



**AUDIT REPORT
ON
THE ACCOUNTS OF
DISTRICT GOVERNMENT
KOHAT
AUDIT YEAR 2012-13**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AP	Advance Para
B&R	Buildings and Roads
BHU	Basic Health Unit
CBR	Central Board of Revenue
CPWA Code	Central Public Works Account Code
CPWD Code	Central Public Works Department Code
C & W	Communication and Works
CSR	Composite Schedule of Rate
DAC	Departmental Accounts Committee
DAO	District Accounts Officer
DCO	District Coordination Officer
DMS	Deputy Medical Superintendent
EDO (F&P)	Executive District Officer, Finance and Planning
GFR	General Financial Rules
GST	General Sales Tax
HRA	House Rent Allowance
KUST	Kohat University of Science & Technology
KVA	Kilo Volt Ampere
LGO	Local Government Ordinance
MFDAC	Memorandum for Departmental Accounts Committee
MOU	Memorandum of Understanding
MS DHQ	Medical Superintendent District Headquarters
MPA	Member of Provincial Assembly
NGO	Non Government Organization
OPD	Out Patient Department
OT	Operation Theatre
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PHE	Public Health Engineering
RDA	Regional Directorate of Audit
RHC	Rural Health Centre
SRO	Statutory Regulatory Order
XEN	Executive Engineer

Preface

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

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

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

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

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

Islamabad
Dated:

(Muhammad Akhtar Buland Rana)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General District Governments Audit, Khyber Pakhtunkhwa carries out the audit of 25 District Governments. Regional Directorate of Audit (RDA) Kohat, on behalf of the Director General District Governments Audit, Khyber Pakhtunkhwa carries out the audit of three District Governments namely Hangu, Kohat and Karak. This Regional Directorate has a human resource of 7 officers and staff, a total of 1953 man days. The annual budget amounted to Rs7.279 million. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of programmes/ projects.

District Government, Kohat conducts its operations under Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended). It comprises one Principal Accounting Officer (PAO) covering seven groups of offices i.e. Finance & Planning, Revenue, Works & Services, Education, Health, Community Development and Agriculture. Financial provisions of the Ordinance describe the Government as District Local Fund and Public Account for which Annual Budget Statement is authorized by the District Nazim/Administrator in the form of budgetary grants.

Administratively, District Kohat is subdivided into two tehsils namely, Kohat and Lachi. District Administration comprises of Zilla Nazim/District Administrator and District Coordination Officer.

a. Audit Objectives

Audit was conducted to ensure that:

1. Moneys shown as expenditure in the accounts were authorized for the purpose for which they were spent.
2. Expenditure incurred was in conformity with the law, rules and regulations framed to regulate the procedure for expending the public money.
3. Every item of expenditure was incurred with the approval of the competent authority in the Government for expending the public money.
4. Public money was not wasted.

5. The assessment, collection and allocation of revenue were done in accordance with the law and there is was leakage of revenue which legally should come to Government.

b. Audit Methodology

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

The selection of the audit formations i.e. DDOs was made keeping in view the significance and risk assessment, samples were selected after prioritizing risk areas by determining significance and risk associated with identified key controls. Sample size selected in the audited formations ranged between 20% to 30%.

c. Expenditure audited

Total expenditure of the District Government Kohat for the financial year 2011-12, was Rs2,617.400 million covering one PAO and 123 formations. Out of this, Regional Directorate Audit (RDA) Kohat audited expenditure of Rs785.522 million which, in terms of percentage, is 30 % of total expenditure. Six (06) formations were planned and 100 % achievement against the planned activities was made.

d. Receipts audited

The receipts of District Kohat for the financial year 2011-12, were Rs16.412 million. Out of this, RDA Kohat audited receipts of Rs4.597 million which, in terms of percentage, is 28 % of auditable receipts.

e. Recoveries at the instance of audit

Recovery of Rs45.307 million was pointed out during the audit. However recovery of Rs1.058 million was affected till finalization of this report. Out of the total recoveries, Rs33.69 million was not in the notice of the executive before audit.

f. Desk Audit

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

g. Changes in Rules, Practices and Systems

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

h. Key audit findings of the report;

- i. Non-production of record was noted in two cases amounting to Rs67.92 million.¹
- ii. Irregularities/ non compliance were noted in four cases amounting to Rs21.264 million.²
- iii. Internal control weaknesses were noted in five cases amounting to Rs78.009 million.³

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

¹ Para 1.2.1.1, 1.2.1.2

² Para 1.2.2.1, 1.2.2.2, 1.2.2.3, 1.2.2.4

³ Para 1.2.3.1, 1.2.3.2, 1.2.3.3, 1.2.3.4, 1.2.3.5

i. Recommendations

- i. Audit needs to be facilitated through production of all auditable record.
- ii. Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money.
- iii. Strenuous efforts need to be made by the departments to recover long outstanding dues on account of water charges.
- iv. All sectors of District Government need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc to ensure that reported lapses are preempted and fair value for money is obtained from public spending.
- v. Deduction of taxes on supplies and contracts needs to be ensured.
- vi. Decisions taken in DAC meetings need to be implemented.

SUMMARY TABLES & CHARTS

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

S. No	Description	No.	Budget
1	Total Entities (PAO) in Audit Jurisdiction	01	2,633.812
2	Total formations in audit jurisdiction	123	2,633.812
3	Total Entities (PAO) Audited	01	790.119
4	Total formations Audited	06	790.119
5	Audit & Inspection Reports	06	790.119
6	Special Audit Reports	--	--
7	Performance Audit Reports	--	--
8	Other Reports	--	--

Table 2: Audit observation Classified by Categories **(Rs in million)**

S. No	Description	Amount Placed under Audit Observation
1	Unsound asset management	6.364
2	Weak financial management	14.9
3	Weak Internal controls relating to financial management	78.009
4	Others	67.92
Total		167.193

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

S#	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year	Total last year
1	Outlays Audited	8.824	376.441	4.597	400.257	790.119	524.785
2	Amount Placed under Audit Observation /Irregularities of Audit	6.182	76.661	3.797	80.553	167.193	201.738
3	Recoveries Pointed Out at the instance of Audit	4.227	9.560	3.554	27.966	45.307	85.204
4	Recoveries Accepted /Established at the instance of Audit	2.246	7.233	2.69	21.521	33.69	77.417
5	Recoveries Realized at the instance of Audit	0.268	--	0.097	0.693	1.058	0.901

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	11.104
2	Report cases of fraud, embezzlement, thefts and misuse of public resources.	0
3	Accounting Errors (accounting policy departure from NAM ¹ , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	0
4	Quantification of weaknesses of internal control systems.	4.343
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	73.826
6	Non-production of record	67.92
7	Others, including cases of accidents, negligence etc.	10.00
Total		167.193

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

CHAPTER 1

1.1 District Government Kohat

1.1.1 Introduction

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

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

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

1.1.2 Brief comments on Budget and Expenditure (Variance Analysis)

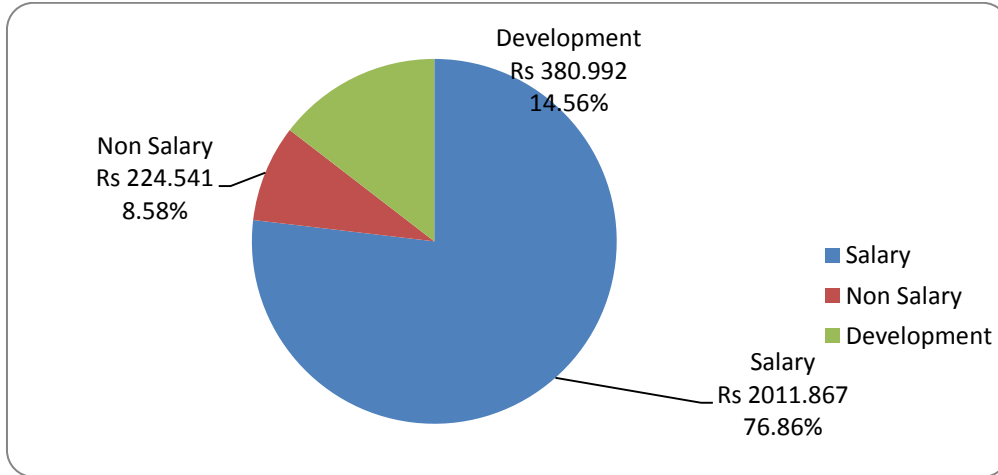
(Rs in million)

2011-12	Budget	Expenditure	Saving/Excess
Salary	2,012.700	2,011.867	(0.833)
Non-salary	332.361	224.541	(107.82)
Developmental	438.657	380.992	(57.665)
Total	2,783.718	2,617.4	(166.318)

A budget of Rs2,783.718 million was allocated, against which an expenditure of Rs2,617.40 million was incurred by the District Government, Kohat with a saving of Rs166.318 million during 2011-12.

EXPENDITURE 2011-12

(Rs in million)



Detail is given at Annex-B

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

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

S #	Audit Year	PAC/ZAC meeting convened /Not convened
1	2002-03	ZAC convened
2	2003-04	Not convened
3	2005-06	Not convened
4	2006-07	Not convened
5	2007-08	Not convened
6	2008-09	Not convened
7	2009-10	Not convened
8	2010-11	Not convened
9	2011-12	Not convened

1.2 AUDIT PARAS

1.2.1 Non-production of record

1.2.1.1 Non-production of record - Rs58.58 million

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

XEN PHE, Kohat incurred expenditure of Rs5,858,000 on account of execution of five water supply schemes from Chief Minister Directives fund during 2011-12. Relevant record in support of expenditure was not produced to audit despite repeated reminders.

Non production of auditable record resulted in non compliance with the rules. Consequently, audit was unable to verify the expenditure.

When reported in August 2012, Management stated that all vouchers and other relevant record was maintained in DCO office being drawing and disbursing officer of fund concerned, therefore the office concerned may be approached for production of relevant record. Reply was not tenable as the funds were utilized by XEN PHE Kohat.

Request for the convening of DAC meeting was made on 09.10.2012. DAC meeting was not convened till finalization of this Report.

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

AP 53 (2011-12)

1.2.1.2 Non production of record – Rs9.340 million

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

EDO Health, Kohat released funds amounting to Rs9,340,000 under the Head KT6097 Basic Health Units to the PPHI during 2011-12. Relevant record in support of expenditure was not produced to audit despite repeated reminders.

The non production of auditable record resulted in compliance with the rules. Consequently, audit was unable to verify the expenditure.

When reported in July 2012, Management stated that Audit observation has been intimated to DSM, PPHI to explain the reason for non production of record to audit for verification.

DAC in its meeting held on 04.12.2012, directed that record be obtained from DSM, PPHI for scrutiny. No record was produced till finalization of this Report.

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

AP 01 (2011-12)

1.2.2 Irregularities/ Non compliance

1.2.2.1 Irregular withdrawal of money from Government Treasury- Rs7.9 million

According to Treasury Rule 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.

EDO Health, Kohat withdrew an amount of Rs7,900,000 from Government Treasury on account of purchase of medicines, machinery & equipments and repair of machinery & equipments during 2011-12. Neither the supply was completed nor repair carried out till the date of audit i.e July 2012. Audit was of the view that money drawn from Government Treasury on advance bills and its retention was held irregular and the chances of misappropriation could not be ruled out.

Audit observed that unauthorized withdrawal of money occurred due to lack of financial control, which resulted in loss to government.

When reported in July 2012, Management stated that all expenditure was incurred after completion of codal formalities. The amount deposited in the designated account only for lapse of budget because the supply of medicines, machinery & equipments and repair of machinery & equipments were outstanding at the end of 30.06.2012, which would be released after supply of medicines. Reply was not tenable as withdrawal of money in anticipation of demand or to prevent the lapse of budget was not allowed.

DAC in its meeting held on 04.12.2012, directed that supply be completed and penalty be imposed on account of late supply within two weeks. No progress was intimated till finalization of this Report.

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

AP 07 (2011-12)

1.2.2.2 Unauthorized payment on account of Sui Gas charges -Rs7.00 million

According to Para 10 (i) of General Financial Rules Volume I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

DMS Women & Children Hospital, Kohat paid lump sum amount of Rs7,000,000 million to SNGPL Kohat on account of Sui Gas illegally utilized by private organizations during 2011-12. Detail as under:

S. No.	Name of users
1	Nursing School (Non devolved department)
2	Midwifery Hostel
3	Frontier foundation
4	Tanzeeme Khidmate Khalq
5	Mutahida Bangash foundation
6	Private Kidney centre
7	27 Nos quarters
8	5 Nos bungalow

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

When reported in July 2012, Management stated that the District Government had not provided funds according to demand and a new MOU had been signed with NGOs for recovery of gas charges. Reply was not tenable as no documentary proof of reconciliation with SNGPL and recovery from the unauthorized users of Gas consumers was shown to audit.

DAC in its meeting held on 04.12.2012, directed that full recovery be made. No progress was intimated till finalization of this Report.

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

AP 33 (2011-12)

1.2.2.3 Unauthorized award of the contract of Old Jail Plaza realizing receipts - Rs3.204 million and non recovery of withholding tax – Rs160,225

According to Chapter XIII, Section 124 of the Government of Khyber Pakhtunkhwa the Local Government Ordinance, 2001:

- (1) Properties of Local Governments shall be used only for public purposes.
- (2) Immovable properties of local governments shall, subject to section 125, not be sold or permanently alienated; such properties may be given on lease through competitive bidding by public auction.

According to the Additional Commissioner in land (Enforcement and compliance-1) Regional Tax Office, Peshawar letter No.AC(E&C-1)3-WHT/2009/416 dated 26-1-2010 envisages that under Section 236A of the Income Tax Ordinance, 2001 tax @ 5% is collectable on the bid money of auction of Government Property or goods or awarding any lease of the right to collect tolls fees or other levies. The person responsible for collection of the tax is the person who approves such auction.

District Coordination Officer, Kohat awarded contract of Old Jail Plaza to a contractor at the rent of Rs3,204,500 per annum during 2011-12, Audit observed that:

1. The contract was retained by the contractor since 2001 and since then it was not tendered again.
2. Outstanding amount of Rs293,000 as per detail at Annex-D, was not recovered.
3. An amount of Rs160,225 on account of withholding tax was neither recovered nor deposited in Government Treasury.
4. As per agreement, the local office was required to collect 50% premium on the construction of extra cabins etc but no premium amount was recovered.
5. No enhancement @10% was made after every year in the auction of receipts from Government properties vide terms and conditions of the

Local Government Department of the Government of Khyber Pakhtunkhwa, which resulted into loss.

Audit observed that unauthorized award of contract occurred due to weak financial and administrative control, which resulted in loss to government.

When reported in August 2012, Management stated that as per agreement, the contract could be extended up to two years, the rate was increased by 20% in 2011-12. Reply was not satisfactory as neither competitive bids were obtained nor withholding tax recovered.

DAC in its meeting held on 04.12.2012, directed that the contract be tendered on expiry of current agreement, premium @50% on extra cabins be calculated and deposited into government treasury and fact finding enquiry be conducted to ascertain actual loss. No progress was intimated till finalization of this Report.

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

AP 62, 63 (2011-12)

1.2.2.4 Blockade and loss to Government due to deterioration of costly machinery - Rs3.00 million

According to Para 151 of GFR Vol.-I, the head of an office entrusted with store should take special care for arranging for their safe custody, for keeping them in good conditions and for protecting them from loss, damage or deterioration. Suitable accommodation should be provided more particularly for valuable and combustible stores.

In the office of DMS Women & Children Hospital Kohat, a Generator of 100 K.W valuing Rs3,000,000 was lying idle in the open air, which was not functioning for more than three years and was not only losing its value but also deprived general public of the benefits.

Audit observed that loss occurred due to negligence and weak administrative and financial control, which resulted in loss to government.

When reported in July 2012, Management stated that the consumption of the said machinery was very high. The case had already been taken with District Government for provision of funds. Reply was not tenable as government money was blocked. Neither it was functionalized nor carried out safety.

DAC in its meeting held on 04.12.2012, directed that the Para may be referred to PAC.

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

AP 37 (2011-12)

1.2.3 Internal Control Weaknesses

1.2.3.1 Non recovery of water user charges - Rs64.833 million

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

Executive Engineer PHE Kohat, did not recover long outstanding water users charges amounting to Rs64,833,949 from users of 37 water supply schemes upto 30th June, 2012.

Audit observed that government dues were not recovered due to negligence and lack of financial control, which resulted in loss to government.

When reported in August 2012, Management stated that total amount recoverable on account of water charges during the year 2011-12 was Rs14,353,920 out of which a sum of Rs2,555,806 had been recovered and the remaining amount of Rs64,833,949 was recoverable. Due to law and order situation, there were problems in recovering the outstanding recoveries. Reply was not tenable, as quite huge amount of the long outstanding dues was still outstanding.

Request for the convening of DAC meeting was made on 09.10.2012. DAC meeting was not convened till finalization of this Report.

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

AP 44 A/C-I (2011-12)

1.2.3.2 Non recovery on account of rent -Rs6.853 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.

DMS Women & Children Hospital, Kohat did not recover rent charges amounting to Rs6,853,000 of 27 rooms of Old Zanana Hospital Kohat, which were occupied by the NGOs and no payment was made to Health Department as per detailed below. Record further showed that organization at S.No.2 also consumed hospital Sui Gas and Electricity and no payment was made by them.

S. No	Name of Organization	Date of occupation	No of Rooms	Rate (Rs)	No of Days	Total(Rate * Days *Rooms) (Rs)
1	Frontier Foundation	07/2005	10	100 per day	2555	2,555,000
2	Tanzeem Khidmat-e-Khalq	15 years	03	100 per day	5840	1,752,000
3	FEF College (Provincial Govt Organ:	07/2002	Full Building	20,000 PM Appxx:	10 years	2,400,000
5	Mutahida Bangash Welfare Organization	-do-	01	100 per day	1460	146,000
Total						6,853,000

Audit observed that non recovery of rent charges occurred due to weak financial control, which resulted in loss to government.

When reported in July 2012, Management stated that the concerned NGOs were rendering services to patients and assisted the health department. Reply was not tenable as these were private organizations and no exemption under the rule was allowed.

DAC in its meeting held on 04.12.2012, directed that full recovery be made except Deaf and Dum School which was the sister organization of the Women & Children Hospital. No progress was intimated till finalization of this Report.

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

AP 36 (2011-12)

1.2.3.3 Non deduction of sales tax - Rs3.343 million

According to Government of Pakistan, Ministry of Finance, 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 leviable rate of Sales Tax on supplies made of goods, other than cement, sugar, beverages and cigarettes, by the registered persons.

XEN PHE, Kohat incurred expenditure of Rs41,789,149 on GI pipes, PVC pipes, HDPE, Submersible pumping machinery, Stabilizers and regulators during 2011-12. Neither sales tax @8% amounting to Rs3,343,132 (as per Annex-C) was deducted from contractors/suppliers nor sales tax invoices were produced.

Audit observed that non deduction of sales tax occurred due to weak financial control, which resulted in loss to government.

When reported in August 2012, Management stated that submersible pumping machinery had been purchased from approved companies; they had provided sales tax invoices, so they were exempted from such like deduction. Reply was not tenable. Neither sales tax invoices were produced nor certificates shown to audit.

Request for the convening of DAC meeting was made on 09.10.2012. DAC meeting was not convened till finalization of this Report.

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

AP 60 A/C-I (2011-12)

1.2.3.4 Non recovery of Govt dues -Rs1.980 million

According to MOU Terms & Condition No:2-B (i) The Kohat University of Science & Technology will pay rent of Doctors Hostel and Private Rooms at a flat rate of Rs30,000 PM w.e.f 01-01-2007.

MS DHQ Hospital Kohat allotted 12 private rooms and Lady Doctor Hostel to Kohat Institute of Medical Sciences since 2005. Monthly rent @ Rs30,000 PM since 01-01-2007 to 30-06-2012 amounting to Rs1,980,000 (66 x 30,000) was not recovered as per MOU signed by the Secretary to Government of Khyber Pakhtunkhwa Health Department.

Audit observed that non recovery of government dues occurred due to negligence of management, which resulted in loss to government.

When reported in July 2012, Management stated that the Para had been sent to the Principal Kohat Institute of Medical Sciences for clearance of the dues and his comments. Reply was not satisfactory as no recovery had been made.

DAC in its meeting held on 04.12.2012 directed that full recovery be made and matter be taken up with Secretary Health, Government of Khyber Pakhtunkhwa for clearance of dues against KUST. No progress was intimated till finalization of this Report.

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

AP 19 (2011-12)

1.2.3.5 Loss to government due to missing of Generator -Rs1.00 million

According to Para 151 of GFR Vol.-I the head of an office entrusted with store should take special care for arranging for their safe custody, for keeping them in good conditions and for protecting them from loss, damage or deterioration. Suitable accommodation should be provided more particularly for valuable and combustible stores.

During audit of the accounts of DMS Women & Children Hospital, Kohat for 2011-12, it was noticed that a Generator of 10 K.W, worth Rs1,000,000 was found missing.

Audit observed that missing of Generator occurred due to negligence and weak administrative control, which resulted in loss to government.

When reported in July 2012, Management stated that Generator was donated by NGO and due to some fault in the Generator it was handed over to NGO. Reply was not tenable as Generator was missing till date of audit i.e July 2012.

DAC in its meeting held on 04.12.2012 directed that the said generator be recovered and inquiry be conducted to fix responsibility. No progress was intimated till finalization of this Report.

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

AP 39 (2011-12)

ANNEXURE

Annex - A

Detail of MFDAC Paras

S.No	Department	Gist of Para	Nature of Audit Observation	Amount (Rs)
1	EDO Health, Kohat	Misappropriation on account of OPD Receipts	Misappropriation	33,000
2	-do-	Overpayment on account of NPA and RCA worth	Overpayment	117,000
3	-do-	Non deduction of HRA	Violation of rules	42,000
4	-do-	Non-imposition of penalty on contractors for late supplies	Violation of rules	--
5	-do-	Doubtful issuance of medicines	Violation of rules	--
6	-do-	Non provision of service in the dental unit despite of expenditure pay & allowances	Violation of rules	1,623,000
7	-do-	Wasteful expenditure on account of pay & allowances of sanitary staf	Violation of rules	3,284,000
8	-do-	Irregular payment to firms not manufacturers/ importers	Violation of rules	1,032,000
9	-do-	Doubtful issuance of medicines worth	Violation of rules	41,000
10	-do-	Non supply of medicines worth	Violation of rules	1,208,000
11		Overpayment to suppliers on account of 16% GST	Overpayment	169,000
12		Non recovery of sales tax	Overpayment	148,000
13	-do-	Unauthorized occupation of Residential quarters	Violation of rules	--
14	-do-	Non deposit of receipts- on account of Laboratory of RHC Gumbat	Violation of rules	22,000
15	MS DHQ Hospital, Kohat	Irregular purchase of medicines worth	Violation of rules	12,000
16	-do-	Irregular expenditure of Medical Gas	Violation of rules	798,000
17	-do-	Non recovery of Air Conditioners charges	Violation of rules	304,000
18	-do-	Non Deduction of Room Rent Charges amounting	Violation of rules	293,000
19	-do-	Non deposit of parking fee amounting to (Approximately)	Violation of rules	72,000

20	-do-	Misappropriation on account of side room fee	Misappropriation	36,000
21	-do-	Overpayment	Overpayment	69,000
22	-do-	Improper disposal of hospital wastes	Violation of rules	--
23	-do-	Overpayment on account of NPA worth	Overpayment	60,000
24	-do-	Overpayment of conveyance allowance-	Overpayment	31,000
25	DMS W&C Hospital, Kohat	Misappropriation of user charges on account of ward admission and Operation Theatre Fee	Misappropriation	157,000
26	-do-	Irregular utilization of medicines worth	Violation of rules	7,000,000
27	-do-	Unauthorized payment of 25% Doctors share out of users charges	Violation of rules	507,000
28	-do-	Overpayment on account of NPA worth	Overpayment	42,000
29	-do-	Overpayment of conveyance allowance	Overpayment	32,000
30	-do-	Non deduction of HRA	Violation of rules	82,000
31	-do-	Wasteful expenditure worth	Violation of rules	732,000
32	-do-	Doubtful expenditure on account of medical charges	Violation of rules	100,000
33	-do-	Overpayment due to purchase of medicines at exorbitant	Overpayment	47,000
34	-do-	Embezzlement received from NGO	Embezzlement	266,000
35	-do-	Overpayment on account of pay & allowances	Overpayment	64,000
36	-do-	Overpayment on account of laboratory chemicals	Overpayment	70,000
37	PHE Kohat	Irregular execution of work and payment without Technical Sanction	Violation of rules	63,530,000
38	-do-	Non surrender of Unclaimed Deposit into Government Treasury	Violation of rules	1,503,000
39	-do-	Irregular & unauthorized advance payment to PESCO	Violation of rules	5,865,000
40	-do-	Non-deposit of Government receipts	Violation of rules	1,210,000
41	-do-	Unauthorized execution of work	Violation of rules	9,089,000
42	-do-	Non recovery of income tax	Violation of rules	108,080
43	-do-	Overpayment due to allowing	Overpayment	245,000

		exorbitant rates		
44	-do-	Unauthorized expenditure on account of NSI	Violation of rules	6,903,000
45	-do-	Irregular payment	Violation of rules	17,167,000
46	-do-	Overpayment due to allowing higher/exorbitant rate	Overpayment	64,000
47	-do-	Suspected misappropriation on account of AOM&R	Misappropriation	2,311,000
48	-do-	Overpayment due to non deduction of voids	Overpayment	27,000
49	-do-	Overpayment	Overpayment	19,000
50	-do-	Overpayment due to non deduction of 5% old material cost	Overpayment	554,000
51	DCO Kohat	Loss to government due to non realization of Bachelor Hostel receipts	Violation of rules	46,000
52	-do-	Loss to government due to non deposit/ non adjustment of revenue	Violation of rules	191,000
53	-do-	Overpayment on account of purchase of pumping machinery	Overpayment	150,000
54	-do-	Non reconciliation of receipts	Violation of rules	351,000
55	-do-	Non credit of bank profit into Government treasury	Violation of rules	694,000
56	-do-	Irregular and uneconomical expenditure without open tender system	Violation of rules	388,000
57	-do-	Unauthorized payment on account of electricity charges	Violation of rules	2,543,000
58	-do-	Loss to government due to Non deduction of House Rent Allowance	Violation of rules	784,000
59	-do-	Irregular and unauthorized expenditure	Violation of rules	89,752,000
60	-do-	Award of work to project leaders without open tenders	Violation of rules	167,274,000
61	-do-	Overpayment due to non-recovering of 10% contractor profit from project leaders	Overpayment	16,727,000
62	-do-	Non surrender of anticipated saving	Violation of rules	69,299,000
63	-do-	Non-maintenance of record of assets and liabilities of the district	Violation of rules	--
64	-do-	Irregular expenditure without using Assignment account	Violation of rules	89,752,000

65	-do-	Overpayment due to allowing 16% GST	Overpayment	112,000
66	XEN C& W Kohat A/C-I	Overpayment and non imposition of penalty	Overpayment	1,249,000
67	-do-	Overpayment of	Overpayment	83,000
68	-do-	Unauthorized execution of work and non imposition of penalty on account of abnormal delay	Violation of rules	7,209,000
69	-do-	Non imposition of penalty	Violation of rules	1,777,000
70	-do-	Unauthorized execution of work and non imposition of penalty and loss of	Violation of rules	8,059,000
71	-do-	Unauthorized expenditure over and above TS	Violation of rules	1,524,000
72	-do-	Overpayment of	Overpayment	99,000
73	-do-	Unauthorized payment	Violation of rules	2,400,000
74	-do-	Unauthorized payment	Violation of rules	1,614,000
75	-do-	Non-credit of lapsed deposit into government revenue	Violation of rules	1,756,000
76	-do-	Non-deposit of Government receipts	Violation of rules	447,000
77	-do-	Non-deposit of Government receipts	Violation of rules	1,538,000
78	-do-	Unauthorized advance payment due to non execution of work	Violation of rules	616,000
79	-do-	Irregular expenditure without Technical Sanction	Violation of rules	568,367,000
80	-do-	Overpayment due to allowing higher rates	Overpayment	293,000
81	-do-	Irregular release of security prior to maturity	Violation of rules	3,242,000
82	-do-	Non-credit of government dues into Government treasury	Violation of rules	1,223,000
83	-do-	Overpayment due to inadmissible item of work	Overpayment	619,000
84	-do-	Misappropriation of Diesel Road Rollers receipts	Violation of rules	131,000
85	-do-	Unauthorized and unjustified expenditure on the vehicle sheds in Servant Quarters	Violation of rules	296,000
86	XEN C& W Kohat A/C-IV	Unauthorized and irregular expenditure out of AOM&R fund	Violation of rules	368,000

87	-do-	Irregular expenditure on account of MRC	Violation of rules	150,000
88	-do-	Unauthorized expenditure out of AOM&R funds on circuit house	Violation of rules	53,000
89	-do-	Wasteful expenditure on account of pay & allowances of drivers/cleaners of out of order machinery worth	Violation of rules	1,180,000
90	-do-	Unauthorized expenditure on repair of building of non devolved departments	Violation of rules	1,184,000
91	-do-	Non deduction of sales tax	Violation of rules	52,000

Annex-B

**EDO wise Expenditure Summary
District Kohat 2011-12**

Department	Salary (Rs)	Non salary (Rs)	Total Expenditure (Rs)	%age
DCO	38,268,942	3,784,840	42,053,782	
EDO Agriculture	62,134,960	6,145,216	68,280,176	
EDO Community Development	44,916,785	4,990,754	49,907,539	
EDO Education	1,425,384,137	126,734,685	1,552,118,822	
EDO (Finance & Planning)	12,090,728	1,195,786	13,286,514	
EDO (Health)	275,889,195	63,420,531	339,309,726	
EDO Revenue	26,862,828	2,656,763	29,519,591	
EDO (Works & Services)	126,318,710	15,612,425	141,931,135	
Total	2,011,866,285	224,541,000	2,236,407,285	
	77%	9%		86
Development			380,992,807	14
Grand total	2,011,866,285	224,541,000	2,617,400,092	100

Annex-C

(Detail of Non deduction of sales tax)

S. No	Name of Scheme	Supplier/Contractor	Item	Amount (Rs)	Sales Tax @8% (Rs)
1	WSS, Hayat Shaheed colony	Ittehad Enterprises	Supply & installation of 3-phase voltage stabilizer automatic, 2Nos	528,000	42240
2	WSS, Shadipur Kohat	Latif Ur Rehman	Supply & installation of voltage stabilizer, 1No	80,000	6400
3	WSS, Khushal Garh	Latif Ur Rehman	S/F of voltage Regulator 40 HP, 1No	80,000	6400
4	WSS, Khadizai	TSK Engineering	Supply & Inst: of Submersible Pumping Mach: complete	350,000	28000
5	WSS, Hayat Shaheed No1	TSK Engineering	Supply & Inst: of Submersible Pumping Mach: complete 1 set	1,050,000	84000
6	WSS, Hayat Shaheed No2	TSK Engineering	Supply & Inst: of Submersible Pumping Mach: complete 1 set	1,050,000	84000
7	WSS, Ghorozai	TSK Engineering	Supply & Inst: of Submersible Pumping Mach: complete 1 set	995,000	79600
8	WSS, Mitha Khan	MAK Pumps	Supply & Inst: of Submersible Pumping Mach: complete 1 set	1,050,000	84000
9	WSS, Khushal Garh	Pak Atlantis pumps	Supply & Inst: of Submersible Pumping Mach:	750,000	60000
10	WSS, Khadar Khel	Rehman & Brothers	Supply & Inst: of 3-Phase voltage regulator	80,000	6400
11	WSS, Nak Band	MAK Pumps	Supply & Inst: of centrifugal pump motor 1 set	890,000	71200
12	WSS, Kotani	Gul Sattar	GI HDPE Pipe	2,293,242	183459.4
13	WSS Sudal Dalai	Peshawar Pipe	---do---	5,354,257	428340.6
14	WSS Babri Banda	Ali Badshah & sons	---do---	3,153,911	252312.9
15	WSS Marai	Zahidullah & Bros	---do---	2,650,000	212000
16	WSS Khadizai	Ali Badshah	---do---	1,107,883	88630.64
17	WSS Bazid Khel	Nawab Khan	---do---	9,112,715	729017.2
18	WSS Hayat Shaheed colony	Zak Constructor	---do---	403,357	32268.56
19	WSS Billi Tang	Rasool Khan	---do---	549,766	43981.28
20	WSS Hayat Shaheed colony	Zak Contractor	---do---	1,592,873	127429.8
21	WSS Kohat city	Noor janat Shah	---do---	3,957,945	316635.6
22	WSS Kachai	--		2,580,000	206400
23	WSS Muslim Abad	--		130,000	10400
24	WSS Hawasi banda	--		2,000,200	160016
Total				41,789,149	3,343,131.98