

AUDIT REPORT

AUDIT YEAR 2022 - 23

**ON THE ACCOUNTS OF
LOCAL GOVERNMENTS
DISTRICT KHYBER**



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

AA	Administrative Approval	IMU	Independent Monitoring Unit
AAC	Additional Assistant Commissioner	INTOSAI	International Organization of Supreme Audit Institutions
AD LGE & RDD	Assistant Director Local Government Elections & Rural Development Department	KPK	Khyber Pakhtunkhwa
ADC	Additional Deputy Commissioner	KPPRA	Khyber Pakhtunkhwa Procurement Regularity Authority
ADP	Annual Developmental Program	Lab	Laboratory
AG	Accountant General	LCB	Local Council Board
AIR	Audit and Inspection Report	LGA	Local Government Act
AP	Advance Para	MFDAC	Memorandum for Departmental Accounts Committee
APPM	Accounting Policy and Procedure Manual	NBP	National Bank of Pakistan
ATO	Assistant Treasury Officer	NER	Net Enrollment Rate
BHUs	Basic Health Units	NIT	Notice Invited Tender
BOK	Bank of Khyber	NOC	Non-Objection Certification
BPS	Basic Pay Scale	NWFP	North West Frontier Province
C&W	Communication & Works	OPD	Outpatient Department
CD	Civil Dispensary	OT	Operation Theater
CEO	Chief Executive Officer	PAC	Public Accounts Committee
CLCP	Citizen Losses Compensation Program	PAO	Principal Accounting Officer
CPWA Code	Central Public Works Account Code	PCC	Plain Concrete Cement
CPWD Code	Central Public Works Department Code	PC-I	Planning Commission Proforma-I
CTS	Computed Tomography Scan	PEC	Pakistan Engineering Council
DAC	District Accounts Committee	PFC	Provincial Finance Commission
DC	Deputy Commissioner	PHE	Public Health Engineering
DDEO	Deputy District Education Officer	PK	Khyber Pakhtunkhwa
DDHO	Deputy District Health Officer	PLS	Profit & Loss Sharing
DEO	District Education officer	POL	Petrol Oil Lubricant
DG	Director General	PTC	Parent Teacher Council
DHO	District Health Officer	RDA	Regional Directorate of Audit
DO	District Officer	SDEO	Sub Divisional Education Officer
DPC	Departmental Promotion Committee	SDO	Sub Divisional Officer
DPR	Disabled Person Rehabilitation	SOP	Standard Operation Producer
E&D	Efficiency and Discipline	TAC	Tehsil Accounts Committee
ECE	Early Children Education	TB	Tuberculosis
ECG	Electrocardiography	TMA	Town Municipal Administrations
EPI	Expanded Program on Immunization	TMO	Town Municipal Officer
FR	Fundamental Rules	TO	Treasury Officer
FY	Financial Year	UAA	Unattractive Area Allowance
GER	Gross Enrollment Rate	UBL	United Bank Limited
GGHS	Government Girls High School	UC	Union Council
GGHSS	Government Girls High Secondary School	VCs/NCs	Village Councils and Neighborhoods Councils
GHS	Government High School	WSS	Water Supply Scheme
GPS	Girls Primary School	WSSP	Water and Sanitation Services Peshawar
HC	Rural Health Center	ZAC	Zilla Accounts Committee
HRA	House Rent Allowance		



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 Khyber 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.

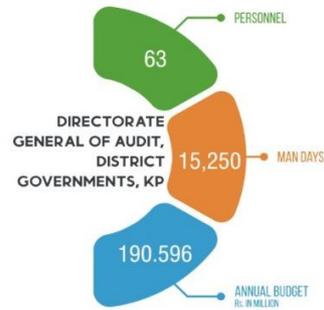
Some of the observations included in this report were finalized in the light of written replies of the departments whereas in most cases the departments did not submit written replies till the finalization of this report. DAC meetings were not convened despite reminders.

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) Peshawar on behalf of the Directorate General of Audit District Government, Khyber Pakhtunkhwa carried out audit of the Local Government office 05 Districts namely: Peshawar, Nowshera, Charsadda, Khyber and Mohmand.

This Directorate General of Audit has a human resource of 63 officers and staff with a total of 15,250 man-days. The annual budget amounting to Rs 190,596 million was allocated to the office during FY 2022-3. The office is mandated to conduct regularity audit, financial attest audit, performance audit and special studies.

Local Governments of District Khyber 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), Deputy Commissioner for the District Government, who is officer in charge of 08 devolved departments including AD Local Government Election & Rural Development Department (AD LGE & RDD). The Tehsil Municipal Administrations have one PAO i.e. Tehsil Municipal Officer for each administration. There are three Tehsils administrations in District Khyber. The village and neighborhood Councils have AD LGE & RDD as Principal Accounting Officer.

A. SCOPE OF AUDIT

This office is mandated to conduct audit of 68 formations working under 05 PAOs. Total expenditure and receipts of these formations were Rs. 4,4475.027 million and Rs. 3.023 million, respectively for the financial year 2021-22.

Audit coverage relating to expenditure for the current audit year comprises 08 formations of 05 PAOs having a total expenditure of Rs. 4,262.379 million for the financial year 2021-22. In terms of percentage, the audit coverage for expenditure is 95% of auditable expenditure.

Audit coverage relating to receipt for the current audit year comprises 03 formations of 03 PAOs (3 TMAs) having a total receipt of Rs. 3.023 million for the financial year 2021-22. In terms of percentage, the audit coverage for expenditure is 100% of auditable receipt.

This report also includes audit observations resulting from the audit of expenditure of Rs. 140.038 million for the financial year 2020-21 pertaining to 03 formations of 01 PAO.

In addition to this compliance audit report, the 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, a recovery of Rs. 94.822 million was pointed out in this report. No recovery was made till finalization of the report.



AUDIT RECOVERIES

RS. 94.822 MILLION
Recovery pointed out by the Audit

RS. NIL
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 procedures employed to obtain evidence were inspections, analytical procedures, observations and computations.

D. AUDIT IMPACT

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

- i. A recovery of Rs 94,822 million was pointed out;
- ii. Unauthorized Payments through DDOs were reduced;
- iii. Some offices converted their bank accounts from current to Profit & Loss Sharing (PLS) made and

E. COMMENTS ON INTERNAL CONTROLS

Internal controls are designed to address risk and to provide reasonable assurance that in pursuit of the 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 LGA 2019.
- No activities i.e. risk identification, risk evaluation and appropriate responses were carried out in the local government.
- Accounts were not submitted by TMAs concerned to the DAO. No review was carried out of the performances.
- TMAs did not follow the accounting procedure given in the APPM.
- No system of monitoring was found to track the progress of District Government towards its objectives.
- No internal Auditor was appointed. Annual Review of internal control was also not carried out.



B.Key Audit Findings of the Report .

- | | |
|--|---|
| <p>01 Non-compilation/consolidation Of Accounts Of Local Governments Rs.473.753 Million.</p> | <p>Recommendation:</p> <ul style="list-style-type: none">• TMA accounts needs to be consolidated at DAO level.• Cheques are required to be issued to the supplier/vendor instead of DDOs as per APPM.• Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money.• Recoveries on account of overpayment of various allowances need to be made by the departments.• 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 pre-empted and fair value for money is obtained from public spending.• Bank profit needs to be deposited in Government treasury under proper heads of accounts.vii.Recoveries on account of rents and taxes needs to be made by the departments.• The DAC meetings should be held more frequently. |
| <p>02 Unauthorized Cheques To Ddos Instead Of Vendors - Rs 302.713 Million</p> | |
| <p>03 Unverified Payments On Account Of Arrears Of Pay And Allowances-Rs123.414 Million</p> | |
| <p>04 HR/Employees Related Irregularities Were Noticed In 8 No Of Cases Amounting To Rs 62.329 Million.</p> | |
| <p>05 Procurement Related Irregularities Were Noticed In 26 No Of Cases Amounting To Rs 464.55 Million.</p> | |
| <p>06 Issues In Management Of Accounts With Commercial Banks Were Noted In 06 No Of Cases Amounting To Rs 43.732 Million.</p> | |
| <p>07 Value For Money & Service Delivery Issues Were Noticed In 03 No Of Cases</p> | |





CHAPTER-01

PUBLIC FINANCIAL MANAGEMENT



CHAPTER-1

Public Financial Management

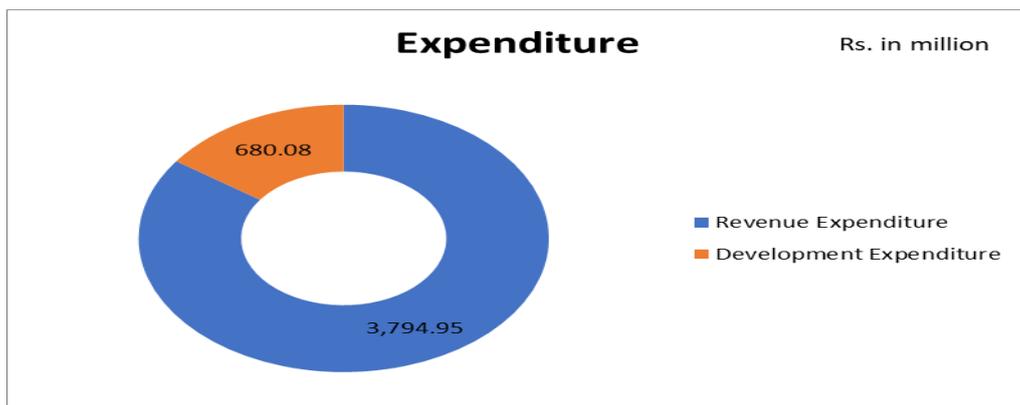
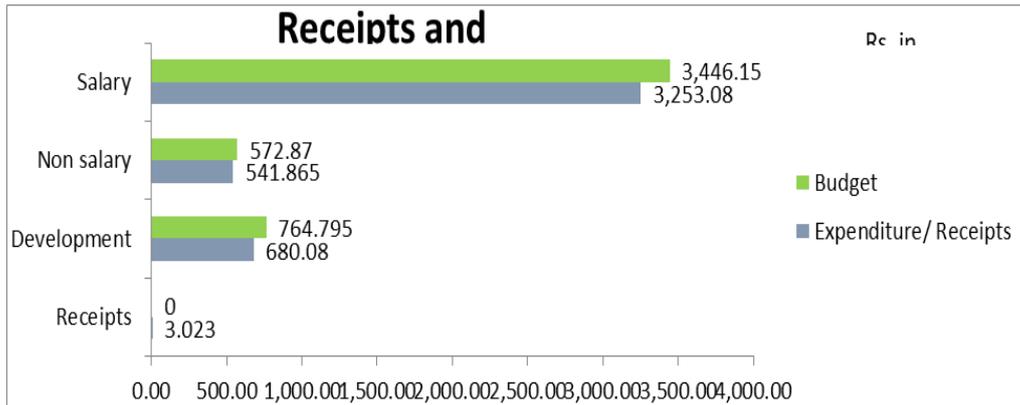
1.1 Sectoral Analysis

In compliance to the Notification of Local Government, Election and Rural Development Department, Khyber Pakhtunkhwa issued on 4th September, 2019, councils of all tiers of District Government were stood dissolved on the culmination of their respective tenures on 29th August 2019. The same notification authorized Deputy Commissioners, Tehsil/Town Municipal Officers and Assistant Directors (LGE&RDD) to perform functions of respective Nazimeen as envisaged under Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019 till the instillations of newly elected Local Governments. In the light of Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019, District Khyber 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 also its Principal Accounting Officer. Moreover, Assistant Director LGE&RDD is the Principal Accounting Officer for Village/Neighborhood Councils.

In District Khyber, funds amounting to Rs 4,783.812 million were allocated to 68 formations working under 05 PAOs. Out of which, expenditure of Rs. 4,475.027 million was made resulting into saving of Rs. 308.785 million. Receipts amounting to Rs 3.023 million were collected by these formations during the financial year 2021-22. Audit coverage relating to expenditure for the current audit year comprises 08 formations of 05 PAOs having a total expenditure of Rs. 4,262.379 million for the financial year 2021-22. In terms of percentage, the audit coverage for expenditure is 95 % of auditable expenditure. Similarly, audit coverage for receipts is 100%.

(Rs. in million)

2021-22	Budget	Actual Expenditure/ Receipts	Excess/(Saving)	Expenditure re audited	%age
Salary	3,446.15	3,253.082	193.07	4,262.379	95
Non salary	572.87	541.865	31.01		
Development	764.795	680.08	84.72		
Total	4,783.812	4,475.027	308.785		
Receipts		3.023		3.023	100



According to Section 36(3) of Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019, the District Account Officer was required to consolidate accounts of the Local Government on quarterly and annual basis. However, District Accounts Officer, Khyber did not reflect Rs. 473.753 million into the

consolidated financial statement of Local Government, Khyber, which resulted into qualified opinion on the accounts of Local Government Khyber.

District Government, Khyber was found lagging behind in many areas envisioned as integral component of the Local Government in the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019. The District Government could not establish & maintain Public Fund account as required under section 30 of 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 the District Government, Khyber as required under section 34 of Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019. The receipts collected as taxes/fees/rents under section 42 of Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019 were also not credited to the District Fund. Most importantly, Finance Department, Khyber Pakhtunkhwa could not provide District Account Office, Khyber 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 Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019, as internal auditors were not posted in the District and Tehsil Councils. In addition, Asset management by the 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 in District Khyber like other districts. Statistics show that there are 557 primary, 54 middle, 39 secondary and 06 higher secondary schools in District Khyber. The estimated Teacher Student Ratio is 1:40 at primary, 1:36 at middle, 1:30 at secondary and 1:27 at the level of higher secondary schools. District Khyber literacy rate is 49.40% the Gross Enrollment Rate (GER) is 41%, and the Net Enrollment Rate (NER) is 37% at the primary level. On budgetary front, the District Education

office, Khyber succeeded in spending 53% of District ADP and 95% of non-salary budgets.

District Education Offices in Khyber enrolled 12785 & 8138 kids during 2021-22 in government boys and girls schools respectively. Similarly, annual average of teacher's attendance rate and student's attendance rate as per independent Monitoring Unit (IMU) data were approximately 83% & 70% respectively. Furthermore, 67% schools in district Khyber 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 only 32% against the assigned target.

Health

Health is another important sector of District Khyber with a total of 65 health facilities spread across the district among which 13 BHUs, 27 CDs, 01 RHC, 17 CH, and 05 Category- D hospitals.

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. Health Department twice examines the data collected through various sources to improve efficiency and effectiveness in the business processes of service delivery.

On mother and child health care front, 31360 babies were born in health centers. Lab investigations and diagnostic facilities were also fully utilized as 297,543 lab tests, 130,655 X-rays, 504604 ultrasounds, nil CT Scans and 6030 ECGs were done in both primary and secondary health facilities in district Khyber. Figures of immunization from EPI register were also very impressive as 30,697 pregnant women received TT-2 vaccines, 81,646- kids under 12 months received full immunization. 36,856 families were provided family planning services. Human resource data from facility records revealed that these health facilities were amply provided with medical officers and 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 patients' treatment and other lab investigations etc.

Social Welfare

In the 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. The initiatives were focused on quality services delivery to the shelter-less employed person, by taking care of multiple aspects including health care, safe/secure living environment, hygienic food etc in a respectable manner. Money saved through this intervention enabled the poor laborers/daily wagers to have a temporary shelter till they can manage their own accommodation. Panagah(s) were established in major cities/Divisional Districts based on need assessment in 1st phase. However, panagah services were not existed in District Khyber.

There is no Dar-ul-Kafala for beggars in District Khyber. Rehabilitation center for drug addicts did not exists in District Khyber. 13 Public awareness campaign /seminars held by the department with objective to increase public awareness to achieve desire objectives of social welfare. 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, the efforts made by Social Welfare office are not likely to bring about any visible improvement in the short or long run unless more resources are diverted to this sector.

Municipal Services

Tehsil Municipal Administrations, District Khyber 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 the 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, Khyber with prescribed format and necessary trainings to compile the accounts of TMAs and then reflect the same in the consolidated financial statement of the district, which resulted in disclaimer of its accounts by the Auditor General of Pakistan. Moreover, Internal Audit function could not be established as provided in sub section 4 of section 37 of Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019LGA, 2013, as internal auditors were not posted in the TMAs to support the Council. In addition, Asset management by tehsil councils was yet another area it could not address as required under section 38 of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019.

1.2 AUDIT PARAS (Financial Attest Audit)

1.2.1 Non compilation/consolidation of accounts of Local Governments- Rs 473.753 million

According to section 36(3) 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 certification audit of the accounts of the DAO Khyber for the FY 2021-22, audit observed incompleteness and incorrect presentation of the financial statements as the DAO did not consolidate into the quarterly and annual accounts of the district, the Government and local resources, as required under section-36(3) of Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019. Receipts and expenditure of Rs 473.753 million of the TMAs are not reflected in accounts.

Provisions of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019 by Local Government in District Khyber were not compiled with.

Due to non-consolidation of accounts of TMAs, the financial statements of local government remained incomplete which led to disclaimer of audit opinion.

As per decision of DAC meeting held in September 2021, Para stands till correction of these omissions.

Audit recommends compilation of accounts in the light of Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019.

1.2.2 Unauthorized cheques payments to DDOs instead of vendors – Rs.302.713 million

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

Furthermore, Finance Department Letter No: BO (W&M) /6-5/2019-20 dated 19/02/2020 states 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 Khyber, paid Rs 302.713 to various DDOs instead of issuance crossed cheques to Vender/Payees Accounts.

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

As per decision of DAC meeting held in September 2021, Para stands till corrective measurements.

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

1.2.3 Unverified payments on account of arrears of pay and allowances-Rs.123.414 million

According to CTR Para 296 read with Para 75(2) of KP City & District Govt. Budget Rules 2016, the controlling officer shall be responsible for seeing that the expenditure included in the bills, are of obvious necessity and are at fair and reasonable rates. Sanction and the requisite vouchers are all received and in order. The calculation is correct and the grants have not been exceeded over allotment.

During certification Audit of Khyber for the year 2021-22 while analyzing HR data it was noticed that arrears of pay and allowances of Rs 123.414 million were paid. However, local office could not produce supporting documents for verification to audit.

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

When pointed out in September 2022, management stated that the matter will be investigated and action will be taken accordingly. However, no progress was shown till finalization of this report.

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

Audit recommends that the matter may be investigated besides fixing responsibility against the officers/officials responsible.



CHAPTER-02

DISTRICT GOVERNMENT



CHAPTER 2

District Government Khyber

2.1 Introduction

A. Under Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019, activities of District Government are managed through offices of Deputy Commissioner and District Officers. Each department of the districts is headed by a District Officer (DO). The DO according to Rules of Business of District Government 2015, distribute the work among the officers, branches, and sections of each district office. The office which manages the activities of District Government are Deputy Commissioner (DC), District Officers Agriculture, Education, Health, Fisheries, Population Welfare, AD LG & 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:

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

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

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

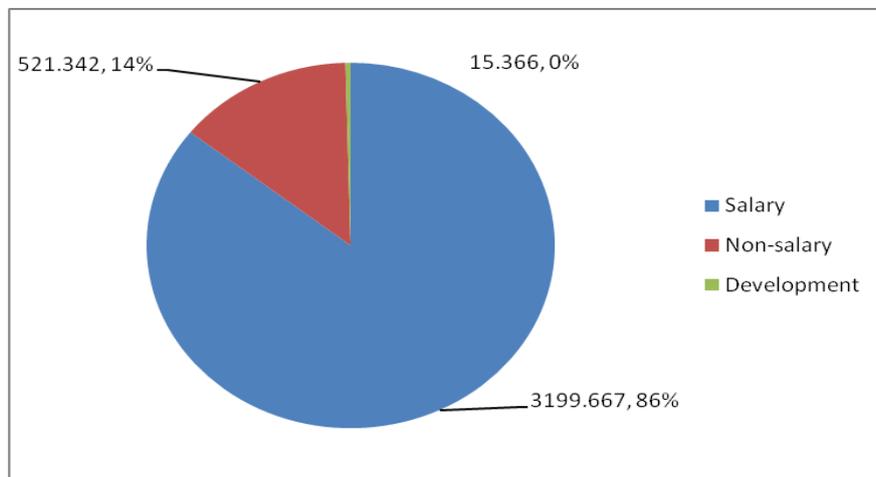
Audit Profile of the District Government Khyber

(Rs. in million)

S.No.	Description	Total Nos.	Audited	Expenditure audited FY 2021-22	Revenue/ Receipts audited FY 2021-22
1.	Formations	7	4	3,523.727	Nil

B. Comments On Budget and Accounts (Variance Analysis)**(Rs. in million)**

2021-22	Budget	Actual Expenditure/ Receipts	Excess (+)/ Saving (-)	%age Excess/Saving
Salary	3,357.515	3199.667	157.848	4.70%
Non-salary	549.323	521.342	27.981	5.09%
Development	16.578	15.366	1.212	7.31%
Total	3923.416	3736.375	187.041	4.767
Receipt	-		-	-

EXPENDITURE 2021-22**(Rs. in million)**

The saving of Rs 187.041 indicate weakness in the capacity of District Government Departments to utilize the allocated budget. Furthermore, the salary component was 4.70% of total expenditure whereas, non-salary component was only 5.09% of total expenditure and development expenditure was only 7.31% and 4.767% respectively of total expenditure. Less development expenditure by the District Government was due to insufficient release and lack of interest of the Provincial Government towards development at District level. As a result, less development activity, 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 the District Government could not be seen in the development functions as required under Rules of Business 2015.

2.2 Classified Summary of Audit observations

Audit observations amounting to Rs 994.614 million were raised as a result of this audit. This amount also included recoverable of Rs. 32.893 million 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
1	Irregularities	-
A	HR/Employees related irregularities	55.519
B	Procurement related irregularities	413.187
C	Management of Accounts with commercial bank	30.99
2	Value for money and service delivery issues	27.884
3	Others, including cases of accidents, negligence etc.	467.034
Total		994.614

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. Details of ZAC meetings are given below:

S#	Audit Year	ZAC meeting
1	2020-21	Not Convened
2	2021-22	Not Convened

2.4 AUDIT PARAS

2.4.1 Irregularities

A. Human Resource related irregularities

2.4.1.1 Irregular payment of pay & allowances through DDO-Rs 28.519 million

According to Rule-157 of Treasury Rules Vol-I the cheques for more than Rs.200/- drawn in favor of local bodies, firms, private persons or Government servants (in respect of their personal Claims) shall be crossed "Payees A/C only".

Finance Department Letter No: BO (W&M) /6-5/2019-20 dated 19/02/2020 states 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 Director Agriculture, District Officer Population Welfare Khyber and District Director Live Stock & Dairy Development, Khyber paid Rs 28,519,000 on account of pay & allowance, TA/DA, MRC and Hot & Cold weather charges through DDO instead of payment directly to vendor through bank accounts during the financial year 2020-21 in violation of above-mentioned rules. Details are given below:

S#	Name of office	Amount (Rs)	Remarks
1	District Director Agriculture	1.535	Pay & Allowances
2	District Director Population Welfare	3.545	-do-
3	District Director Live Stock & Dairy Development	23.439	Pay & Allowances, TA/DA, MRC and Hot & Cold weather
Total		28.519	

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

When pointed out in March, 2022, Management did not furnish any reply.

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

Audit recommends payment of employees salaries through bank accounts besides action against the person(s) at fault.

AIR Para No.01 (2021-22)

2.4.1.2 Unverified expenditure due to non-maintenance of distribution records – Rs 4.588 million

Rules 9 (2)(f) of District Government Budget Rules 2016 states that DDO, head of offices under their administrative control is responsible for the maintenance of all relevant records both accounting and operational up to date and in an orderly manner as prescribed by relevant rules of Account Books and other ancillary records concerned with the Initial Accounts.

Para-148 of GFR Vol-I, requires that all materials received should be examined, counted, measured or weighed as the case may be when delivery is taken and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect.

Rule 174 of CTR Vol-I states, that all payment must be supported with acknowledgement.

District Director Agriculture, Khyber, incurred an expenditure of Rs 4,588,450 under ADPs for the procurements of various items and distributed among the farmer through Agriculture Officers during the financial year 2020-21. Audit holds that no record regarding distribution/acknowledgement of items were available in the office in violation of rules. Hence, audit could not authenticate the expenditure incurred by the management. Detail annexure-2

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

When pointed out in March, 2022, Management did not furnish any reply.

PAO was requested to convene DAC meeting in March, 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 (2020-21)

2.4.1.3 Non-deduction of house rent allowance and conveyance allowance from the allottees of government accommodation- Rs 1.331 million

According to Rule 223 of CTR Vol-I, House rent should be recovered from the pay bills of the government employees having government accommodation.

According to judgment of Peshawar High Court dated 28.2.2013 in writ petition No. 304-9/2013, No conveyance allowance shall be allowed to those employees availing the facility of residential accommodation situated within their work premises.

District Health Officer, Khyber failed to deduct and recover Rs 1,331,580 on account of house rent allowance and conveyance allowance from the allottees of the government accommodation during the financial year 2021-22 who were residing inside the premises of hospitals as per detail attached. Moreover, list of accommodation allotted in the BHUs was not provided. Annexure-3.

The irregularity occurred due to non-adherence to government rules, instructions and administrative controls, which resulted into loss to public exchequer. The same observation was also pointed out during the financial year 2021-22 amounting to Rs 2.621 million. However, no corrective measures were taken, resultantly loss to the government.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends immediate stoppage of house rent, recovery of overpaid amount from officers/officials and production of allottees list by the D.H.O.

AIR Para No.10/2021-22

2.4.1.4 Irregular withdrawal of funds on account of high-performance award and its non-disbursement-Rs. 1.564 million

According to Para 12 of GFR Vol.-I that 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.

According to rule 290 of Treasury Rules, “no money should be drawn from Treasury unless required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demand or to prevent lapse of budget grant”.

District Education Officer, Khyber withdrew Rs 1,564,000/- on account of provision of high-performance award under ADP scheme No. 397/191303/150083 to various primary, middle and high schools for students and teachers of District Khyber during the financial year 2021-22. It was noticed that an amount Rs. 150,000/- as previous year liability was paid to Assistant Director (P&D) education directorate, whereas the remaining amount Rs. 1,414,000 was retained in the designated bank account at BOK Jamrud. However, the fund was not distributed / disbursed among the position holders of schools till the date of audit i.e. July, 2022.

The irregularity occurred due to weak internal controls, which resulted in blockage of public funds. The similar observation was also pointed out during financial year 2021-22 amounting to Rs 2.476 million. However, no corrective measures were taken.

When pointed out in July 2022, management stated that the fund will be disbursed among the position holder under intimation to audit.

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

Audit recommends framing of internal controls for timely disbursement of scholarships to students and justification of payment to AD (P&D) of Education Directorate.

AIR Para No. 3 (2021-22)

2.4.1.5 Irregular/unauthorized payment of Pay and Allowances through DDO –Rs 17.951 million

Para 4.6.3.1 of APPM requires that the normal method of payment of monthly salaries of all government employees shall be by credit transfer directly to a bank account nominated by the employee.

District Education Officer Khyber paid Rs. 17,951,981 from the Government Treasury and made payments through DDO to the employees on account of pay & allowances during the financial year 2021-22, instead of direct credit transfer to the payees a/c of the banks violating Government instructions. Annexure-4.

The lapse occurred due to weak internal controls, which resulted in irregular payment of pay & allowances. The similar observation was also pointed out during financial year 2021-22 amounting to Rs 213.285 million. However, no corrective measures were taken.

When pointed out in July 2022, management stated that initial salaries of the newly recruited employees are paid through DDO. The reply is not tenable as the salaries shall be transferred to their respective bank accounts from the initial pay and the department has not given any proof for further transferring of the upcoming pays to their respective bank accounts.

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

Audit recommends immediate transfer of salaries from DDO to bank accounts of the employees.

AIR Para No. 10 (2021-22)

2.4.1.6 Loss due to non-recovery of pays & allowances –Rs 1.566 million

According to Government of Khyber Pakhtunkhwa Finance Department Regulation Wing letter No. SO (FR)/FD/5-14/2014 dated: 16-12-2014, in case Government employees remain absent from duty without authorization or fails to perform their concerned duty, such government employee loses right to payment

of pay and allowances for such period besides making themselves liable for disciplinary proceedings.

District Health Officer, Khyber appointed a Doctor under AIP project which remained absent from official duty since 17-06-2021, however, he was paid Rs 1,566,000 on account of pay & allowances in violation of government instructions.

The laps occurred due to weak internal control which resulted in loss to government.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends monitoring mechanism on pay & allowances besides recovery from the concerned Doctor.

AIR Para No.04/2021-22

2.4.1.7 Irregular appointment of class-IV staff

Para 23 of GFR Vol.-I states that 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.

According to Clause-8 (VI) of Directorate of Elementary and Secondary Education KPK "Instructions Manual for Appointment Process" issued vide No. nil/School based recruitment/Estab dated 12.07.2015, the concerned appointing authority shall ensure that the documents and certificates issued by the Public Sector Universities, BISEs or recognized/affiliated Universities by the Higher Education Commission Islamabad by the candidates.

According to Clause-10(3) of Civil Servant Act-1973, a candidate for initial appointment to a post must possess the educational qualification or technical qualifications and experience and except as provided in the rules framed

for the purpose of relaxation of age limit, must be within the age limit as laid down for the post.

According to Finance Department Government of KPK letter No. BO.I/FD/5-8/2021-22/Austerity Measures dated 30.06.2021. No appointment shall be made against leave and vacant posts without prior approval from the Finance Department KPK and concerned Surplus Pool.

In the light of Supreme Court Decision the Government of Khyber Pakhtunkhwa strictly banned appointment on granting free land and directed in Para 2 of Regulation Wing letter No. SOR-VI(E&A)10-17/2009 Peshawar Dated 06/01/2009 which states, “The policy of making/offering appointments in lieu of land grants shall stand discontinued forthwith. Henceforth, land for official use shall be purchased on payment in accordance with the prescribed procedure.”

During audit of the District Education Officer (M&F), Khyber, It was observed that the local office has appointed 198Nos of Class-iv staff i.e chowkidars, Naib Qasid, Lab Attendant and Sweeper. Details are given below:

S. No.	Post	No. of Appointments
1	Chowkidar	87
2	Sweeper	49
3	NaibQasid	45
4	Lab Attendant	17
	Total	198

Audit observed the following irregularities;

1. No. of vacancies were not mentioned in the advertisement dated 04.02.2021.
2. Appointment orders of 88 Nos of class-iv staff appointed against girls schools were issued by & under the signature of DEO (Male) vide order No.7273-79/174 Class IV M/F / Khyber dated 24.09.2021 which were declared null and void by the DEO (F) Khyber vide their office letter No. 633 dated 21.10.2021
3. The appointments were made without prior approval from Finance Department KPK and obtaining NOC from the concerned Surplus Pool.

4. Medical fitness and verification of Domicile, character & Antecedents were not available on record as required in the appointment order.
5. Police clearance certificate from local police station was also not available on record.
6. CNIC and domicile of the candidates were not available on record.

Irregular appointment occurred due to weak internal controls, which resulted in irregular appointments.

When pointed out in July 2022, management stated that reply will be furnished after scrutiny of record. However, reply is not submitted till issuance of the report.

PAO was requested to convene DAC meeting in August 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.5 (2021-22)

B. Procurement related irregularities

2.4.1.8 Un-authentic expenditure on purchase of agriculture inputs – Rs 1.950 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 the relevant record both accounting and operational, up to date and in an orderly manner.

District Director Agriculture, Khyber incurred expenditure of Rs 1,950,000 on purchase of different agriculture inputs of Maiz Seed for use in demonstration plots during financial year 2020-21. Audit holds the following irregularities;

- i. No agreement for demonstration plots with farmers was signed.
- ii. Identity of farmers could not be verified as NICs of the farmers were not available on record.
- iii. Acknowledgement / recipient signatures of farmers were not available.
- iv. No criterion for selection of plots of the beneficiaries was available on record
- v. Disbursement of seeds, fertilizer etc. were not confirmed as acknowledgment of the end users was not available on record.
- vi. Report of Technical / Inspection Committee for quality and quantity was not available.
- vii. The local office 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 weak internal and administrative controls which resulted in un-authentic expenditure.

When pointed out in March, 2022, Management did not furnish any reply.

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

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

AIR Para 02 (2021-22)

2.4.1.9 Irregular expenditure without approval of PC-I - Rs. 8.453 million

According to Section 4 Second Schedule of Delegation of Power 2018, DDC is empowered to approve Project up to Rs.60 million and DDWP Rs. 200 million subjects to the following condition:

Specific Condition(s):

- i. The Project/Programme so sanctioned shall be sent to the Planning & Development Department and Finance Department.

- ii. In case of difference of opinion, the Project/Programme shall be referred to the Provincial Development Working Party (PDWP).
- iii. Prior clearance of revenue component (creation of new posts, pay & allowances, purchase of vehicles, purchase of machinery & equipment's, operating expenses etc.) of the project/programme from Finance Department / District Officer Finance & Planning concerned shall stand as a prerequisite.

District Director Agriculture, Khyber incurred an expenditure of Rs 8,453,200 under ADP scheme "Strengthening and capacity building of Agriculture Extension in FATA" without approval of PC-I from the competent forum in violation of above-mentioned rule.

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

When pointed out in March, 2022, Management did not furnish any reply.

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

Audit recommends approval of PC-I from the competent forum.

AIR 04 (2021-22)

2.4.1.10 Irregular expenditure on purchase of medicine – Rs. 15.700 million

Para 148 of General Financial Rules (GFR) Vol.-I provides that all material received should be examined, counted, measured, weighed as the case may be, when delivery is taken, and they should be taken on charge by a responsible government officer who should see that quantities are correct and their quality is good, and record a certificate to that effect. Moreover, no payment shall be made to the suppliers unless samples of medicines are tested in the Drug Testing Laboratory (DTL).

According to DG Live Stock letter No. 350-383 dated 06-12-2013 random samples must be sent for lab analysis before procession to relevant bill of cost to ensure the quality of medicines.

District Director Livestock and Dairy Development, Khyber spent Rs 15,700,000 on account of purchase of medicines out of funds provided under Regular & ADP schemes during Financial Year 2020-21. Audit raised the following observations:

1. The samples from the purchased medicines were not sent to the Veterinary Testing Laboratories for test/Analysis to authenticate the efficacy and effectiveness of the drugs, hence issuance of medicines to the sub-ordinates units and Payment to the suppliers/ firms without clearance of samples of medicines from Government Drug Testing Laboratory (DTL) was held irregular.
2. Satisfactory inspection report regarding quantity, quality, specification was also not available on record.
3. Furthermore, the main stock register revealed that the medicines/ other store were shown issued to various sub-ordinate institution/ hospitals under jurisdiction for further utilization. However, indents of sub-ordinate units were not produced to audit. Thus, audit could not authenticate the original issue of medicines/ store, hence possibility of misappropriation could not be ruled out.

Audit observed that failure to conduct DTL test of medicine and non-availability of indents of sub-ordinate institution/hospitals for issuance of medicines occurred due to weak administrative and internal controls, which resulted in non-authentication the efficacy and effectiveness of the drugs and un-authentic expenditure on purchase of medicines.

When pointed out in February, 2022, the management replied that detail reply will be given after consultation of record.

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

Audit recommends detailed inquiry for fixing of responsibility on the person(s) at fault.

AIR Para No 02 (2021-22)

2.4.1.11 Irregular expenditure on purchase of plant & machinery Rs 2.676 million, furniture & fixtures Rs 0.826 million and others Rs 3.361 million

According to Rule-1 Chapter-II of PPR 2014, save as otherwise provided hereinafter and subject to the provisions of rule 10, the procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods over the value of Rs. 100,000.

According to S.No 4.3.1.1 of the Accounting Policies and Procedures Manual, all expenditures will be made through cross cheque in the name of Supplier/Contractor.

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

Deputy Commissioner, District Khyber had incurred an expenditure of Rs 3,361,915/- under the object head "Others", Rs 2,676,780/- on purchase of plant & machinery and Rs826,000/- on purchase of furniture & fixture during the financial year 2021-22. Annexure-5.

Audit raised the following observations: -

1. The purchase order was split up to avoid tendering process resulted in uneconomic rates and loss to government in violation of KPPRA
2. All payment to the supplier in cash instead through cross cheques.
3. The actual payee receipts were not available on record which resulted in unauthentic payment.
4. Items purchased were not entered in stock register.
5. Equipment was purchased without obtaining the demand and actual requirements from the concerned.

6. Payment was made but neither Inspection Committee was constituted nor was Inspection of the supplied items carried out by the local office.
7. Physical verification from the Competent Authority was not carried out.

The laps occurred due to weak internal control which resulted in irregular expenditure.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends implementation of government rules.

AIR Para No.01 (2021-22)

2.4.1.12 Irregular expenditure on account of lungi allowance – Rs 9.865 million

Rule 283(i) of FTR states that the head of an office is personally responsible for the amount drawn on a bill signed by him on his behalf until he has paid it to the persona entitled to receive it, and obtained a legally valid acquaintance on the office copy of the bill. If, in any case, owing to the large size of an establishment or for any other reason, it is not found feasible or convenient to obtain the receipts of the payees on the office copy of the bill, the head of the office may maintain a separate acquaintance roll in Form T. R. 28.

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

Deputy Commissioner, District Khyber, disbursed an amount of Rs 9,865,000 to the local maliks as lungi / muwajib allowance during the financial year 2021-22. Audit holds the following irregularities.

1. The amount was drawn on the name of DDO instead of cross cheques.
2. Rs 562,840 were remained un-disbursed.
3. Acknowledgement payee receipts in proper format were not maintained by the local office.

The laps occurred due to weak internal control which resulted in irregular expenditure. The similar observation was also pointed out during financial year 2021-22 amounting to Rs 5.5 million. However, no corrective measures were taken.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends implementation of government rules and instruction.

AIR Para No.09 (2021-22)

2.4.1.13 Irregular and doubtful expenditure under the head rapid enrolment campaign without open tender system- Rs. 2.000 million

According to Chapter-II (Rule-6) of the KPPRA 2014, save as otherwise provided hereinafter and subject to the provisions of rule 10, the procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods over the value of Rs. 100,000 (rupees one hundred thousand).

According to Rule-75 (8) (a) of the Khyber Pakhtunkhwa District or City District Government Budget Rules 2016, purchases must be made in the most

economical manner in accordance with the definite requirements of the public service.

During audit of District Education Officer, Khyber for the 2021-22, it was observed that Rs. 2,000,000 was paid to M/s Syed Masoom Shah & Brothers for rapid enrollment campaign.

Audit observed the following irregularities.

1. No tender/quotation was invited for the rapid enrolment campaign which was clear violation of the above-mentioned criteria.
2. The amount was paid in advance to the supplier in February, 2022 whereas the training activities were held in May, 2022.
3. As per record, remuneration to the 02 Lead Trainers, 15 Master Trainers, Monitoring Cost and all the trainees were disbursed in Cash.
4. Pana flex, Posters, Stationary, and other procurement were neither taken on stock nor shown issued to the schools concerned for the enrolment awareness of the local community.

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

When pointed out in July 2022, management stated that reply will be produced after scrutiny of record.

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

Audit recommends framing of internal control, besides inquiry and action against the person(s) at fault.

AIR Para No. 1 (2021-22)

2.4.1.14 Non-imposition of penalty and non-forfeiture of security due to non-supply of furniture and IT equipment amounting to Rs 1.749 million

According to the work order for the supply of furniture issued to M/s Madina Trading Company on dated 30.04.2021. The supplier was directed to supply the furniture up to 30.06.2021 otherwise a penalty @ 02% will be charged

and security deposit @ 10% will be forfeited in favor of government and the firm will be black listed.

District Education Officer (M&F) Khyber issued supply order to M/s Madina Traders for the supply of furniture and IT equipment worth Rs 14,579,980 for schools during FY 2021-22. It was noticed that supply was not made till date of audit and the local office neither imposed penalty @ 02% amounting to Rs291,600/- nor forfeited security @ 10% amounting to Rs. 1,457,998 in favor of the government.

The laps occurred due to weak internal control which resulted in loss to Government.

When pointed out in July 2022, management stated that penalty will be deducted from the supplier and progress regarding supply of furniture will be intimated to audit.

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

Audit recommends framing of internal controls for timely delivery of supplies, besides immediate recovery and action against the person(s) at fault.

AIR Para No. 2 (2021-22)

2.4.1.15 Non-transparent award of contract worth Rs 26.40 million

According to Rule 39 (1) of the Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014 “All bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the bidding documents”

According to Rule 43 of the Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014 “The procuring entity shall disqualify a supplier or contractor or consultant if it finds, at any time, that the information submitted by him concerning his qualification as supplier or contractor was false and materially inaccurate or incomplete”

During the financial year 2021-22, the record of DEO (M&F) Khyber, revealed that supply orders in respect of IT Equipment was awarded to Panasonic Office Product, Corvit systems and Global IT solutions respectively on 25.04.2022 for Rs 2,640,400/- Following irregularities were noticed in the procurement process:

1. Supply orders was issued on 25.04.2022 to Panasonic office for the supply of Printer (laser jet) for Rs. 637,000/-, Corvit Systems for the supply of Laptop Core i7 for Rs. 1,096,200/- and Global IT Solutions for the supply of Desktop computers & USB Flash drives for Rs 907,200/-. As per the supply orders the firms are directed to deposit 10% security in the shape of call deposit, whereas the local office failed to deduct/ obtain the same from the suppliers, which clearly depicts undue favour from the local office to the suppliers.
2. As per S.R No.6 of the eligibility/qualification criteria, the firms should submit bank statements, verifiable Audit Reports and Sales tax returns for the last three years. During scrutiny of the record, it was found that none of the above statements/reports were found in the bidding documents provided by the firm Corvit systems, thus the award of contract to Corvit system for Rs. 1,096,200/-were held irregular and undue favour was given to the choice contractor.
3. As per S.R No. 9 of the terms & conditions of the contract, the successful bidder will have to provide one year warranty after sales, service; however, none of the contractors have submitted any kind of warranty.
4. No scoring/marks/points criteria are adopted by the local office among the competitors in the technical evaluation criteria for fair competition during the procurement.

Audit is of the view that the supply order was assigned to the choice contractors having the fact that a major deficiency at the time of award of contract was noticed but even then, the local office executed agreement, due to which non transparent award of contract was given to the choice contractors valuing Rs 2,640,400/-

The lapse occurred due to weak internal control which resulted in non-transparent award of contract

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends implementation of government rules and regulations.

AIR Para No. 7 (2021-22)

2.4.1.16 Irregular expenditure on account of CLCP – Rs 323.6000 million

According to Rule 174 of CTR Vol-I read with Rule 283 (I) of the Central Treasury Rules Volume I, all payment must be supported with acknowledgement.

According to PDMA letter no. PDMA/Fin-PDMA/2021-22 dated 23-09-2021, separate cash book and APR,s in respect of expenditure incurred from CLCP fund should be maintained..

According to N9 of SOPs of CLCP vide notification No. SO(Estt:)RR&SD/310/2015/PDMA/RRU/VOL-V, GPS coordinates should match with the address appearing in the form.

Deputy Commissioner, District Khyber received Rs 323,600,000 from PDMA Khyber Pakhtunkhwa on account of Citizen Losses Compensation Programme and paid to affecties during the financial year 2021-22. Audit observed the following irregularities

1. Disbursement of fund was not carried out as per laid down procedure i.e. collection of data through GPS coordinates and payments through cross cheques.
2. Neither separate cash book was maintained nor acknowledgment payee receipt were available on records.
3. Rs 5,680,000 were paid to the individuals having CNIC of other district.

The laps occurred due to weak internal control which resulted in irregular expenditure. The similar observation was also pointed out during financial year 2021-22 amounting to Rs 1021.84 million. However, no corrective measures were taken.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends implementation of government rules and instructions.

AIR Para No.05 (2021-22)

**2.4.1.17 Irregular expenditure without adopting open tender system
Rs.9.011 million**

According to para 6(1) of Khyber Pakhtunkhwa Public Procurement Regulatory Authority Act, 2014, Procurement of Goods over the value of Rs 100,000 requires to be tendered.

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

Para-148 of GFR Vol-I states that all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

Deputy Commissioner, District Khyber incurred expenditure of Rs.9,011,202 on account of various object heads during the financial year 2021-22. Audit observed the following irregularities. Detail as annexure-6.

- i. Tendering process was not observed and purchase was made on piecemeal basis to avoid the tender process.
- ii. Stock register was also not available on record

- iii. All the money was drawn on cash basis instead of through cross cheque
- iv. Receipts from the suppliers showing cash received from the local office, were also not found on the record

The laps occurred due to weak internal control which resulted in Irregular / un-authentic expenditure without adopting open tender system. The similar observation was also pointed out during financial year 2021-22 amounting to Rs 11.869 million. However, no corrective measures were taken.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends implementation of government rules and instructions.

AIR Para No.20 (2021-22)

2.4.1.18 Irregular amount drawn on DDO instead of vendor Rs 2.140 million

Finance Department Letter No: BO (W&M) /6-5/2019-20 dated 19/02/2020 states 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 and according to direction in Para 2.3.2.8 of APPM the accounting system shall include controls to minimize the risk of fraud & corruption.

District Health Officer, Khyber withdrew Rs 2,140,744 from treasury under various object heads instead of direct payment to vendors during the financial for 2021-22, in violation of government rules and instructions.

The laps occurred due to weak internal control which resulted in irregular amount drawn.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends implementation of government rules.

AIR Para No.07/2021-22

2.4.1.19 Irregular expenditure on account of purchase of medicine Rs 2.484 million

According to serial-H of DG Health services KPK letter No.884/DD/(Preq/reg/Drugs) dated 06-10-2020, the purchasing entity shall submit mandatory quarterly reports regarding clinical efficacy and or/other parameters of the relevant items in this list as used at their end in case of failure disciplinary action may be initiated against the in-charge of the purchasing entity. And Serial-B, the purchasing entities shall place order of the needed items keeping in view the basic principles i.e realistically calculated quantities as per needs, availability of released budget, storage facilities and space Clause-6 of the agreement of Govt. MCC rate contract agreement, the procuring entity shall arrange to obtain samples from each batch of the supplied drugs/medicine through notified Drug Inspectors concerned and send to the concerned Drug Testing Laboratory (DTL) for test/Analysis.

District Health Officer, Khyber incurred expenditures of Rs 2,484,271 on account of purchase of medicines during the financial year 2021-22 as per annexure-7. Audit observed the following irregularities: -

1. Payment of Rs 1,360,791 was made without clearance of samples of medicines from Government Drug Testing Laboratory (DTL)
2. The local office failed to submit quarterly reports regarding clinical efficacy of the Government approved brand of medicine.
3. Purchases were made for health centers without realistic calculation of quantities as per need, storage facilities & space. Demand from health

centers was also not obtained which shows that medicines were procured without demand.

4. The supplied items were not issued to the health centers and dumped in the main store of the local office which resulted in blockage of government money and deprivation of the general public from health facilities.
5. Expenditure of Rs 2,484,271 was made against budget of Rs 5,500,000 which shows inefficiency.

The laps occurred due to weak internal control which resulted in irregular expenditure.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends implementation of government rules.

AIR Para No.03/2021-22

2.4.1.20 Irregular expenditure without adopting open competitive bidding Rs 2.972 million

According to para 6(1) of Khyber Pakhtunkhwa Public Procurement Regulatory Authority Act, 2014, Procurement of Goods over the value of Rs 100,000 requires to be tendered.

Finance Department Letter No: BO (W&M) /6-5/2019-20 dated 19/02/2020, provides that in order to streamline the management in public account and observe fiscal discipline, it has been decided to stop forthwith all payments through open cheques or cash payments.

Para-148 of GFR Vol-I states that all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a

certificate to that effect. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

District Health Officer, Khyber incurred Rs 2,971,733 under various object heads for purchase of various items during the financial year 2021-22. Details are given below:

S#	Particular	Amount (Rs)
1	Stationary	362,732
2	Cost of other store	1,192,984
3	Purchase of plant & Machinery	1,040,139
4	Purchase of Furniture	196,068
5	Purchase of Machinery & equipment	179,810
	Total	2,971,733

Audit observed the following irregularities.

- i. Tendering process was not observed and purchase was made on piecemeal basis to avoid the tender process.
- ii. Stock register was also not available on record
- iii. All the money was drawn on cash basis instead of through cross cheque
- iv. Receipts from the suppliers showing cash received from the local authority were also not found on the record.

The laps occurred due to weak internal control which resulted in irregular expenditure.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends implementation of government rules.

AIR Para No.24/2021-22

C. Management of Accounts with commercial bank

2.4.1.21 Non-deposit of bank profit into the government treasury – Rs.11.721 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 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.

Deputy Commissioner, District Khyber earned profit of Rs. 11,721,008 on the public funds placed in its respective designated bank accounts. However, the same was retained in the bank and not deposited into the Government treasury. Details are given below:

S.No.	Bank	Account No.	Bank Profit (Rs)
1	Bank of Punjab	6580215671600015	540,201
2	Bank of Punjab	6580215671600026	10,671,297
3	MCB	0372208801000271	509,510
Total			11,721,008

The laps occurred due to weak internal control which resulted in loss to government.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends deposit of profit into government treasury.

AIR Para No.07 (2021-22)

2.4.1.22 Non-conversion of current Bank Account into PLS mode for profit- Rs. 10.556 million (approximately)

According to Government of Khyber Pakhtunkhwa Finance Department letter No 2/3-(F/L)-FD/2007-2008/Vol-IX dated: 10-02-2014, current accounts should be converted to PLS mode and the profit earned be deposited in Government treasury under relevant head of account immediately.

Deputy Commissioner, District Khyber placed public funds in current designated bank accounts during the financial year 2021-22, however, the designated accounts were not converted into PLS mode. Therefore, government was deprived of profit Rs 10,556,374 that could be earned during the year however the same was not done, which caused loss to government. Details are given below:

S.#	Bank Name	Account No.	Opening balance (Rs)	Closing balance (Rs)	Average balance (Rs)	Expected Profit (Rs)
1.	Khyber Bank	016600191005	186,599,500	186,600,000	186,599,500	9,329,975
2.	Khyber Bank	016601166009	18,157,478	30,778,479	2,4467,978	1,223,398
3	NBP	4321550599	94,150	25900	60,025	3001
Total						10,556,374

The laps occurred due to weak internal control which resulted in loss to government. The same observation was also pointed out during financial year 2020-21 & 2021-22 amounting to Rs 16.066 million and 13.003 million respectively. However, no corrective measures were taken, resultantly total loss of Rs 27.009 million to the government.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends conversion of Account to PLS mode and fixing responsibilities against the persons at fault.

AIR Para No.08 (2021-22)

2.4.1.23 Irregular retention of fund Rs 2.434 million

Unverified drawl of funds from designated account-Rs 3.979 million

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

Finance Department Khyber Pakhtunkhwa Peshawar vide letter No. 2/3-(F/L)/FD/2007-08/vol-IX dated 10.02.2014, has allowed sanction of bank accounts in commercial banks for various departments/autonomous/corporation in KP and directed that such accounts may be converted into PLS mode and profit earned may be deposited into government treasury under the relevant head of account not later than a week when declared by the bank.

During scrutiny of the Bank Statements of the 02 designated bank accounts of District Health Officer, Khyber for the financial year 2021-22, it was observed that a balance of Rs 2,434,421 was lying unspent in the banks as on 30.06.2022. However, neither the amounts were reconciled with bank nor was justification available on record of the unspent balance. Audit observed that it is the practice in the local office that money is drawn in anticipation of its disbursement and kept in the designed account and cash drawl made, thus chances of misappropriation cannot be ruled out. Annexure-8.

Moreover, a sum of Rs 3,979,885 was drawn from the designated account on cash basis however, the local office neither maintained Cash book of the expenditures nor further disbursement was shown to audit.

The laps occurred due to weak internal control which resulted in irregular retention of fund and verified drawl of fund from the designated bank account. The similar observation was also pointed out during financial year 2020-21 amounting to Rs 553 million. However, no corrective measures were taken.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends implementation of government rules besides deposit of Rs 2.434 million into government treasury and maintenance of proper cash book.

AIR Para No.08/2021-22

2.4.1.24 Irregular cash withdrawal of funds from designated bank account-Rs2.300 million

According to rule 290 of Treasury Rules, “no money should be drawn from Treasury unless required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demand or to prevent lapse of budget grant”.

According to rule 77(ii) of CTR, every officer receiving money on behalf of the Government should maintain a cash book in Form TR 4 and all monetary transactions should be entered in the cashbook as soon as they occur and attested by the head of the office in token of check. The cash book should be closed regularly and completely checked.

During scrutiny of the Bank Statement of the designated bank account (A/c No: 012503736004 BOK Jamrud) of District Education Officer, Khyber for the financial year 2021-22, it was observed that Rs 2,300,000 was drawn in cash on dated 15.07.2021 from the designated account however, the local office neither made entry in Cashbook nor further disbursement was shown to audit.

Furthermore, no supporting document found obtain on record which leads that the amount has been misappropriated by the dealing hands which needs justification.

The laps occurred due to weak internal control which resulted in irregular withdrawal from bank account. The similar observation was also pointed out during financial year 2021-22 amounting to Rs 1million. However, no corrective measures were taken.

When pointed out in July 2022, management stated that carriage charges for the books are paid to the subject amount. Reply is not tenable as no progress was shown to audit.

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

Audit recommends enquiry for non-maintaining record against the withdrawal of funds from Bank account and justification for non- proper maintenance of the cash book of the expenditures.

AIR Para No. 26 (2021-22)

2.4.2 Value for money and service delivery issues

2.4.2.1. Wasteful expenditure on account of early childhood Montessori kits Rs 2.94 million

According to rule 290 of Treasury Rules, “no money should be drawn from Treasury unless required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demand or to prevent lapse of budget grant”.

Para 23 of GFR Vol.-I states that 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.

District Education Officer Khyber, made payment of Rs 2,945,152 on account of purchase of 08 numbers of Early Childhood Montessori Kits during 2020-21. It was noted that kits were dumped in the store from the last one year. The newly kits are exposed to seasonal wear and tear resulting in a wasteful loss of valuable resources. Further, the local office did not take any initiative with higher ups for installing these kits in the required schools. It was evident that the kits were un-necessary purchased merely to use the Government funds.

The Lapse occurred due to violation of central treasury rules and general financial rules which resulted in wasteful expenditure.

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

When pointed out in July 2022, management stated that the case will be taken-up with higher-ups regarding installation of kits in the required schools. Reply is not tenable as no progress was shown till issuance of the report.

Audit recommends detailed inquiry into the matter for fixing responsibility and action against the person(s) at fault besides making policy for utilization/installing the kits.

AIR Para No. 6 (2021-22)

2.4.2.2. Non-submission of performance security and no insurance coverage to staff amounting to Rs 20.00 million

According to Para 3.12 of the terms & conditions of agreement the third party shall deposit an amount of Rs 20 million as performance security, with the first party, which shall be refundable to the third party on the expiry or termination of this agreement.

Para 3.13 of the terms & conditions states that the third party shall be responsible to provide appropriate insurance coverage to all the staff of the assigned health facility.

District Health Officer, District Khyber, had made an agreement with “The Medical Emergency Resilience Foundation (MERF)”, Islamabad on 14-04-2022 for “Provision of Hospital Services at Category-D Hospital Bazar Zakha Khel, District Khyber, through Public-Private Partnership for five years @ Rs.514,932,000. The DHO had made payment to MERF for Rs 26,483,000 vide cheque No.1260117 dated 28-06-2022 under the object head “A03970 Others” for the provision of healthcare services. Audit holds that MERF was failed to submit performance security of Rs two million to DHO, Khyber and appropriate insurance coverage to all the staff of the assigned health facility, which is violation of the agreement.

The laps occurred due to violation of the terms & conditions of the agreement which resulted in non-submission of performance security and no insurance coverage to staff.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends submission of performance security and insurance coverage as per contract agreement.

AIR Para No.13/2021-22

2.4.2.3. Non- Collection of various types of funds –Rs 4.944 million

According to Provincial Commissioner Pakistan Girls Guides Association Khyber Pakhtunkhwa Peshawar office letter No. 690-PGGA/K.P.K. dated 23-02-2012, “Girls Guides per head fee was increased from Rs 03 to Rs 12.

According to Directorate of E&SE Khyber Pakhtunkhwa Notification No.4204-33/F.No. P-7/P-Fund/General/DD(F&A) dated Peshawar 29.04.2010, Sports, Examination, Poor, Red Crescent, Medical, Shaheen, Boys Scouts and Girls Guide funds should be collected from students at prescribed rates.

Student Level	Sport Fund	Exam Fund	Medicl Fund	Poor Fund	Red Crescent	Scout/GG Fund	Shaheen Fund	Total Fund
Primary Boys	3	2	1	2	10	0	2	10
Primary Girls	3	2	1	2	10	0	0	8
Middle Male	30	40	8	8	10	25	0	113
Middle Female	30	40	8	8	10	12	0	100
High Male	40	50	10	10	10	25	0	137
HSSC Male/Female	40	50	10	10	10	12	0	124

District Education Officer (Male and Female), Khyber collected various types of funds amounting to Rs.4,944,491 in various schools from students during 2021-22 as per enrolment of schools and EMIS data. Neither record, nor cash book was maintained for these funds. Further no verification and internal inspection was conducted to ensure its proper collection and utilization. Annexure-9.

The laps occurred due to violation of E&SE Khyber Pakhtunkhwa Notification. The similar observation was also pointed out during financial year 2021-22 amounting to Rs 3.341 million. However, no corrective measures were taken.

When pointed out in July 2022, management stated that reply will be furnished after scrutiny of record.

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

Audit recommends framing of internal control to minimize the risk of recurrence.

AIR Para No. 4 (2021-22)

2.4.3 Others, including cases of accidents, negligence etc.

2.4.3.1 Un-authorized retention of huge amount in closing balance on account of land compensation Rs 217.378 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.

According to Finance Department Khyber Pakhtunkhwa letter No. SOR.III (FD) 6-1/90/XIII dated 29.06.1991 and No. 5/24/FD/SOR-III/1983 dated 22.11.1983, no amount should be kept in any commercial bank by any Drawing and Disbursing Officer unless expressly authorized by the Finance Department.

Deputy Commissioner, District Khyber retained a sum of Rs 217,378,479 as closing balance on account of land compensation during the financial year 2021-22. Audit holds that the amount was required to be disbursed among the land owners instead of retaining in the bank accounts. Details are given below:

Serial No.	Bank Name	Account title	Account No.	Closing balance as on 30-06-2022 (Rs)
1	The Bank of Khyber, Qayyum Stadium Bara Road, Peshawar	DC, Khyber	016600191005	186,600,000
2	The Bank of Khyber, Qayyum Stadium Bara Road, Peshawar	DC, Khyber	016601166009	30,778,479
Total				217,378,479

The laps occurred due to weak internal control which resulted in un-authorized retention of huge amount in closing balance. The similar observation was also pointed out during financial year 2021-22 amounting to Rs 50.726 million. However, no corrective measures were taken.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends immediate disbursement of land compensation amount among the land owners or deposits the same amount in Revenue Deposit head.

AIR Para No.02 (2021-22)

2.4.3.2 Irregular payments on account of land compensation - Rs 17.700 million

According to Rule 174 of CTR Vol-I read with Rule 283 (I) of the Central Treasury Rules Volume I, all payment must be supported with acknowledgement.

Deputy Commissioner, District Khyber paid Rs 17,700,000 to Assistant Commissioner, Bara vide cheque bearing No.33987859 dated 10-11-2021 on account of compensation of 06 Kanal land @ Rs 2,950,000/- per Kanal acquired for Police infrastructure "Police Station Bara" for further payment to land owner during the financial year 2021-22. Audit holds that disbursement / acknowledgement record were not found / available on record which makes the payment irregular / doubtful.

The laps occurred due to weak internal control which resulted in irregular expenditure.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends implementation of government rules and production of documentary evidence to audit.

AIR Para No.03 (2021-22)

2.4.3.3 Non-deposit of government dues received on account of tower charges into Government treasury Rs 2.183 million

Para 8 and 26 of the General Financial Rules Volume I require each administrative department to see that the dues of the government are correctly and promptly assessed, collected and paid into Government Treasury.

Deputy Commissioner, District Khyber, received Rs 2,183,817 on account of tower charges from Mobilink during the financial year 2021-22. Audit holds that the amount was required to be deposited into government treasury. Details are given below:

Serial No.	Cheque No. & date	Amount (Rs)
1	91795 dated 25-03-2022	625,587
2	91806 dated 25-03-2022	569,625
3	91805 dated 25-03-2022	517,841
4	91804 dated 25-03-2022	470,764
	Total	2,183,817

The laps occurred due to weak internal control which resulted in loss to government.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends deposit of amount into government treasury.

AIR Para No.04 (2021-22)

2.4.3.4 Irregular release of funds on account of polio campaign to DPO Khyber–Rs8.153 million

According to Commissioner, Peshawar Division letter No. 3 / 11 / Accounts / SPC /Vol-3/7647 dated 06.06.2018, the Deputy Commissioner may disburse the payment after fulfillment of codal formalities and receipt of Actual payee receipt.

Further, According to Emergency Operations Center, Khyber Pakhtunkhwa dated 13th March 2015, the payment will be released subject to provision of certificate that the security payment has not been taken from any other donor, certificate showing no of personnel taken from the other district, certificate for nonpayment of food charges from any other source, total number of transport hired for security at rationalized rate.

Deputy Commissioner, District Khyber paid Rs 8,152,800 vide cheque No. 1562073692 dated 28/6/22 to District Police Officer, Khyber on account for security arrangements for Polio Campaign for the financial year 2021-22. Audit observed the following irregularities:

- i. The amount was paid to DPO Khyber through cheque without observing codal formalities.
- ii. No Certificate was available that security payment has not been taken from any other donor, certificate showing number of personnel taken from the other district, certificate for non-payment of food charges from any other source, total number of transport vehicles hired for security at rationalized rate and acquaintance of actual payee receipts was not secured against the released fund.

The laps occurred due to weak internal control which resulted in irregular expenditure. The similar observation was also pointed out during financial year 2021-22 amounting to Rs 6.924 million. However, no corrective measures were taken.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends that acquaintance roll and transaction proof may be obtained from the District Police Officer.

AIR Para No.16 (2021-22)

2.4.3.5 Unverified expenditure on account of land compensation at Thorkham Border Rs 118.379 million

According to Rule 174 of CTR Vol-I read with Rule 283 (I) of the Central Treasury Rules Volume I, all payment must be supported with acknowledgement.

According to DC Khyber letter No. 2185 dated 28.06.21 and 1499 dated 17.05.22 payment may be made to concerned quarters according to shares and

proper acquaintance roll along with APRs duly attested by the Tehsildar of the concerned quarter

Office of Deputy Commissioner, District Khyber issued 05 cheques amounting to Rs 118,379,796 to Assistant Commissioner, Landi Kotal for disbursement among the land owners during the financial year 2021-22. However, neither proper receipt was available on record about actual disbursement among the quarter concerned nor acquaintance roll duly attested by Tehsildar was available on record. Details are given below:

S. No	Payment made to	Allocation (Rs)	Cheque # & date
1	A.C. Jamrud	2,002,110	8403714 dated 2/6/21
2	A.C. Jamrud	24,310,125	8403715 dated 2/6/21
3	A.C. Jamrud	51,016,980	120943156 dated 10.05.22
4	A.C. Jamrud	13,422,734	8945142 dated17.06.22
5	A.C. Jamrud	27,627,847	8945146 dated17.06.22
Total		118,379,796	

The laps occurred due to weak internal control which resulted in unverified expenditure.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends immediate disbursement of fund among land owner and documentary evidences may be produced to audit for verification.

AIR Para No.17 (2021-22)

2.4.3.6 Irregular expenditures on account of measles / rubella campaign-Rs 3.241 million

According to para 6(1) of Khyber Pakhtunkhwa Public Procurement Regulatory Authority Act, 2014, Procurement of Goods over the value of Rs 100,000 requires to be tendered.

Finance Department Letter No: BO (W&M) /6-5/2019-20 dated 19/02/2020, provides that in order to streamline the management in public account and observe fiscal discipline, it has been decided to stop forthwith all payments through open cheque or cash payments.

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.

District Health Officer, Khyber incurred expenditure of Rs 3,241,000 on account of measles / rubella during the financial year 2021-22 as per annexure-10.

Audit observed the following irregularities: -

- i. Tender process was not observed, all the payments were made on simple quotation basis.
- ii. Attendance/tour program in respect of officials & officers who participated in the campaign was not available on record.
- iii. Acquaintances roll in support of payment was not available on record.
- iv. The amount was drawn from government treasury and deposited in the designated account of D.H.O. Instead of payment to concerned persons.

The laps occurred due to weak internal control which resulted in irregular expenditure.

When pointed out in July, 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends implementation of government rules and instructions.

AIR Para No.19/2021-22

2.4.3.7 Un-verified expenditure on account of MDGs-Rs 100.00 million

According to Clause xi of Notification of Cabinet Division Development wing the concerned ministries/Provincial Government/Executing agencies will ensure to fulfill all the legal/codal formalities for utilization of funds. They will be responsible for statutory audit of the funds and clearing all the liabilities as a result of any adjudication/legal dispensation.

Section 14 (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provides that 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.

Office of the LGE & RDD District Khyber spent Rs 100.00 million on various development schemes, but the record in support of drawl was not available on record. However, the authenticity of the expenditure remained unverified.

The laps occurred due to weak internal control which resulted in unauthentic expenditure.

When pointed out in December, 2021, the management stated that detailed reply would be furnished after scrutiny of record.

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

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

AIR Para.01 (2021-22)



CHAPTER-03

TEHSIL MUNICIPAL ADMINISTRATIONS



CHAPTER-3

Town Municipal Administrations

3.1 Introduction

A) District Khyber has three Tehsil Municipal Administrations i.e. TMA Jamrud, TMA Landi Kotal & TMA Bara . Each tehsil office is managed by a Tehsil Municipal Officer assisted by a Tehsil Officer (Finance), Tehsil Officer (Infrastructure), Tehsil Officer (Planning) and Tehsil Officer (Regulation).

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

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

Audit Profile of the TMAs Khyber

(Rs. in million)

S/N	Description	Total Nos	Audited	Expenditure audited FY 2021-22	Revenue/Receipts audited FY 2021-22
1.	Authorities/Autonomous Bodies etc under the PAO	03	03	440.063	3.023

B) Comments on Budget and Accounts (Variance Analysis)

The budget and expenditure position of Tehsil Municipal Administrations in District Khyber for the year 2021-22 is as under:

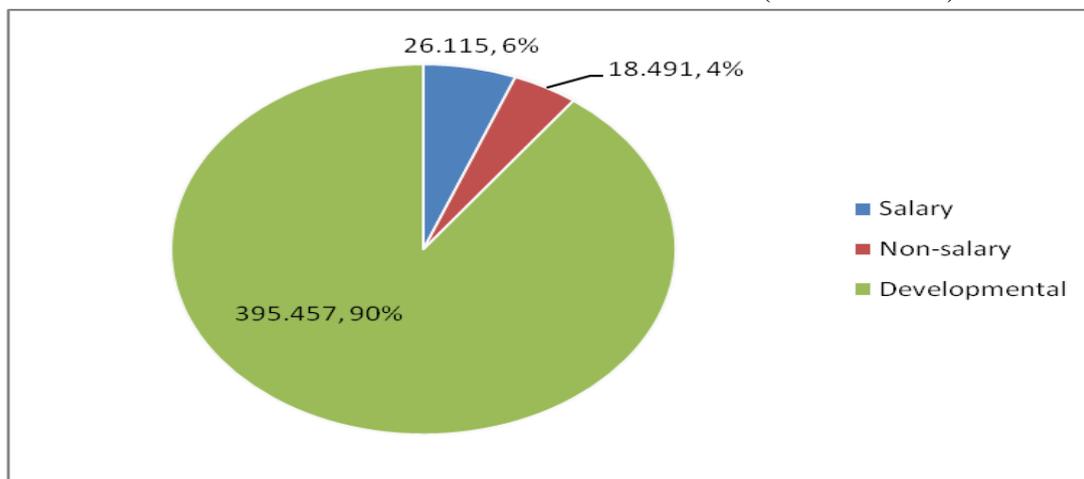
(Rs. in million)

TMAs				
2021-22	Budget	Actual Expenditure/Receipts	Excess/ (Saving)	%age
Salary	56.334	26.115	30.219	53.64
Non-salary	20.48	18.491	1.989	9.71
Developmental	456.457	395.457	61	13.36
Total	533.271	440.063	137.814	25.84
Receipt	2.83	3.023		-

The savings of Rs. 137.814 million indicates weakness in the capacity of these local institutions to utilize the allocated budget.

EXPENDITURE 2021-22

(Rs. in million)



The saving of Rs 137.814 indicate weakness in the capacity of Town Administration to utilize the allocated budget. Furthermore, the saving in salary component and non-salary component was 53.64% and 9.71% respectively which shows over estimation of budget. Whereas, the savings of 13.36% in development budget shows inefficiency in utilization of fund on the part of the management.

3.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 35.51 million were raised as a result of this audit. Summary of the audit observations classified by nature is as under:

(In million)

Serial No.	Classification	Total amount (Rs)
1	Irregularities	-
A	Procurement related irregularities	24.843
B	Management of Accounts with commercial bank	10.668
Total		35.511

3.3 Comments on the status of compliance with TAC Directives

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

S#	Audit Year	DAC meeting
1	2021-22	Not Convened
2	2022-23	Not Convened

3.4 AUDIT PARAS

3.4.1 Irregularities

A. Procurement related irregularities

3.4.1.1 Loss to Government due to non-deduction of KPRA Sales Tax- Rs 1.034 million

According to Finance Department of KPK letter No. BO(Res-111)FD/2-2/2019-20/VOL-IV dated 07.09.2021, KPRA Sales Tax @2% on construction services in all item codes of MRS-2021 on th analogy of income tax already included in MRS-2021 and will be paid to KPRA as specified under S.No. 14 of the KP Finance Act, 2021.

Tehsil Municipal Officer, TMA Jamrud paid Rs 51,704,734 to contractors on execution of two developmental schemes during Financial Year 2021-22. During scrutiny of relevant record, it was noticed that BOQ/ PC-I estimates were prepared on MRS-2021 inclusive of prevailing KPRA Sales tax. However, the management of TMA failed to deduct the said tax from the contractor's bills already included in the rates resulted in loss to government worth Rs 1,034,095. Details are given below:

(Amount in Rs)

Name of scheme	Contractor	Work done	KPRA S/Tax
Uplifting of Mulagori & SakhiPul Bazar	Shafiq Jan	23,486,141	469,723
Pavt. Of streets, drains at Jamrud Bazar	Muhammad Iqbal	28,218,593	564,372
Total		51,704,734	1,034,095

The laps occurred due to weak internal control which resulted in loss to government.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

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

(AIR Para No.01 /2021-22)

3.4.1.2 Overpayment to contractors due to non-deduction of voids – Rs 1.664 million

According to Clause 20(b) of the Contract Agreement, 11% voids were required to be deducted from the contractor in item of work “Structure back filling”.

Tehsil Municipal Officer, TMA Jamrud paid Rs 15,125,921 to different Contractors on account of execution of item of work “S/S of shingle, Formation of embankment” in various developmental schemes during FY 2021-22. However, 11% voids as required under the rules were not deducted from the bills of the concerned contractors which put the Government into a loss of Rs 1,663,850. Details are given below:

S.No.	Scheme	Contractor	Amount (Rs)	Voids (Rs)
01.	Const. of Streets at New Abadi, Rakallaetc	Shah Builders	1,724,490	189,693
02.	Const. of Streets at Gadar Area, Sur Qamar etc	Shah Builders	9,191,290	1,011,042
03.	Pavt. Of streets, drains at Jamrud	Muhammad Iqbal	2,550,076	280,508
04.	Pavt, of streets at Mula Gori, SakhiPul Bazar	Shafiq & Bro	1,660,065	182,607
Total			15,125,921	1,663,850

The laps occurred due to weak internal control which resulted in overpayment / loss to government.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

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

(AIR Para No.04 /2021-22)

3.4.1.3 Loss to Government due to non-adjustment of 7.50% income tax-Rs 3.873 million

According to Finance Department of KPK letter NO.SO(Dev-11)FD/12-6/12-13 dated 20.06.2013, Composite Schedule Rates include inbuilt Income Tax and payment in the tax exempted area (PATA) is made on the said CSR/ MRS without adjustment/non deduction of income tax which is overpayment by amount equal to deductible income tax.

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/FATA, shall frame the same on Market Rate System (MRS) but with 7.50% less cost to defray the amount added in the rate analysis of all works/construction/supply items to meet withholding tax.

Tehsil Municipal Officer, TMA Jamrud paid Rs 51,639,034 to various contractors on execution of developmental schemes during Financial Year 2021-22. During scrutiny of relevant record, it was noticed that TS/ PC-I estimates were prepared on MRS inclusive of prevailing income tax. However, neither income tax @Rs 7.5% was deducted from the contractor's bills nor the PC-1/TS estimates were reduced to the extent of 7.5% to defray the amount already included in the rates resulted into non recovery of income tax amounting to Rs 3,872,927. Details are given below:

S.No.	Name of scheme	Contractor	Work done (Rs)	7.5 I/Tax (Rs)
1.	Const. of streets at New Abadi, Rakalla	Shah Builders	11,478,535	860,890
2.	Const. of Tourism information center	Afridi Developer	10,137,004	760,275
3.	Pavt. Of streets, drains at Gadar Area, Sur Qamar	Shah Builders	30,023,495	2,251,762
Total			51,639,034	3,872,927

The laps occurred due to weak internal control which resulted in loss to government.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

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

(AIR Para No. 07 /2021-22)

3.4.1.4 Loss to Government due to non-deduction of KPRA Sales Tax- Rs 2.445 million

According to Finance Department of KPK letter No.BO(Res-111)FD/2-2/2019-20/VOL-IV dated 07.09.2021, KPRA Sales Tax @2% on construction services in all item codes of MRS-2021 on the analogy of income tax already included in MRS-2021 and will be paid to KPRA as specified under S.No. 14 of the KP Finance Act, 2021.

Tehsil Municipal Officer, TMA Landi Kotal paid Rs 122,255,396 to contractors on execution of two developmental schemes during Financial Year 2021-22. During scrutiny of relevant record, it was noticed that BOQ/ PC-I estimates were prepared on MRS-2021 inclusive of prevailing KPRA Sales tax. However, the management of TMA failed to deduct the said tax from the contractor's bills already included in the rates resulted in loss to government worth Rs 2,445,107. Details are given below:

(Amount in Rs)

Name of scheme	Contractor	Work done	KPRA S/Tax
Const. of Fruit Market & Public Toilet at Rangar Bazar	Pir Muhammad	42,393,965	847,879
Const. of Streets at Sultan Khel, Neki Khel etc	Wajid Khna & Bro	14,269,856	285,397
Const. of Streets at Urban Landi Kotal etc	Wajid Khna & Bro	43,762,950	875,259
Const. of Streets at Piru Khel, Mir Dad Khel etc	Bilal & Bro	21,828,626	436,572
Total		122,255,397	2,445,107

The laps occurred due to weak internal control which resulted in loss to government.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

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

(AIR Para No. 01 /2021-22)

3.4.1.5 Overpayment due to wrong calculation – Rs 865,949

It is incumbent upon the person responsible for measurements in the Measurement Book to record the correct and actual figures according to Para 209 (d) of CPWA Code.

Para 220 and 221 of CPWA Code, the Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the rates are correctly entered and that all the calculations have been checked arithmetically.

Tehsil Municipal Officer, TMA Landi Kotal overpaid Rs 865,949 to Pir Muhammad Const. Co Government contractor in a scheme “Const. of Fruit Market & Public Toilet at Rangar Bazar” for execution of an item of work “Excavation in foundation” due to wrong calculation. Details are given below:

Quantity executed as per MB No. 01 at page No. 28 =52974 cft (52974/35.32)	1499.83 M ³
Quantity paid in 2 nd running bill	<u>4923.23 M³</u>
Excess quantity paid	3423.40 M ³
Rate	Rs 252.95/ M ³
Overpayment (3423.40 X 252.95)	Rs 865,949

The laps occurred due to weak internal control which resulted in loss to government.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

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

(AIR Para No. 02 /2021-22)

3.4.1.6 Overpayment to contractors due to non-deduction of voids – Rs 1.119 million

According to Clause 20(b) of the Contract Agreement, 11% voids were required to be deducted from the contractor in item of work “Structure back filling”.

Tehsil Municipal Officer, TMA Landi Kotal paid Rs 10,171,394 to different Contractors on account of execution of item of work “S/S of shingle, Formation of embankment” in various developmental schemes during FY 2021-22. However, 11% voids as required under the rules were not deducted from the bills of the concerned contractors which put the Government into a loss of Rs 1,118,952. Details are given below:

S.No.	Scheme	Contractor	Amount (Rs)	Voids (Rs)
01.	Const. of Streets at Sultan Khel, Neki Khel etc	Wajid Khna& Bro	1,742,149	191,636
02.	Const. of Streets at Urban Landi Kotal etc	Wajid Khna& Bro	3,684,506	405,295
03.	Const. of streets at Piru Khel etc	Bilal & Bro	1,871,577	205,973
04.	Const. of Streets at Meri Khel	Wajid Ali	1,304,724	143,520
05	Const. of streets at Maftar Khel, Shemal Khel	Bilal & Bro	1,568,438	172,528
Total			10,171,394	1,118,952

The laps occurred due to weak internal control which resulted in loss to government.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

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

(AIR Para No. 02 /2021-22)

3.4.1.7 Loss to Government due to non-adjustment of 7.50% income tax-Rs 5.887 million

According to Finance Department of KPK letter NO.SO(Dev-11)FD/12-6/12-13 dated 20.06.2013, Composite Schedule Rates include inbuilt Income Tax and payment in the tax exempted area (PATA) is made on the said CSR/ MRS without adjustment/non deduction of income tax which is overpayment by amount equal to deductible income tax.

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/FATA, shall frame the same on Market Rate System (MRS) but with 7.50% less cost to defray the amount added in the rate analysis of all works/construction/supply items to meet withholding tax.

Tehsil Municipal Officer, TMA Landi Kotal paid Rs 78,492,447 to various contractors on execution of developmental schemes during Financial Year 2021-22. During scrutiny of relevant record, it was noticed that TS/ PC-I estimates were prepared on MRS inclusive of prevailing income tax. However, neither income tax @Rs 7.5% was deducted from the contractor's bills nor the PC-1/TS estimates were reduced to the extent of 7.5% to defray the amount already included in the rates resulted into non recovery of income tax amounting to Rs 5,886,933. Details are given below:

S.No.	Name of scheme	Contractor	Work done (Rs)	7.5 I/Tax (Rs)
1.	Const. of Fruit Market & Public Toilet at Rangar Bazar	Pir Muhammad	42,393,965	3,179,547
2.	Const. of Streets at Sultan Khel, Neki Khel	Wajid Khna&	14,269,856	1,070,239

	etc	Bro		
3.	Const. of Streets at Piru Khel, Mir Dad Khel etc	Bilal & Bro	21,828,626	1,637,147
Total			78,492,447	5,886,933

The laps occurred due to weak internal control which resulted in loss to government.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

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

(AIR Para No. 09/2021-22)

3.4.1.8 Undue retention of Government Revenue -Rs 1.00 million

Para 8 and 26 of the General Financial Rules Volume I require each administrative department to see that the dues of the government are correctly and promptly assessed, collected and paid into Government Treasury.

Tehsil Municipal Officer, TMA Landi Kotal deducted Rs 980,468 on account of Income Tax, DPR Funds and KPRA Sales Tax from contractors on execution of developmental schemes during financial year 2020-21. The amount so deducted was retained in designated bank account instead of depositing into Government treasury under proper head of accounts. Details are given below:

(Amount in Rs)

Name of scheme	Contractor	Income Tax	KPRA Sales Tax	S/Duty	DPR Fund	Total
Improv. Of Hamza Baba Park	Ali Haider	718,988	191,730	18,750	18,000	966,218
Purchase of Waste Containers	Asad Ullah	0	0	6,250	8,000	14,250
G.Total						980,468

The laps occurred due to weak internal control which resulted in loss to government.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends depositing of taxes into government treasury under proper heads of accounts and action against the person(s) at fault.

(AIR Para No. 10 /2021-22)

3.4.1.9 Loss to Government due to non-deduction of KPRA Sales Tax- Rs 1.068 million

According to Finance Department of KPK letter No.BO(Res-111)FD/2-2/2019-20/VOL-IV dated 07.09.2021, KPRA Sales Tax @2% on construction services in all item codes of MRS-2021 on the analogy of income tax already included in MRS-2021 and will be paid to KPRA as specified under S.No. 14 of the KP Finance Act, 2021.

Tehsil Municipal Officer, TMA Bara paid Rs 53,421,635 to contractors on execution of two developmental schemes during Financial Year 2021-22. During scrutiny of relevant record, it was noticed that BOQ/ PC-I estimates were prepared on MRS-2021 inclusive of prevailing KPRA Sales tax. However, the management of TMA failed to deduct the said tax from the contractor's bills already included in the rates resulted in loss to government worth Rs 1,068,435. Details are given below:

(Amount in Rs)

Name of scheme	Contractor	Work done	KPRA S/Tax
Solar Based DWSS at Malak Den Sapah Bara	Zaigham& Bro	2,318,986	46,380
Solar Based DWSS at Malak Den Sapah Bara	Wajid Khan & Bro	2,257,649	45,153
Beautification of Main Bara Bazar to Aka Khel	Zaigham& Bro	48,845,000	976,902
Total		53,421,635	1,068,435

The laps occurred due to weak internal control which resulted in loss to government.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

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

(AIR Para No. 04 /2021-22)

3.4.1.10 Loss to Government due to non-adjustment of 7.50% income tax-Rs 5.887 million

According to Finance Department of KPK letter NO.SO(Dev-11)FD/12-6/12-13 dated 20.06.2013, Composite Schedule Rates include inbuilt Income Tax and payment in the tax exempted area (PATA) is made on the said CSR/ MRS without adjustment/non deduction of income tax which is overpayment by amount equal to deductible income tax.

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/FATA, shall frame the same on Market Rate System (MRS) but with 7.50% less cost to defray the amount added in the rate analysis of all works/construction/supply items to meet withholding tax.

Tehsil Municipal Officer, TMA Bara paid Rs 78,492,447 to various contractors on execution of developmental schemes during Financial Year 2021-22. During scrutiny of relevant record, it was noticed that TS/ PC-I estimates were prepared on MRS inclusive of prevailing income tax. However, neither income tax @Rs 7.5% was deducted from the contractor's bills nor the PC-1/TS estimates were reduced to the extent of 7.5% to defray the amount already

included in the rates resulted into non recovery of income tax amounting to Rs.5,886,933. Details are given below:

S.No.	Name of scheme	Contractor	Work done (Rs)	7.5 I/Tax (Rs)
1.	Solar Based DWSS at Malak Den Sapah Bara	Zaigham& Bro	2,318,986	173,924
2.	Solar Based DWSS at Malak Den Sapah Bara	Wajid Khan & Bro	2,257,649	169,324
3.	Beautification of Main Bara Bazar to Aka Khel	Zaighan& Bro	48,845,000	3,663,382
Total			78,492,447	5,886,933

The laps occurred due to weak internal control which resulted in loss to government.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

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

(AIR Para No. 06 /2021-22)

B. Management of Accounts with commercial bank

3.4.1.11 Undue retention of Government Revenue in designated bank account - Rs 10.668 million

Para 8 and 26 of the General Financial Rules Volume I require each administrative department to see that the dues of the government are correctly and promptly assessed, collected and paid into Government Treasury.

Tehsil Municipal Officer, TMA Bara deducted Rs 10,668,408 on account of Income Tax, Stamp Duty and KPRA Sales Tax from contractors on execution of developmental schemes during financial year 2020-21. The amount so

deducted was retained in designated bank account instead of depositing into Government treasury under proper head of accounts. Details are given below:

Name of scheme	Contractor	Income Tax	KPRA Sales Tax	S/Duty	Total (Rs)
Solar Based DWSS at Den Khel Bara	Muhammad Iqbal	975,907	260,242	18,750	1,254,899
Const. of Streets at Aka Khel Zafar Kallyetc	Muhammad Iqbal	1,184,042	315,745	18,750	1,518,537
Improvement of Taxi Stand & Mushtariq Adda Bara	Muhammad Zeshan	3,467,943	924,785	18,750	4,411,478
Beautification of Mile Ward Bazar	Shafiq Jan	2,750,127	733,367	0	3,483,494
Total		8,378,019	2,234,139	56,250	10,668,408

The laps occurred due to weak internal control which resulted in loss to government.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends depositing of taxes into government treasury under proper heads of accounts and action against the person(s) at fault.

(AIR Para No. 02 /2021-22)



CHAPTER-04

ASSISTANT DIRECTOR LGE & RDD



CHAPTER-4

AD, Local Government & Rural Development

4.1 Introduction

A) Assistant Director Local Government Election & Rural Development Department is Drawing and Disbursing Officer (DDO) for his office. NCs/VCs in District Khyber are not yet functional in the merged districts including District Khyber.

According to section 29 of the Khyber Pakhtunkhwa Local Government (Amendment) Act 2019, the authority and responsibilities of the District Government have been provided; wherein, functions and powers of Assistant Director, LG&RDD include:

- i. Providing secretarial support to the Council, matters relating to Local Government Commission
- ii. Coordination and supervision of village and neighbourhood councils
- iii. Matters related to local taxes, grants, budget of village and neighbourhood 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 neighbourhood councils
- vii. Review, evaluation and assessment of local government system, processes and procedures in the district particularly at the village and neighbourhood level
- viii. Collection, compilation and dissemination of primary data Training and research in the areas of local governance

Whereas, 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

neighbourhood 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 centres.
- 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 neighbourhood 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 the ADLG&RDD Khyber

(Rs. in million)

Sr No	Description	Total Nos	Audited	Expenditure audited FY 2021-22	Revenue /Receipts audited FY 2021-22
1	Formation	01	01	298.589	NA

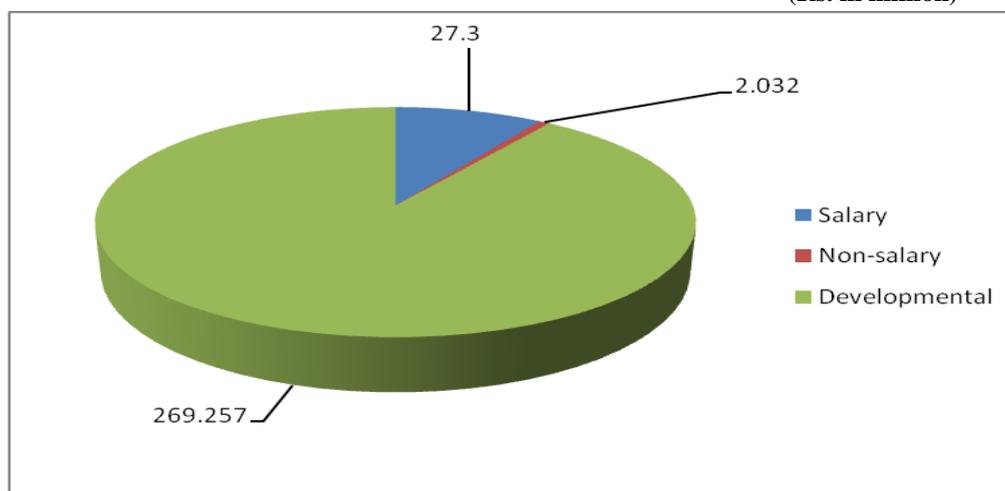
B) Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

AD LGE&RDD				
2021-22	Budget	Expenditure/Receipts	Excess/(Saving)	%age
Salary	32.298	27.300	4.998	15.47
Non salary	3.067	2.032	1.035	33.74
Developmental	291.760	269.257	22.503	7.71
Total	327.125	298.589	28.536	8.72

EXPENDITURE 2021-22

(Rs. in million)



The saving of Rs 22.503 million (7.71% in development budget) indicate inefficiency in the capacity of local Government department to utilize the amount allocated for development activities. As a result, less development activities were carried out and job opportunities were not adequately provided to large population.

4.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 42.33 million were raised in this audit report. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
Sr. No.	Classification	Amount
1	Irregularities	-
A	Human Resource related irregularities	6.820
B	Procurement related irregularities	26.52
C	Management of Accounts with commercial bank	2.074
Total		35.414

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 VACs/NACs meetings are given below.

Sr. No.	Audit Year	V/NAC meeting
1.	2020-21	Not convened
2	2021-22	-do-

4.4 AUDIT PARAS

Irregularities

A. Human Resource related irregularities

4.4.1.1 Irregular payment of Pay & Allowances through DDO - Rs.6.820 million

According to Rule-157 of Treasury Rules Vol-I the cheques for more than Rs. 200/- drawn in favor of local bodies, firms, private persons or Government servants (in respect of their personal Claims) shall be crossed "Payees A/C only". This Rule will however not apply to Federal Govt. Servants in r/o pay and allowances up to Rs. 2000/- per month. In this regard the Accountant General Office and all other concerned have also issued instructions for payment of pay and allowances to Govt. employees through their bank accounts only.

According to Para 4.6.3.1 of APPM requires that the normal method of payment of monthly salaries of all government employees shall be by credit transfer directly to a bank account nominated by the employee.

Assistant Director Local Government & Rural Development Department, Khyber paid Rs6,820,154 on account pay & allowances to different employees during the FY 2021-22. However, the amount was paid through DDO instead of direct credit system to the bank accounts of the employees in violation of rules. Details are given below:

Month	Payment
Feb 2022	420,923
March 2022	845,470
March 2022	900,000
April 2022	2,153,790
May 2022	1,504,943
June 2022	995,028
Total	6,820,154

The laps occurred due to weak internal control which resulted in irregular drawl of pay & allowances.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends payment of pay and allowances through direct credit advice instead of DDOs and action against the person(s) at fault.

(AIR Para No. 13 /2021-22)

B. Procurement related irregularities

4.4.1.2 Loss to Government due non deduction of Stamp Duty Professional Tax & DPR Fund – Rs 1.142 million

In terms of Assistant Secretary (Stamps), Board of Revenue Khyber Pakhtunkhwa letter No.15796-889/stamps-240 Peshawar dated 29.06.2002, Schedule-1, Section 3(Stamp Duty), Article No.5, stamp duty at the following rates should be deducted on execution of works.

S.No	Limit of estimated cost	Stamp duty (Rs)
01	Upto Rs 50,000	650
02	From Rs 50,001 to Rs.500,000	1,250
03	From Rs 500,001 to Rs.1,000,000	1,850
04	From Rs 1,000,001 to Rs.5,000,000	6,250
05	Above Rs 5,000,000	18,750

According to Establishment and Administration Department KPK letter No. SORV(E&AD)11-26/96 Vol.-III dated 25-07-2002 endorsed by Government of KPK Directorate of Social Welfare & Women Development Peshawar, vide letter No. DSP/PCRD/2061-80 dated 27-02-2010, it is the legal responsibility of all Principal Accounting Officers to deduct Rs. 2,000 against one million each from the payments made to the contractors who have completed business of one million and above in a financial year.

Assistant Director Local Government & Rural Development Department, Khyber paid Rs 269.257 million to different contractors on account of execution of various developmental schemes during financial year 2021-22. however, the local office while making payment to these contractors, did not deduct DPR fund & stamp duty from their bills amounting to Rs 1,141,600 in contrary to the rule mentioned above. annexure.

The laps occurred due to weak internal control which resulted in loss to government.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

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

(AIR Para No. 03 /2021-22)

4.4.1.3 Loss to Government due to non-adjustment of 7.50% income tax-Rs 18.848 million

According to Finance Department of KPK letter NO.SO(Dev-11)FD/12-6/12-13 dated 20.06.2013, Composite Schedule Rates include inbuilt Income Tax and payment in the tax exempted area (PATA) is made on the said CSR/ MRS without adjustment/non deduction of income tax which is overpayment by amount equal to deductible income tax.

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/FATA, shall frame the same on Market Rate System (MRS) but with 7.50% less cost to defray the amount added in the rate analysis of all works/construction/supply items to meet withholding tax.

Assistant Director Local Government & Rural Development Department, Khyber paid Rs 269.257 million to various contractors on execution of developmental schemes during Financial Year 2021-22. During scrutiny of relevant record, it was noticed that TS/ PC-I estimates were prepared on MRS inclusive of prevailing income tax. However, neither income tax @Rs 7.5% was deducted from the bills of the contractors nor the PC-1/TS estimates were

reduced to the extent of 7.5% to defray the amount already included in the rates resulted into non recovery of income tax amounting to Rs 18.848 million.

The laps occurred due to weak internal control which resulted in loss to government.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

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

(AIR Para No. 06 /2021-22)

4.4.1.4 Unauthentic execution of work – Rs 6.469 million & overpayment due to non-conducting of laboratory test – Rs.61,504

According to rate analysis of CSR-2009, vide item No. 16-03-a, Laboratory Test @ Rs 16.96/M³ (Rs 48 per 100CFT) is included in the rate (Rs 634.02/M³) for item of work “Granular Sub Base course using pit run gravel”. According to rate analysis of CSR-2009, vide item No. 16-04-b, Laboratory Test @ Rs 16.96/M³ (Rs 48 per 100CFT) is included in the rate (Rs 995.75/M³) for item of work “Water Bound Macadam Base Course”.

Assistant Director Local Government & Rural Development Department, Khyber paid Rs 6,468,632 to M/s Lal Marjan Government contractor for execution of items of work “Granular Sub Base Course using Pit Run Gravel & Water Bound Macadam Base Course” with quantity of 2437.71M³ and M³ 118.67 respectively in a scheme “Approach Road from Bara from Frontier Road to Ajab Talab without conducting laboratory tests resulting into unauthentic execution of scheme as regard quality of work. Moreover, Rs 61,504 was overpaid on account of lab test fee as already included in the rate of the subject item of work. Details are given below:

Item of work	Particular	Total Qty (M ³)	Rate (Rs)	Amount (Rs)	Lab Test Rate/ M ³ (Rs)	Overpayment (Rs)
Granular Sub Base Course using Pit Run Gravel	2 nd R/bill	2437.71	1,431.99	3,490,776	16.96	41,344
Water Bound Macadam Base Course	3 rd R/bill	1188.67	2,505.20	2,977,856	-do-	20,160
Total				6,468,632		61,504

The laps occurred due to weak internal control which resulted in un-authentic execution of work and loss to government.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

Audit recommends investigation for fixing responsibility, regularization of expenditure and recovery of overpaid amount besides action against the person(s) at fault.

(AIR Para No. 04 /2021-22)

C. Management of Accounts with commercial bank

4.4.1.5 Irregular operation of Bank account in Current mode and expected loss to Government-Rs. 2.074 million

According to Finance Department, KPK, Peshawar's letter No.2/3-(F/L)/FD/2007-08/Vol-IX dated 10/02/2014, that Finance Department has allowed from time-to-time sanctioned bank accounts in the commercial banks for various departments/autonomous/same autonomous bodies/corporations in Khyber Pakhtunkhwa. Now such accounts may be converted into PLS mode and the profit earned may be deposited in to the government treasury under the

relevant head of account not later than a week when declared by the concerned bank.

According to Finance Department letter No. 2/3(F/L)/FD/2016/Vol-XI dated 26-06.2018, since current financial year 2017-18 closes on 30th June 2018, hence it is imperative to reconcile the closing balances in all designated bank accounts with Finance Department latest by 07th July 2018 along with duly verified bank statement for 2017-18. This reconciliation process per-se the rules & instructions already invoked shall be prime responsibility of each PAO, controlling authority & DDO in respect of bank accounts falling under their preview. Moreover, balance in the bank accounts if any, remaining on 30th June 2018, shall not be available for use without its prior revival by Finance Department KP for the next financial year.

Assistant Director Local Government & Rural Development Department, Khyber, maintained bank account No. 4086454508 at NBP in current mode and the account was not converted into PLS mode in violation of Finance Department instruction *ibid*. Due to non-conversion current account into PLS mode, the local office sustained a loss of Rs. 2,074,343 as closing balance of Rs 20,743,433 was lying in the bank as on 30.06.2022.

The laps occurred due to weak internal control which resulted irregular operation of bank account in current mode.

When pointed out in October 2022, the management stated that detailed reply would be furnished after scrutiny of record.

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

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

(AIR Para No. 09 /2021-22)

ANNEXURES

Annex-1

MFDAC

(Rs. in million)

S.#	Caption	Amount
Deputy Commissioner		
1	Un-authorized advance payment on account of electricity charges of	1.736
2	Irregular and unverified release to TESCO	2.686
3	Un-authorized expenditure without token money	3.610
4	Non deposit of domicile fee into government treasury	0.246
5	Irregular release of developmental funds to executing agencies in lump sum	850.00
6	Non-monitoring of developmental funds amounting	850
7	Irregular release of SDGs fund of	700
8	Irregular /unverified expenditure on account of POL	20.077
9	Irregular & un-authentic expenditure on repair of vehicle	2.032
10	Irregular/unverified expenditure on account of electricity	27.552
11	Un-authorized expenditure on account of travelling allowance	4.5
12	Un-authorized expenditure on account of teaching allowance	0.122
13	Un-authorized advance payment on account of Telephone charges of	0.328
14	Non deposit of arm license fee into government treasury	0.295
15	Un-authorized payment on account of electricity charges of residential quarter	0.048
16	Loss to government due to non-monitoring and suspected recovery rent / receipt from Guest Houses, Market, Shops under District Administration Khyber	0
District Health Officer		
17	Non-surrendering of saving million and incurring of excess expenditure over and above the budget allocation	48.039
18	Non-reconciliation of expenditure with District Accounts Officer, Khyber	116.249
19	Non-deposit of government receipts (90% HMC share)	1.193
20	Non-reconciliation of receipts deposited into government treasury	4.148
21	Irregular expenditure on account of Financial Assistance	1.2
22	Unauthorized/doubtful expenditure on account of Hot & Cold Weather charges	0.799
23	Non-deduction of conveyance allowance and health professional allowance during leave period	0.970
24	Non-conversion of current Bank Account into PLS mode for profit	0.165
25	Irregular expenditures on account of polio eradication campaign	0.617
26	Laps of fund on account of fixed TA	0.432
27	Irregular/unverified expenditure on account of electricity	15.068
28	Irregular payments on account of contingent paid staff	1.553
29	Non reconciliation of health receipts	8.692
30	Irregular /unverified expenditure on account of POL	3.394
31	Un-authorized advance payment on account of electricity charges of	0.514
32	Irregular & un-authentic expenditure on repair of vehicle	0.499
33	Irregular/unauthentic expenditure of	2.972

34	Irregular expenditure on account of Pay& Allowances	0.944
35	Un-authorized/Irregular advance payment on account of purchase of furniture	0.180
36	Loss to government due to non-functioning of health centers	0
37	Deficiencies in DHIS reports for 2021-22	0
38	Poor performances and weak Internal Control System	0
39	Loss due to non-auction of unserviceable items	0
AD LG & RDD Khyber		
40	Irregular expenditure and non-recovery of fine amounting	1.116 & 0.675
41	Irregular payment for non-schedule items without rate analysis	53.611
42	Non-imposition of penalty for non-completion of works	0.253
43	Irregular cash withdrawals from bank account	7.392
44	Irregular award of contracts without approval of the competent authority	15.880
45	Unauthorized expenditure due to execution of non-BOQ items	0.460
46	Unauthorized expenditure without Technical Sanction	28.188
47	Unauthorized expenditures on account of contingent paid staff Irregular expenditures without open tendering system –Rs1.899 million	0.525
TMA Jamrud		
48	Unauthorized expenditure without Technical Sanction	73.311
49	Blockage of Public Funds due to non-award of contracts	90
50	Excess execution of work over Approved PC-I/ BOQ	3.118
51	Unauthentic/ doubtful execution of item of work PCC	12.913
52	Unauthentic expenditure due to non-reconciliation	80.00
53	Irregular release of additional security before its maturity worth	1.600
54	Non-deposit of bank profit into government treasury	0.96
55	Irregular cash withdrawals from bank account	6.849
TMA Landi Kotal		
56	Overpayment due to wrong calculation	0.865
57	Irregular & unjustified payment to LCB on a/c of 1% T.S cost	1.067
58	Unauthorized expenditure without Technical Sanction	56.664
59	Excess payment over & above the bid cost	3.428
60	Unauthentic expenditure due to non-reconciliation	166.81
61	Irregular payment for non-schedule items without rate analysis	4.76
62	Unauthorized expenditure due to execution of non-BOQ items worth & Loss to Government due to non-deduction of voids	1.441 & 0.158
63	Irregular and unverified expenditure on account of POL and repair of vehicles	2.055
64	Unauthorized expenditures on account of contingent paid staff	6.091
TMA Bara		
65	Loss to Government due non deduction of DPR Fund	0.323
66	Unauthorized expenditure without Technical Sanction	77.644
67	Unauthentic expenditure due to non-reconciliation	162.503
68	Irregular cash withdrawals from bank account	1.889
69	Unauthorized expenditures on account of contingent paid staff	3.972
70	Non-deposit of bank profit into government treasury	0.315

71	Non-recovery of outstanding amount from the contractor of canteen	0.91
Deputy Director Agriculture		
72	Loss to government due to non-conversion of current account into PLS.	0
73	Irregular expenditure on account of POL and repair of vehicles.	0.150
74	Unauthorized payment over and above of PC-I.	0.150
75	Non-deduction of sales tax on purchase of fruit plants	0.308
76	Loss to Government due to non-auction/ non-surrender of condemned vehicle.	0
77	Non conducting of Physical Verification of assets.	0
Deputy Director Population Welfare		
78	Unauthentic expenditure on POL due to non-maintenance of log books.	0.490
79	Unauthentic expenditure on repair of vehicles due to non-maintenance of log books.	0.490
80	Misbranded purchase of medicines.	0.226
81	Irregular and Un-authorized Drawal of Conveyance Allowance.	0.060
82	Non-reporting of clinical efficacy of medicines worth	0.900
83	Unauthorized payments to DDOs instead of crossed cheques to venders.	3.54
84	Un authentic Receipts.	0.0037
85	Unauthorized expenditure on account of TA/DA.	0.0020
86	Non conducting of Physical Verification of assets.	
Deputy Director Livestock & Dairy Development		
87	Unauthentic expenditure on account of medicines and cost of other store.	16.400

(Annexure-2)

Para No. 2.4.1.2

Non maintenance of distribution records

Serial No	Date	Supplier	Details	Amount (Rs)
1	23.06.2021	Marwat and Yousafzai	Toolkit	1,469,650
2	23.06.2021	Marwat and Yousafzai	vertical material	3,118,800
Total				4,588,450

(Annexure-3)

Para 2.4.1.3

Detail of non-deduction of Conveyance Allowance and HRA

S#	Name of employee, Designation	HRA	No of	Amount to be recovered (Rs)	CA (Rs)	No of	Amount to be recovered (Rs)
			months			Months	
1.	DR. Shukat ali	0	12	0	5,000	12	60,000
2.	Dr. Bakhtiar Ahmad	0	12	0	0	12	0
3.	Shamal gul	2,472	12	29,664	1,932	12	23,184
4.	Nargis	0	12	0	1,785	12	21,420
5.	Shahida	0	12	0	1,932	12	23,184
6.	Sohail Batti	0	12	0	1,785	12	21,420
7.	Danial Maseh	0	12	0	1,785	12	21,420
8.	Robaika	4,041	12	48,492	5,000	12	60,000
9.	Dawood Khan	c	12	0	5,000	12	60,000
10.	Ishrat Begum	0	12	0	5,000	12	60,000
11.	Dr. aziz ullah	0	12	0	5,000	12	60,000
12.	Dr. Abdullah	0	12	0	5,000	12	60,000
13.	Dr. Aman ullah	0	12	0	5,000	12	60,000
14.	Dr. M. Sadiq	6,650	12	79,800	5,000	12	60,000
15.	Dr. M. Nazri	0	12	0	5,000	12	60,000
16.	Dr. Huma Shandana	0	12	0	5,000	12	60,000
17.	Dr. Jehangir	0	12	0	5,000	12	60,000
18.	Zakia Naz	0	12	0	5,000	12	60,000
19.	Mina Gul	0	12	0	5,000	12	60,000
20.	Russana Raza	0	12	0	2,856	12	34,272
21.	Zia ul Haq	0	12	0	2,856	12	34,272
22.	Adbul Majeed	0	12	0	2,856	12	34,272
23.	Amina	0	12	0	1,932	12	23,184
24.	Nasima BIBI	0	12	0	1,932	12	23,184
25.	Dil Daro	0	12	0	1,932	12	23,184
26.	Saeeda Gul	0	12	0	1,932	12	23,184
27.	Robina Shaukat	0	12	0	1,932	12	23,184
28.	Niaz Muhammad	0	12	0	1,785	12	21,420
29.	M.Rafiq	0	12	0	1,785	12	21,420
30.	Amir Khan	0	12	0	1,785	12	21,420
Total				157,956			1,173,624
Grand Total				1,331,580			

(Annexure-4)

Para 2.4.1.5

Detailed of Pay and Allowances Paid Through DDO

S.No	Month	Amount (Rs)
1	July 2021	56,001
2	Aug 2021	100,073
3	Sep 2021	256,138
4	Oct 2021	448,156
5	Nov 2021	3,763,527
6	Dec 2021	2,154,038
7	Jan 2022	1,441,508
8	Feb 2022	1,508,318
9	Mar 2022	2,859,848
10	April 2022	1,145,604
11	May 2022	2,008,924
12	Jun 2022	2,209,846
	G. Total	17,951,981

(Annexure-5)
Para 2.4.1.11

S#	Name of supplier	Bill No. & Date	Cheque No. & date	Amount (Rs)	Remarks
1	M/s Maarif Steel	354 dated 03-08-2018	Nil	47,500	Levy gate and wall repair.
2	M/sCombine	S-0095 dated 21-10-2021	-do-	99,393	Towel,cups, misc items
3	-do-	S-0083 dated 21-10-2021	-do-	94,377	-do-
4	-do-	S-0094 dated 21-10-2021	-do-	96,897	-do-
5	-do-	S-0096 dated 01-11-2021	-do-	98,758	-do-
6	M/s Malik Enterprize	Nil dated Nil	-do-	18,950	Name board Brass word 39
7	-do-	-do-	-do-	48,540	Photo state machine repair
8	-do-	-do-	-do-	49,700	Water gyzer etc
9	-do-	-do-	-do-	49,850	Tea cups, water set and misc items
10	-do-	-do-	-do-	49,800	Name board Brass word
11	-do-	-do-	-do-	45,500	Vertical blinds with installation
12	-do-	-do-	-do-	49,000	Water dispenser
13	-do-	-do-	-do-	48,000	Port plants (Gamlas)
14	-do-	-do-	-do-	48,000	Port plants (Gamlas)
15	-do-	-do-	-do-	49,500	Desktop computer core I 7 6 th generation
16	-do-	-do-	-do-	48,795	Full room paint.

17	-do-	-do-	-do-	49,500	AC Gree repair and gas .
18	-do-	-do-	-do-	45,500	Vertical blinds etc.
19	M/s Saeed Entrip.	Nil dated 21-10-2021	-do-	250,000	Lunch boxes etc
20	-do-	Nil dated 21-10-2021	-do-	225,000	Lunch boxes etc
21	-do-	Nil dated 18-11-2021	-do-	175,000	Lunch boxes etc
22	-do-	Nil dated 21-10-2021	-do-	225,000	Lunch boxes etc
23	M/s Maarif Steel	1354 dated 06-07-2020	-do-	99,200	Steel gate etc.
24	M/s Malik Enterprize	Nil dated Nil	-do-	49,000	Name board Brass word 39
25	-do-	-do-	-do-	45,000	Door closer with labour charges etc
26	-do-	-do-	-do-	49,000	Name board Brass word 39
27	-do-	-do-	-do-	45,000	Paint prot plants etc.
28	-do-	-do-	-do-	49,000	Water dispenser orient.
29	-do-	-do-	-do-	45,000	Paint prot plants etc.
30	-do-	-do-	-do-	49,500	Steel plant prot large size etc.
31	-do-	-do-	-do-	49,780	Lunch boxes etc.
32	-do-	-do-	-do-	47,680	Led Lights water proof 30 Watts etc.
33	-do-	-do-	-do-	47,680	LED Lights water proof 30 Watts etc.
34	-do-	-do-	-do-	49,820	Steel crokery and Darri etc.

35	-do-	Nil dated Nil	-do-	48,400	Bakery items etc.
36	-do-	Nil dated Nil	-do-	49,000	One main bord wooden etc.
37	-do-	Nil dated Nil	-do-	49,300	Water motors etc.
38	-do-	Nil dated Nil	-do-	49,850	Parking PVC shads etc.
39	-do-	Nil dated Nil	-do-	48,795	Full room pant etc.
40	-do-	Nil dated Nil	-do-	45,500	Vertical blinds with installaltion etc.
41	-do-	Nil dated Nil	-do-	49,000	Water dispenser etc.
42	-do-	Nil dated Nil	-do-	48,000	Prot plants with different type of plants etc.
43	-do-	Nil dated Nil	-do-	49,850	Tea cups, Plates, spoons etc.
44	-do-	Nil dated Nil	-do-	95,000	Full room wall panel with ceiling etc.
45	-do-	Nil dated Nil	-do-	48,000	Prot plants with different type of plants etc.
46	-do-	Nil dated Nil	-do-	49,800	Owner Name board Brass.
47	-do-	Nil dated Nil	-do-	97,200	Main gate. etc.
48	-do-	Nil dated Nil	-do-	96,000	Barared wire.etc.
Total				3,361,915	

(Purchase of Machinery & Equipments)

S#	Name of supplier	Bill No. & Date	Cheque No. & date	Amount (Rs)	Remarks
1	M/s Cititek	060/2022/CT dated Nil	Nil	94,800	LED Monitors and Laser printers.
2	-do-	063/2022 CT dated Nil	-do-	94,800	-do-
3	-do-	064/2022 CT dated Nil	-do-	94,800	-do-
4	-do-	059/2022 CT dated Nil	-do-	94,800	-do-
5	-do-	069/2022 CT dated Nil	-do-	99,500	Desktop computers corei7.
6	-do-	068/2022 CT dated Nil	-do-	99,500	Desktop computers corei7.
7	-do-	066/2022 CT dated Nil	-do-	99,500	Desktop computers corei7.
8	-do-	067/2022 CT dated Nil	-do-	99,500	Desktop computers corei7.
9	-do-	065/2022 CT dated Nil	-do-	99,500	Desktop computers corei7.
10	-do-	070/2022 CT dated Nil	-do-	99,500	Desktop computers corei7.
11	-do-	061/2022/CT dated Nil	Nil	94,800	LED Monitors and Laser printers.
12	-do-	062/2022/CT dated Nil	Nil	94,800	LED Monitors and Laser printers.
13	M/s Combined vision	S-0192 dated Nil	Nil	99,000	Photo copier machine.
14	-do-	S-0195 dated Nil	Nil	15,000	LED for computer.
15	-do-	S-0194 dated Nil	Nil	99,000	Desktop computers corei7
16	-do-	S-0190 dated Nil	Nil	99,000	Desktop computers corei7
17	-do-	CVT/T-0025 dated 11-10-2021	Nil	99,000	Desktop computers corei7
18	-do-	CVT/T-0026 dated 11-10-2021	Nil	99,000	Desktop computers corei7
19	-do-	S-0057 dated 08-09-2021	Nil	45,000	HP Laser jet printer.
20	-do-	S-0097 dated 04-11-2021	Nil	99,000	Logitech camera for zoom meeting.
21	-do-	CVT/T-0031 dated 04-10-2021	Nil	99,000	HP laptop core I 7.
22	-do-	S-0098 dated 04-11-2021	Nil	49,000	Window 10 original.

23	M/s Malik Enterprize	Nil dated Nil	Nil	42,500	HP Laser jet printer.
24	-do-	Nil dated Nil	Nil	42,500	HP Laser jet printer.
25	-do-	Nil dated Nil	Nil	95,000	UPS 24 Volt Battries 200 amph.
26	-do-	Nil dated Nil	Nil	98,500	1.5 Ton AC Gree spilt.
27	-do-	Nil dated Nil	Nil	49,800	Electric heaters halogen.
28	-do-	Nil dated Nil	Nil	49,800	Electric heaters halogen.
29	-do-	Nil dated Nil	Nil	49,700	Water gyzers large size.
30	-do-	Nil dated Nil	Nil	49,850	HP Laser jet printer.
31	-do-	Nil dated Nil	Nil	36,000	Printer toners.
32	M/s Combine Vision	S-0193 dated Nil	Nil	81,330	Toners, USBs, and HP Laser jet printer.
33	-do-	S-0195 dated Nil	Nil	15,000	LED for computer.
34	-do-	S-0194 dated Nil	Nil	99,000	Computer corei7 with accessories.
Total				2,676,780	

(Furniture & fixture)

S#	Name of supplier	Bill No. & Date	Cheque No. & date	Amount (Rs)	Remarks
1	M/s Combined vision	S-0196 dated Nil	Nil	85,310	Steel cupboard, Computer table chairs etc.
2	-do-	S-0040 dated 06-07-2021	Nil	99,450	Curtains for DC office etc.
3	-do-	S-0218 dated Nil	Nil	99,000	Sitting chairs for office. etc.
4	M/s Malik Enterprize	Nil dated Nil	Nil	49,860	Office table, chairs, side rack and cupboard.
5	-do-	Nil dated Nil	Nil	84,000	Sofa sets full leather cover.
6	-do-	Nil dated Nil	Nil	49,000	6 seat sofa cover with 10 cushions cover. etc
7	-do-	Nil dated Nil	Nil	45,000	Table set of 3. etc
8	-do-	Nil dated Nil	Nil	91,000	Wooden visitor chairs.
9	-do-	Nil dated Nil	Nil	91,000	Wooden visitor chairs.
10	-do-	Nil dated Nil	Nil	84,000	Sofa set full leather cover.
11	-do-	Nil dated Nil	Nil	49,300	Office chairs.
Total				826,920	

(Annexure-6)

Para 2.4.1.17

Irregular expenditure without adopting open tender system

S#	Particular	Amount (Rs)		
		KH 6001	KH 6004	KH 6002
1	Stationary	0	0	543,701
2	Printing & publication	549,788	0	903,486
3	Purchase of plant & Machinery	240,500	681,408	2,808,400
4	Purchase of Furniture	0	0	1,188,070
5	Purchase of Machinery & equipment	0	388,351	0
6	Others	420,400		6,730,757
Total		1,210,688	1,069,759	12,174,414
Grand Total		9,011,202		

(Annexure-7)

Para No. 2.4.1.19

Details of irregular Purchase of Medicine

S#	Name of supplier	Amount (Rs)	Without DTL (Rs)
1	Global traders	48,701	48,701
2	Astilas Pharma	101,425	0
3	Asian Continental	114,048	114,048
4	Hakim sons	117,563	117,563
5	Heal Pharma	123,675	0
6	ICI Pakistan	63,900	63,900
7	Mactor Pharma	259,380	0
8	Medi Link	30,198	30,198
9	Zafa pharma	37,285	37,285
10	Geof Man	7,692	7,692
11	Stenlay Pharma	156,000	156,000
12	ICI Pakistan	639,000	0
13	Stenlay Pharma	316,701	316,701
14	Heal Pharma	134,140	134,140
15	Stillion Pharma	60,000	60,000
16	Pharma sol	9,395	9,395
17	ICI Pakistan	63,000	63,000
18	Stenlay Pharma	202,168	202,168
Total		2,484,271	1,360,791

(Annexure-8)

Para No. 2.4.1.23

Detail of Irregular retention of fund

S.No.	Account Title	Account No.	Bank	Balance as on 30-6-22 (Rs)
1	General	0912004320070663	NBP	2,234,070
2	UNICEF	0103201010011425	MCB	200,351
			Total	2,434,421

Irregular withdrawal

S#	Date	Cheque No.	Amount (Rs)	Bank
1	05-07-2021	184898646	1,434,105	NBP
2	06-07-2021	184898645	1,000,000	NBP
3	06-07-2021	184898643	1,000,000	NBP
4	08-12-2021	248689231	183,049	NBP
5	31-12-2021	248689237	104,491	NBP
6	27-06-2022	248689254	258,240	NBP
			Total	3,979,885

Annexure-8

Para No. 2.4.2.3

Non-Collection of Funds during Financial Year 2021-22

Fund	Level	No of students	Rate	Amount (Rs)
Sport	Primary Boys	51111	3	153333
	Primary Girls	41826	3	125478
	Middle Male	4039	30	121170
	Middle Female	1919	30	57570
	High Male	10011	40	400440
	High Female	3234	40	129360
	HSSC Male	3241	40	129640
	HSSC Female	947	40	37880
Total		116328		1154871
Exam	Primary Boys	51111	2	102222
	Primary Girls	41826	2	83652
	Middle Male	4039	40	161560
	Middle Female	1919	40	76760
	High Male	10011	50	500550
	High Female	3234	50	161700
	HSSC Male	3241	50	162050
	HSSC Fem+H20ale	947	50	47350
Total		116328		1295844
Medical	Primary Boys	51111	1	51111
	Primary Girls	41826	1	41826
	Middle Male	4039	8	32312
	Middle Female	1919	8	15352
	High Male	10011	10	100110
	High Female	3234	10	32340
	HSSC Male	3241	10	32410
	HSSC Male	947	10	9470
Total		116328		314931
Poor	Primary Boys	51111	2	102222
	Primary Girls	41826	2	83652
	Middle Male	4039	8	32312
	Middle Female	1919	8	15352
	High Male	10011	10	100110
	High Female	3234	10	32340
	HSSC Male	3241	10	32410
	HSSC Female	947	10	9470
Total		116328		407868
Red Crescent	Primary Boys	51111	10	511110
	Primary Girls	41826	10	418260

	Middle Male	4039	10	40390
	Middle Female	1919	10	19190
	High Male	10011	10	100110
	High Female	3234	10	32340
	HSSC Male	3241	10	32410
	HSSC Female	947	10	9470
	Total	116328		1163280
Boys Scout / Girls Gide	Middle Male	4039	25	100975
	Middle Female	1919	12	23028
	High Male	10011	25	250275
	High Female	3234	12	38808
	HSSC Male	3241	25	81025
	HSSC Female	947	12	11364
	Total	23391		505475
Shaheen	Primary Boys	51111	2	102222
	Total	51111		102222
Total Non-Collection Fund				4944491

Annexure-9
Para No. 2.4.3.6

Irregular expenditures on account of measles / rubella campaign

S #	Particular	Amount (Rs)
1	ACSM activities	415,000
2	Vaccine & Logistic management for MR SIA	30,000
3	Team transportation	1,560,000
4	Hiring of ambulance	540,000
5	05 NOs Mobile vehicle	300,000
6	Mobile Miking Funds	350,000
7	Collection/Distribution of Dry logistics for MR Catch-up campaign from federal EPI store to District store	46000
	Total	3,241,000