4.13	HMA Pumps	143,040
10	WSS Bogara No.1	4 & 3.5.13	TSK Engg:	99,500
11	WSS Bogara No.2	4 & 3.5.13	TSK Engg:	99,500
12	WSS Gul Shah Koroona	4 & 3.5.13	TSK Engg:	152,950
13	WSS Lashti Koroona	4 & 3.5.13	TSK Engg:	147,950
14	WSS Bangi Killa	4 & 3.5.13	TSK Engg:	152,950
Total				1,669,950

Annex-D

S.No	Name of work	Item	Vr:No.& date	Expenditure (Rs)	Sales Tax @ 16% (Rs)
1	Construction of Food Grain Godown No.1 Rehmat abad	S/F Pumping machinery	55 BDS 18.6.13	550,000	88,000
2	Upgradation of GMS Palosa	Pressure pump and PVC blind pipe	62 BDS 19.6.13	141,381	22,620
3	Construction of Food Grain Godown No.1 Rehmat abad SH Distribution system Tube well	PVC blind pipe	96 BDS 21.6.13	696,971	111,515
4	Establishment of poly technic institute Karak SH: Provisio of gas	MS Pipe high pressure	128 BDS 26.6.13	600,300	96,048
5	-do-	GI Pipe ¾ “ dia	-do-	174,955	27,992
6	-do-	Room heater	-do-	102,220	16,355
7	-do-	Gas heater	-do-	63,886	10,221
8	-do-	Light burner	-do-	67,511	10,801
10	Construction of Food Grain Godown No.1 Rehmat abad SH Electrification	S/F of bell 80/100 watt led high power light	149BDS 26.6.13	182,000	29,120
11	Construction of Food Grain Godown No.1 Rehmat abad SH electric weight bridge	S/F of electronic weight bridge with steel deck	150BDS 26.6.13	3,889,500	622,320
12	Improvement of existing jails	S/F pumping machinery	2KR 3.4.13	550,000	88,000
13	Construction of Food Grain Godown No.1 Rehmat abad SH distribution system	Providing of HDPE Pipe	1KR 1.8.12	4,500,000	720,000
Total				11,518,724	1,842,992