



**AUDIT REPORT
ON
THE ACCOUNTS OF
TEHSIL MUNICIPAL ADMINISTRATION
KOHAT**

AUDIT YEAR 2013-14

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AP	Advance Para
ADP	Annual Development Programme
CNG	Compressed Natural Gas
CPWD Code	Central Public Works Departmental Code
CTR	Central Treasury Rules
DAC	Departmental Accounts Committee
DDO	Drawing & Disbursing Officer
GFR	General Financial Rules
GST	General Sales Tax
LCB	Local Council Board
LGO	Local Government Ordinance
MFDAC	Memorandum for Departmental Accounts Committee
MoF	Ministry of Finance
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PCC	Plain Concrete Cement
PC-I	Planning Commission-I
RDA	Regional Directorate of Audit
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
ZAC	Zilla Accounts Committee

PREFACE

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections-8 and 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 and Section-115 of the Khyber Pakhtunkhwa Local Government Ordinance, 2001(as amended) and Section 168 of Local Government Act 2012 require the Auditor-General of Pakistan to conduct audit of the receipts and expenditure of Local Fund and Public Account of Tehsil/Town Municipal Administrations.

The report is based on audit of the accounts of Tehsil Municipal Administration Kohat for the Financial Year 2012-13. The Directorate General of Audit, District Governments, Khyber Pakhtunkhwa, Peshawar conducted audit on test check basis during 2013-14 with a view to reporting significant findings to the relevant stakeholders.

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

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

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

Dated:
Islamabad

(Muhammad Akhtar Buland Rana)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General of Audit, District Governments, Khyber Pakhtunkhwa, Peshawar, is responsible to conduct the audit of all District Governments in Khyber Pakhtunkhwa, Tehsil/Town Municipal Administrations (TMAs) and Union Administrations (UAs). Its Regional Directorate of Audit Kohat has audit jurisdiction of District Governments, TMAs and UAs of three Districts i.e. Kohat, Karak and Hangu.

The Regional Directorate has a human resource of 07 officers and staff, constituting 1953 man days and a budget of about Rs 8.561 million was allocated during 2013-14. It has the mandate to conduct financial attest audit, audit of sanctions, audit of compliance with authority and audit of receipts as well as the performance audit of entities, projects and programs. Accordingly Regional Director Audit Kohat carried out audit of the accounts of TMA Kohat for the Financial Year 2012-13 and the findings included in the Audit Report.

Tehsil Municipal Administration, Kohat conducts its operations under Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended) and Local Government Act 2012. It comprises one Principal Accounting Officer (PAO) covering three groups of offices i.e. Tehsil Office Finance, Tehsil Office Infrastructure & Services and Tehsil Office Regulation. Financial provisions of the Ordinance describe the Government as Tehsil Local Fund and Public Account for which Annual Budget Statement is authorized by the Tehsil Nazim / Tehsil Council/ Administrator in the form of budgetary grants.

Tehsil Municipal Administration Kohat comprises Tehsil Nazim, Naib Tehsil Nazim and Tehsil Municipal Officer /Administrator.

a. Scope of audit

Out of total expenditure of the TMA Kohat, for the financial year 2012-13, auditable expenditure under the jurisdiction of RDA was Rs 251.988 million. Out of this, RDA Kohat audited an expenditure of Rs 77.62 million which, in terms of percentage, is 31% of auditable expenditure.

The receipts of Tehsil Municipal Administration Kohat for the Financial Year 2012-13, were Rs 155.470 million. Out of this, RDA Kohat audited receipts of Rs 46.640 million which, in terms of percentage, was 30% of auditable receipts.

b. Recoveries at the instance of audit

Recovery of Rs 42.403 million was pointed out during the audit. However, no recovery was effected till the finalization of this report.

c. Audit Methodology

Audit was conducted after understanding the business processes of TMAs with respect to its functions, control structure, prioritization of risk areas by determining their significance and identification of key controls. This helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field audit activity. Audit used desk audit techniques for analysis of compiled data and review of permanent files/record. Desk Audit greatly facilitated identification of high-risk areas for substantive testing in the field.

d. Audit Impact

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

e. Comments on Internal Control and Internal Audit department

The purpose of internal control system is to ensure effective operation of an organization. It consists of measures employed by the management to achieve objectives, safeguard assets, ensure accuracy, timeliness and reliability of financial and accounting information for decision making.

One of the basic component of Internal Control System, as envisaged under Para 13 of GFR Volume-I, is Internal Audit which was not prevalent in TMA Kohat. Neither rules for internal audit have been framed nor internal audit report as required was provided to audit.

f. Key Audit Findings

- i. Non production of record of Rs 19.413 million was noted in one case.¹
- ii. Irregularity & non Compliance of Rs 18.75 million was noted in two cases.²
- iii. Weak Internal Controls of Rs 43.116 million was noted in nine cases³.

Audit paras for the audit year 2013-14 involving procedural violations including internal control weaknesses and irregularities not considered worth reporting to the PAC were included in Annex-1 (MFDAC).

g. Recommendations

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

¹ Para: 1.2.1.1

² Para: 1.2.2.1 & 1.2.2.2

³ Para: 1.2.3.1, 1.2.3.2, 1.2.3.3, 1.2.3.4, 1.2.3.5, 1.2.3.6, 1.2.3.7, 1.2.3.8 & 1.2.3.9

SUMMARY TABLES AND CHARTS

Table 1: Audit Work Statistics

(Rs in million)			
S. No	Description	No.	Budget
1	Total Entities (PAOs) in Audit Jurisdiction	01	407.458
2	Total formations in audit jurisdiction	01	407.458
3	Total Entities (PAO) Audited	01	124.260
4	Total formations Audited	01	124.260
5	Audit & Inspection Reports	01	124.260
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports (Relating to TMA)	-	-

Table 2: Audit observations classified by Categories

(Rs in million)		
S. No	Description	Amount under Audit Observation
1	Unsound asset management	--
2	Weak financial management	15.524
3	Weak Internal controls relating to financial management	46.342
4	Others	19.413
Total		81.279

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

S. No	Description	Expenditure on Acquiring Physical Assets Procurement	Civil Works	Receipts	Others	Total for the Year 2012-13	Total for the year 2010-11
1	Outlays Audited	--	13.024	46.640	64.596	124.260	440.239
2	Amount Placed under Audit Observation /Irregularities of Audit	--	1.977	40.426	38.876	81.279	270.211
3	Recoveries Pointed Out at the instance of Audit	--	1.977	40.426	3.939	46.342	108.631
4	Recoveries Accepted /Established at the instance of Audit	--	1.977	40.426	3.939	46.342	--
5	Recoveries Realized at the instance of Audit	--	--	--	--	--	--

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

S. No	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations, principle of propriety and probity in public operation	15.524
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	0
	Accounting Errors(accounting policy departure from NAM, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	0
4	Quantification of weaknesses of internal control systems.	0
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies.	46.342
6	Non production of record	19.413
7	Others, including cases of accidents, negligence etc.	0
Total		81.279

Table 5 Cost Benefit

S.No	Description	Amount (Rs in million)
1	Outlay Audited (Items 1 of Table 3)	124.260
2	Expenditure on Audit	0.954
3	Recoveries realized at the instance of Audit	-
4	Cost Benefit Ratio	-

CHAPTER-1

1.1 Tehsil Municipal Administration Kohat

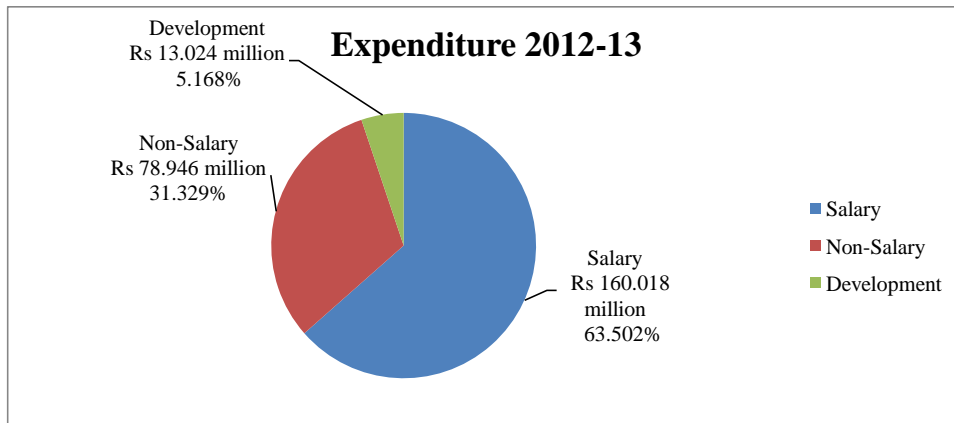
1.1.1 Introduction

Kohat is the Tehsil of District Kohat. Tehsil Municipal Administration Kohat consists of Tehsil Nazim, Tehsil Naib Nazim and Tehsil Municipal Officer/Administrator. TMA Kohat comprises two Drawing & Disbursing Officers i.e. Tehsil Municipal Administrator and Tehsil Officer Finance.

1.1.2 Comments on Budget and Accounts (variance analysis)

2012-13	Budget	Expenditure	Excess (+) / Saving (-)	%age (Saving)
Salary	165.818	160.018	(5.80)	3.49%
Non-salary	83.457	78.946	(4.511)	5.4%
Development	14.222	13.024	(1.198)	8.4%
Total	263.497	251.988	(11.509)	17.29%

A budget of Rs 263.497 million was allocated, against which an expenditure of Rs 251.988 million was incurred by the TMA Kohat, with a saving of Rs 11.509 million during 2012-13.



1.1.3 Brief comments on the status of compliance with ZAC/PAC Directives

The audit reports on the accounts of Tehsil Municipal Administration Kohat, have not yet been discussed in PAC/ZAC.

1.2 AUDIT PARAS

1.2.1 Non Production of Record

1.2.1.1 Non production of auditable record pertaining to developmental fund-Rs 19.413 million

According to Section 14(1-b) & (3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 the Auditor General has the authority to require any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to transactions to which his duties in respect of audit extent. 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.

TMO, Kohat executed various works amounting to Rs 19.413 million under Gas Royalty Fund as per detail given below during 2012-13. Record in support of expenditure was not produced for audit scrutiny despite repeated requests.

(Rs in million)

S#	Name of Scheme	Approved cost	Expenditure
1	Black Top road village Gumbat C/O Malik Fazal Rabi Kohat.	4.00	1.965
2	Black Top road at Khushal Garh c/o Shareef UC Kushal GarhKohat.	3.62	1.948
3	Black Top road at village Gul Hassan Banda UC Kushal Garh Kohat.	3.50	3.50
4	Black Topping from Pehelwan Banda upto Dehri Banda Kohat.	5.0	5.000
5	Construction of PCC road, side drain and Pipe lines etc at village Usterzai Payyan Kohat.	7.0	7.000
Total		23.12	19.413

Audit observed that non production of record indicated non compliance of Government rules, which resulted in non-authentication of public expenditure.

When reported in February 2014, management stated that reply would be furnished after consulting the record. However, the reply was not received till finalization of the report in November 2014.

Request for the convening of DAC meeting was made on 17-02-2014. DAC meeting could not be convened till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault beside immediate production of record for audit scrutiny.

AP No.120 (2012-13)

1.2.2 Irregularity & Non Compliance

1.2.2.1 Irregular award of works to Project Leaders without open tender system- Rs 15.00 million

According to Para 89 of CPWD Code and Para 7(2) of the Khyber Pakhtunkhwa Procurement of Goods, Works and Services Rules 2003, for the development works contracts with estimated cost from rupees forty thousand to rupees ten million, financial bids may be called for without pre or post - qualification of bidders.

TMO, Kohat executed developmental schemes valuing Rs 15,000,000 as detailed at annexure-C out of Gas Royalty Fund through project leaders without adopting open tender system during 2012-13.

Audit observed that irregularity indicated non compliance of the instructions of the Government on the subject.

When reported in February 2014, management stated that reply would be furnished after consulting the record. However, the reply was not received till finalization of the report in November 2014.

Request for the convening of DAC meeting was made on 17-02-2014. DAC meeting was not convened till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault and condonation by the competent forum.

AP No.112 (2012-13)

1.2.2.2 Irregular advance payment to Project Leaders-Rs 3.750 million

According to CTR 290 “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.

TMO, Kohat allowed 25% advance payment amounting to Rs 3,750,000 to various project leaders out of Gas Royalty Fund during 2012-13 as per detail at annexure-D. Advance payment was contrary to the provisions of the rules *ibid* and not provided in the agreement with the project leaders.

Audit observed that irregularity indicated non compliance of Government rules.

When reported in February 2014, management stated that reply would be furnished after consulting the record. However, the reply was not received till finalization of the report in November 2014.

Request for the convening of DAC meeting was made on 17-02-2014. DAC meeting was not held till finalization of this report.

Audit recommends enquiry, fixing responsibility and action against the person(s) at fault.

AP No.113 (2012-13)

1.2.3 Internal Control Weaknesses

1.2.3.1 Non-recovery of outstanding Government dues on account of Rent of Property-Rs 17.993 million

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

TMO, Kohat, did not recover rent of Rs 17,992,925 of the properties of Tehsil Municipal Administration during 2012-13 as per detail at annexure-E.

Audit observed that non recovery of rent indicated weak internal controls, which resulted in loss to Government.

When reported in February 2014, management stated that reply would be furnished after consulting the record. However, the reply was not received till finalization of the report in November 2014.

Request for the convening of DAC meeting was made on 17-02-2014. DAC meeting was not held till finalization of this report.

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

AP No.101 (2012-13)

1.2.3.2 Non-recovery of water user charges-Rs 9.328 million

According to Para-54 (m) of local Government Ordinance, 2001 “functions and powers of the Tehsil Municipal Administration shall be to collect approved taxes, cess, user fees, rates, rents, tolls, charges, fines and penalties”.

TMO, Kohat did not recover long outstanding water users charges amounting to Rs 9,328,040 from the users of water supply schemes upto 30th June, 2013. Detail is given below:

Year	Total connections	Recoverable Amount as on 30-06-2013 (Rs)	Amount Recovered upto 30-06-2013 (Rs)	Outstanding amount (Rs)
2012-13	5,520	10,533,000	7,116,140	3,416,860
Add Previous year's outstanding				5,911,180
Total				9,328,040

Audit observed that non recovery of water users charges indicated weak internal controls, which resulted in loss to Government.

When reported in February 2014, management stated that reply would be furnished after consulting the record. However, the reply was not received till finalization of the report in November 2014.

Request for the convening of DAC meeting was made on 17-02-2014. DAC meeting was not held till finalization of this report.

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

AP No.102 (2012-13)

1.2.3.3 Loss due to non-recovery of taxes-Rs 4.716 million

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

According to LCB letter No. AOII/LCB/9-9/2010 dated 28-6-2011, revised rates of various taxes were approved with effect from 1-7-2011, as per detail given below:

S. No	Nature of business	Tax rate (Rs.)
1.	Motor car bargain	25,000
2.	Motor cycle bargain	10,000
3.	Guest houses	5,000
4.	Crockery	3,000
5.	Cement block factory	20,000
6.	Property Dealer	5,000
7.	Petrol Diesel CNG station	50,000
8.	Private School & College	3,000

TMO, Kohat did not recover taxes imposed on various types of trades amounting to Rs 4,716,000 during the Financial Years 2011-12 and 2012-13 as detailed at annexure-F. This resulted in loss of Rs 4,716,000, to public exchequer.

Audit observed that non recovery of taxes indicated weak internal controls, which resulted in loss to Government.

When reported in February 2014, management stated that reply would be furnished after consulting the record. However, the reply was not received till finalization of the report in November 2014.

Request for the convening of DAC meeting was made on 17-02-2014. DAC meeting was not held till finalization of this report.

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

AP No.105 (2012-13)

1.2.3.4 Loss to Government due to awarding contract at lesser rate- Rs 3.369 million

According to Para (ii) of terms and condition of the contracts circulated vide Local Government Department, Government of Khyber Pakhtunkhwa letter No. AO-II/LCB/6-11/2012 dated 6-4-2012, the contract for the present year must have an increase over the bid of last year to the tune of 15%.

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

TMO, Kohat awarded contract of mutation fee for Rs15,200,000 to a contractor for a period of nine months during 2012-13. The contract was awarded to the same contractor for Rs 21,529,500 during 2011-12. The contract was required to be awarded after applying increase of 15 % amounting to Rs 18,569,193 ($21,529,500/12 = 1794125 \times 9 = 16147125 \times 15\%$) this resulted in loss to Government of Rs 3,369,193.

(Amount in Rupees)

Bid Amount during 2011-12	Bid Amount for 9 months during 2011-12	15% Increase	Bid Amount for 9 months to be after applying increase	Awarded during 2012-13 for 9 months	Loss
21,529,500	16,147,125	2,422,068	18,569,193	15,200,000	3,369,193

Audit observed that non recovery of receipts at required rate indicated weak internal controls, which resulted in loss to Government.

When reported in February 2014, management stated that reply would be furnished after consulting the record. However, the reply was not received till finalization of the report in November 2014.

Request for the convening of DAC meeting was made on 17-02-2014. DAC meeting was not held till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault and making good the loss under intimation to Audit

AP No.100 (2012-13)

1.2.3.5 Less recovery on account of various receipts-Rs 2.636 million

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

According to Para (ii) of terms and condition of the contracts vide Local Government Department, Government of Khyber Pakhtunkhwa letter No. AO-II/LCB/6-11/2012 dated 6-4-2012, the contract for the present year must have an increase over the bid of last year to the tune of 15%.

TMO, Kohat collected receipts on account of various taxes amounting to Rs 8,043,655 during 2012-13. While it was required to collect receipts after applying 15% increase over the previous year bids. This resulted in less receipts of Rs 2,636,239 as per detailed at annexure-G.

Audit observed that non recovery of receipts indicated weak internal controls, which resulted in loss to Government.

When reported in February 2014, management stated that reply would be furnished after consulting the record. However, the reply was not received till finalization of the report in November 2014.

Request for the convening of DAC meeting was made on 17-02-2014. DAC meeting was not held till finalization of this report.

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

AP No.98 (2012-13)

1.2.3.6 Non recovery of Pay & Allowances and Pension Contribution of staff from contractor – Rs 2.384 million

According to Para (XXVI) and (XXV2) of the terms and conditions of the contract issued by LCB vide NO. AO-II/LCB/6-11/2012, dated: 06.04.2012 & vide NO. AO-II/LCB/6-11/2011, dated: 21.04.2011, the department will provide staff to the lessee and the lessee shall be bound to pay all dues i.e pay & allowances, pension contributions and leave salary etc.

TMO, Kohat awarded contract of Slaughter House to a contractor during 2011-12 and 2012-13 for Rs 1,037,670 and Rs 1,345,217 respectively for which staff of TMA was provided to the contractor. Recovery of Rs 2,384,887 on account of pay & allowances and pension contribution of the staff provided was not recovered from contractor as per detail given at annexure-H.

Audit observed that non recovery of pay & allowances and pension contribution of staff indicated weak internal controls which resulted into loss of Rs 1,345,217.

When reported in February 2014, management stated that reply would be furnished after consulting the record. However, the reply was not received till finalization of the report in November 2014.

Request for the convening of DAC meeting was made on 17-02-2014. DAC meeting was not held till finalization of this report.

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

AP No.116 (2012-13)

1.2.3.7 Non deduction of voids-Rs 1.21 million

As per clause 20(d) of the contract agreement, 11% voids were required to be deducted from the contractor's bill.

TMO, Kohat paid Rs 11,001,944 to various contractors for an item of work “supply and spreading of shingle” in various developmental works during 2012-13. Deduction of voids @ 11% amounting to Rs 1,210,214 was not made. This resulted in loss to public exchequer as per detail given at annexure-I.

Audit observed that overpayment indicated non compliance of Government rules.

When reported in February 2014, management stated that reply would be furnished after consulting the record. However, the reply was not received till finalization of the report in November 2014.

Request for the convening of DAC meeting was made on 17-02-2014. DAC meeting was not held till finalization of this report.

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

AP No.106 (2012-13)

1.2.3.8 Overpayment due to allowing 16% Sales Tax- Rs 0.701million

According to Govt. of Pakistan, MoF, Economic Affairs, Statistics and Revenue (Revenue Division), SRO No. 165(I)/2010 dated 10.03.2010, read with SRO No. 166 the Federal Govt. is pleased to exempt 50% of livable rate of Sales Tax on supplies made of goods, other than cement, sugar, beverages and cigarettes, by the registered persons.

TMO, Kohat incurred expenditure of Rs 9,525,000 on the purchase of vehicle including Sales tax @16% amounting to Rs 1,402,653 instead of 8% amounting to Rs 701,326 to the supplier during 2011-12 as per detail given below:

S.No	Name of Supplier	Items Supplied	Amount (Rs.)	GST (@16%) Paid (Rs.)	GST payable (@8%) (Rs.)	Overpayment (Rs.)
1	Hino Pak motors Ltd.	Hino vehicle	5,500,000	758,621	379,310	379,310
2	Jawad & Co.	Fabrication of fire brigade vehicle	4,025,000	644,032	322,016	322,016
Total			9,525,000	1,402,653	701,326	701,326

Audit observed that overpayment indicated weak internal controls.

When reported in February 2014, management stated that reply would be furnished after consulting the record. However, the reply was not received till finalization of the report in November 2014.

Request for the convening of DAC meeting was made on 17-02-2014. DAC meeting was not held till finalization of this report.

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

AP No.115 (2012-13)

1.2.3.9 Non deduction of sales tax-Rs 0.767 million

According to Section 3 of Sales Tax Act, 1990, to recover the sales tax @ 16% of the value of taxable supplies made by registered persons in the course or furtherance of any taxable activity carried out by him.

TMO, Kohat incurred expenditure of Rs 3,434,061 on supply and fixing of Hand Pump and Pressure Pump in various water supply schemes and Rs 1,354,649 on Street lights during the year 2012-13. Neither the sales tax invoices were produced by the contractor nor sales tax @ 16% amounting to Rs. 549,449 and Rs 218,019 was recovered from the contractors as per detail given at annexure -J (a) & (b) .

Audit observed that non deduction of sales tax indicated weak internal controls, which resulted in loss to Government.

When reported in February 2014, management stated that reply would be furnished after consulting the record. However, the reply was not received till finalization of the report in November 2014.

Request for the convening of DAC meeting was made on 17-02-2014. DAC meeting was not held till finalization of this report.

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

AP No.107 & 110 (2012-13)

ANNEXURE

Annex-1

MFDAC Paras

(Rs in million)

S.No.	AP No	Caption	Amount
1	99	Loss to Government on account of awarding Load unload Tax contract	0.770
2	103	Non recovery of Income Tax from contractors	0.131
3	104	Less recovery on account of taxes	0.294
4	108	Unauthorized payment amounting to due deviation from PC-I Estimates	3.000
5	109	Non allocation of fund for CCBs out of 30% District ADP	20674
6	111	Undue benefit to contractors	5.695
7	114	Advance payment on account of fictitious entries in MB	0.613
8	117	Unjustified expenditure on account of Removing of Malba	0.247
9	118	Non completion of schemes and non imposition of penalty	4.400
10	119	Unauthorized construction of community centers	1.600

Audit Impact Summary for the financial year 2012-113

S.No	Rules/System/Procedure	Audit Impact
1	According to GFR, physical verification of store/assets should be carried out once in a year.	Increase probability for safeguarding the Government assets and stock
2	According to Financial and Treasury rules all dues of the government should be correctly and promptly assessed, collected and paid into Government Treasury.	Increase in revenue collection on account of Government dues
3	According to GFR, receipts and expenditure should be reconciled.	To ensure that the departmental accounts are sufficiently accurate and render an effective Departmental control of expenditure and receipts.

Annex-3**Para No. 1.2.2.1****Statement showing execution of works without adopting open tender system**

S.No	Name of work	Amount (Rs in million)
1	Repair of road at Said abad	1.0
2	PCC Road Ajman korroona	1.0
3	PCC Road Sheikhan phase II	1.0
4	PCC Road at Tohg bala	1.0
5	PCC Road Shadi Khel	1.0
6	PCC Road Ghorizai	1.0
7	PCC Road Bashir Koroona	1.0
8	PCC Road Labour Colony	1.0
9	PCC Road Toh Bbala phase I	1.0
10	PCC Road Togh Bala	1.0
11	PCC Road Gumbat phase II	1.0
12	PCC Road Sra Garhi	1.0
13	PCC Road Dhal Behzadi	1.0
14	PCC Road Thogh Bala C/O Zahid	1.0
15	Repair of black top road at sayed Abad	1.0
Total		15.00

Annex-4**Para No. 1.2.2.2****Statement showing detail of advance payment made to Project Leaders**

S.No	Name of work	Amount (Rs)	Advance Payment (Rs)
1	Repair of road at Said abad	1,000,000	250,000
2	PCC Road Ajman korroona	1,000,000	250,000
3	PCC Road Sheikhan phase II	1,000,000	250,000
4	PCC Road at Tohg bala	1,000,000	250,000
5	PCC Road Shadi Khel	1,000,000	250,000
6	PCC Road Ghorizai	1,000,000	250,000
7	PCC Road Bashir Koroona	1,000,000	250,000
8	PCC Road Labour Colony	1,000,000	250,000
9	PCC Road Toh Bbala phase I	1,000,000	250,000
10	PCC Road Togh Bala	1,000,000	250,000
11	PCC Road Gumbat phase II	1,000,000	250,000
12	PCC RoadSra Garhi	1,000,000	250,000
13	PCC RoadDhal Behzadi	1,000,000	250,000
14	PCC Road Thogh Bala C/O Zahid	1,000,000	250,000
15	Repair of black top road at sayed Abad	1,000,000	250,000
Total		15,000,000	3,750,000

Annex-5**Para No. 1.2.3.1****Statement showing detail of outstanding Rent of Property**

S.No	Nature of Property	No. of Shops	Rent recoverable	Rent Recovered	Previous outstanding Rent on 30-06-2012	Outstanding Rent as on 30-06-2013
01	Long Lease (99 Years)	228	1,245,060	393,440	2,227,284	3,078,884
02	Annual Lease	238	9,584,032	3,028,569	2,699,856	9,255,319
03	Municipal Plaza	21	284,701	89,966	255,955	450,690
04	RDD Office Market	14	297,810	94,108	265,341	469,043
05	TMA Market	08	147,095	46,482	89,043	189,656
06	Sabzi Mandi	46	1,232,950	389,614	812,418	1,655,754
07	New Bus Stand	76	1,561,520	493,443	1,506,044	2,574,121
08	Sheenghar Plaza	18	211,200	66,742	175,000	319,458
Total		649	14,564,368	4,602,364	8,030,921	17,992,925

Annex-6**Para No. 1.2.3.3****Statement showing detail of Taxes outstanding against contractors**

S.No.	Nature of business	Numbers of item	Period(Years)	Tax rate (Rs.)per year	Outstanding Amount (Rs.)
1	Motor car bargain	5	2	25,000	250,000
2	Motor cycle bargain	3	2	10,000	60,000
3	Guest houses	4	2	5,000	40,000
4	Crockery	6	2	3,000	36,000
5	Cement block factory	9	2	20,000	360,000
6	Property Dealer	19	2	5,000	190,000
7	Petrol Diesel CNG station	36	2	50,000	3,600,000
8	Private School & College	30	2	3,000	180,000
Total					4,716,000

Annex-7

Para No. 1.2.3.5

Statement showing detail of less recovery of receipts

S.No	Name of Contract	Receipts collection 2011-12 (Rs.)	Required receipts with minimum 15% increase (Rs.)	Receipts collected (Rs.)	Actual difference (Rs.)
1	Toll Tax	481,245	553,431	434,105	119,326
2	Pick up adda Gumbat	381,541	438,772	298,000	140,772
3	Suzuki stand Bilitang	106,905	122,940	73,500	49,440
4	Parking fees new bus stand	6,122,495	7,040,869	5,207,690	1,833,179
5	Parking fees old bus stand	2,194,680	2,523,882	2,030,360	493,522
Total		9,286,866	10,679,894	8,043,655	2,636,239

Annex-8

Para No. 1.2.3.6

Statement showing Non recovery of Pay & Allowances and Pension
Contribution of employees deputed in Slaughter House

(a) 2011-12					
S.No (1)	Name of Servant (2)	Designation (3)	Salary (Rs) (4)	Pen: Contribution (Rs) (5)	Total (4+5)
01	Tariq Khan	Water Carrier B-02	203,844	18,138	221,982
02	Jahanzaib Khan	Balder B-02	162,744	18,138	180,882
03	Mohammad Rehman	Water Carrier B-02	191,724	18,138	209,862
04	Mohammad Khanan	Water Carrier B-02	159,924	18,138	178,062
05	Jahanger Khan	Water Carrier B-02	162,744	18,138	180,882
06	Urangzeb Khan	Sweeper Fix (11 months salary @ Rs 4000)	44,000	-	44,000
07	Saif Ullah	Sweeper Fix (6 months salary @ 4000)	24,000	-	24,000
Sub Total Rs			948,980	90,690	1,039,670
(b) 2012-13					
01	Tariq Khan	Water Carrier B-02	239,280	29,797	269,077
02	Jahanzaib Khan	Balder B-02	190,080	29,797	219,877
03	Mohammad Rehman	Water Carrier B-02	220,692	29,797	250,489
04	Mohammad Khanan	Water Carrier B-02	184,452	29,797	214,249
05	Jahanger Khan	Water Carrier B-02	193,728	29,797	223,525
06	Urangzeb Khan	Sweeper Fix (12 months salary @ Rs 7000)	84,000	-	84,000
07	Saif Ullah	Sweeper Fix (12 months salary @ Rs 7000)	84,000	-	84,000
Sub Total			1,196,232	148,985	1,345,217
Grand Total (a+b)			2,145,212	239,675	2,384,887

Annex-9

Para No. 1.2.3.7

Statement showing detail of overpayment due to non deduction of Voids

S .No	Name of work	Quantity Paid	11% Voids Deduction required	Rate (Rs. /M3)	Total Amount of work (Rs.)	Amount of 11% Voids (Rs.)
01	Construction of PCC Road	363.33M3	39.966 M3	561.90 M3	204,191	22,461
02	BT Road Alizai	345M3	37.95M3	995.75/M3	343,534	37,789
03	BT Road at Khusal Garh	1121M3	123M3	440.32M3	493,677	54,304
04	-do-	281M3	30.91M3	944.55/M3	265,419	29,196
05	BT Road at Mosam Khan to Haji Naseem Koroona	1042M3	114.68M3	944.55/M3	984,797	108,328
06	Const: PCC Road at minar Masjid Darvi khel	363.33M3	39.96M3	562/M3	204,191	22,461
07	BT Road near godown at bilitang	2397 M3	263.67 M3	440.32M3	1054,680	116,015
08	-do-	277 M3	30.47 M3	944.55/M3	261,640	28,780
09	BT Road from main Nizam pur road toKhan Akber koroona	492 M3	54.12 M3	944.55/M3	464,712	51,118
10	BT Road Dhok Aenudin	1020 M3	112.2 M3	944.55/M3	963,441	105,979
11	BT Road near godown at bilitang	255 M3	28..05 M3	700/M3	178,500	19,635
12	Const: PCC Road UC Ali Zai	392.12 M3	43.13 M3	561.9/M3	220,337	24,237
13	Const: PCC Road Sayddan kalay	136.89 M3	15.05 M3	561.9/M3	76,918	8,461
14	-do-	59.42 M3	15.05 M3	561.9/M3	33,388	3,673
15	Const: PCC Road Behzadi Chakar	145.73 M3	16.03 M3	561.9/M3	81,900	9,009

Continue

Statement showing detail of amount on account of non deduction of Voids

S.No	Name of work	Quantity Paid	11% Voids Deduction required	Rate (Rs. /M3)	Total Amount of work (Rs.)	Amount of 11% Voids (Rs.)
16	Const: PCC Road at Kach kina, Maria Bala	150.53 M3	16.55 M3	561.9/M3	84,597	9,306
17	Const: PCC Road Chakar kot bala, Nusrat Abad	291.66 M3	32.08 M3	561.9/M3	163,883	18,027
18	Const: PCC Road Baqizai	600.22 M3	66.02 M3	561.9/M3	337,263	37,099
19	Const: PCC Road Khadimzai	102.37 M3	11.26 M3	561.9/M3	57,521	6,327
20	Const: PCC Road Nari Kalay	834.66 M3	91.81 M3	561.9/M3	49,436	5,438
21	Const: PCC Road Nawy Kalay	557.38 M3	61.31 M3	561.9/M3	313,197	34,452
22	Const: PCC Road Mian gan colony	167.74 M3	18.45 M3	561.9/M3	94,253	10,368
23	Const: PCC Road Pir Khil Shinwari	163.25 M3	17.95 M3	561.9/M3	91,730	10,090
24	Const: PCC Road Hayat Shaheed, Amin Abad	296.43 M3	32.60 M3	561.9/M3	166,564	18,322
25	Const: PCC Road Imam bagh qabristan road Khadizai	170.46 M3	18.75 M3	561.9/M3	95,616	10,518
26	Const: PCC Road Chikarkot, Sherkot	143.48 M3	15.78 M3	561.9/M3	80,621	8,868
27	Const: PCC Road Sayyadan Kaly, Nai Abadi	253.53M3	27.88 M3	561.9/M3	142,458	15,670
28	Const: PCC Road Tappi Cannal road	1541.61 M3	169.57 M3	561.9/M3	1456,127	160,174
29	Const: PCC Road Babari Banda	504 M3	55.44 M3	561.9/M3	203,696	22,407
Total					9,168,287	1,008,512
Add 20% premium					1,833,657	201,702
Grand Total					11,001,944	1,210,214

Annex-10**Para No. 1.2.3.9****Statement showing detail of outstanding amount of Sales Tax****a) Supply/ Fixing of Hand Pumps**

S.No	Name of work	Fund	Amount (RS.)	Sales Tax (Rs.)
1	Installation of hand pump Dhoda	Gas Royalty	120,000	19,200
2	Installation of hand pump at Shikhan	CM Directive	250,000	40,000
3	Installation of hand pump at UC Khushal Garh	CM Directive	75,000	12,000
4	Installation of hand pump UC Ziarat Sheikh Allah Dad	CM Directive	425,000	68,000
5	Installation of hand pump at Halyat shaheed , M. Nagar	TKPP	215,000	34,400
6	Installation of hand pump at Nak Band	CM Directive	375,000	60,000
7	Installation of hand pump at UC Bilitangphase II	CM Directive	175,000	28,000
8	Installation of hand pump at UC DHODA P-II	CM Directive	200,000	32,000
9	Installation of hand pump at Gul Hassan Band, Kander UC Khushkhal Garh	CM Directive	200,000	32,000
10	Installation of hand pump at UC	CM Directive	375,000	60,000
11	Installation of hand pump at Alizai	CM Directive	225,000	36,000
12	Installation of hand pump at UC Usterzai	CM Directive	175,000	28,000
13	Installation of hand pump at UC Shir Kot	CM Directive	150,000	24,000
14	Installation of hand pump at Khurmatoo	Gas Royalty	150,000	24,000
15	Installation of hand pump at UC Babader Khel	Gas Royalty	150,000	24,000
16	Installation of hand pump at Togh	Gas Royalty	105,000	16,800
17	Installation of hand pump at College Town	Gas Royalty	69,061	11,049
Sub Total (a)			3,434,061	549,449

Continue

b) Supply and Fixing of Street Lights

S.No	Name of work	Fund	Amount (RS.)	Sales Tax (Rs.)
18	S/F Street light Chakar Kot	--	39,000	6,240
19	S/F Street light Jarwanda Road	--	33,532	5,365
20	S/F Street light Main Bazar	--	39,670	6,347
21	S/F Street light TO(K) Office Kohat	--	21,720	3,475
22	S/F Street light UC Urban 1	--	24,675	3,948
23	S/F Street light Meri Coloney	--	40,000	6,400
24	S/F Street light Garhi Mawaz Khan	--	24,020	3,843
25	S/F Street light Garhi Resaldar	--	29,712	4,753
26	S/F Street light at Chamajaat Jangel Khel	--	36,973	5,915
27	S/F Street light Noor Elahi Coloney	--	31,200	4,992
28	S/F Street light Garhi Benram	--	39,200	6,272
29	S/F Street light Jangel Khel	--	31,450	5,032
30	S/F Street light Mohallah Sikarndar Khan	--	30,095	4,815
31	S/F Street light Mohallah Parachagan	--	39,400	6,304
32	S/F Street light Nai Abadi	--	39,200	6,272
33	S/F Street light Distt Council Coloney	--	39,340	6,294
34	S/F Street light Chakar Mela J/Khel	--	37,600	6,016
35	S/F Street light Nai Abadi J/Khel	--	39,100	6,256
36	S/F Street light New Garden Coloney	--	39,000	6,240
37	S/F Street light By Pass Road	--	40,000	6,400
38	S/F Street light Mohallah Hassan Khel	--	31,409	5,025
39	S/F Street light Meri Banda	--	39,400	6,304
40	S/F Street light Nai Abadi C/Kot	--	39,000	6,240
41	S/F Street light Bashir General Road	--	39,400	6,304
42	S/F Street light Mohallah Mansoor J/Khel	--	39,100	6,256
43	S/F Street light at Meri Banda	--	39,200	6,272
44	S/F Street light Jangel Khel	--	39,200	6,272
45	S/F Street light Singhar Kohat	--	34,500	5,520
46	S/F Street light At Meerey Banda	--	24,400	3,904
47	S/F Street light Miangan colony	--	22,400	3,584
48	S/F Street light Various places	--	30,910	4,945
49	S/F Street light at various places in Kohat	--	263,443	42,150
50	S/F Street light Khawaja Abad	--	25,400	4,064
Sub Total (b)			1,362,649	218,019
Add Sub Total (a)			3,434,061	549,449
Grand Total (a+b)			4,796,710	767,468

