

# AUDIT REPORT

AUDIT YEAR 2022 - 23

**ON THE ACCOUNTS OF  
LOCAL GOVERNMENTS  
DISTRICT KOLAI PALAS  
KOHISTAN**



**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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AD LG E&RDD	Assistant Director Local Government Election & Rural Development Department
ADP	Annual Development Programme
AGP	Auditor General of Pakistan
AIR	Audit and Inspection Report
CD	Civil Dispensary
CSR	Composite Schedule Rate
CTR	Central Treasury Rules
DAC	Departmental Accounts Committee
DAO	District Accounts Officer
DDO	Drawing & Disbursing Officer
DEO	District Education Officer
DG	Director General
HR	Human Resources
INTOSAI	International Organization of Supreme Audit Institutions
KP	Khyber Pakhtunkhwa
KPRA	Khyber Pakhtunkhwa Revenue Authority
LGA	Local Government Act
MFDAC	Memorandum for Departmental Accounts Committee
NBP	National Bank of Pakistan
NCs	Neighborhood Councils
P&D	Planning & Developmental
PAO	Principal Accounting Officer
PST	Primary School Teacher
SDEO	Sub-divisional Education Officer
TAC	Tehsil Accounts Committee
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
VCs	Village councils
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 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 Kolar Palas Kohistan 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.

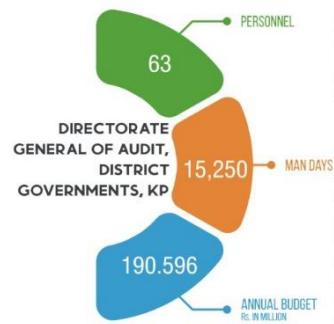
Some of the observations included in this report were finalized in the light of written replies of the departments whereas in most cases the departments did not submit written replies till the finalization of this report. DAC meetings were not convened despite reminders.

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) Abbottabad on behalf of the Directorate General of Audit District Governments, Khyber Pakhtunkhwa carried out the audit of Local Governments of eight Districts namely: Abbottabad, Haripur, Manshera, Battagram, Kohistan Upper, Kohistan Lower, Kolai Palas Kohistan and Torghar.

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 2022-23. The office is mandated to conduct regularity audit, financial attest audit, performance audit and special studies.

Local Governments of District Kolai Palas Kohistan consist of three tiers, which perform their operations under the 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 Top Tier:-1

- i. District Government;
- ii. Tehsil Municipal Administrations;
- iii. Village and Neighbourhood Councils.

The District Government comprises one Principal Accounting Officer (PAO) i.e. Deputy Commissioner for the District Government, who is the officer incharge of 11 devolved departments including AD Local Government Election & Rural Development Department (AD LGE & RDD) Local Government Election & Rural Development Department.. The second Tier-2 The Tehsil Municipal Administrations have one PAO i.e., Tehsil Municipal Officer for each administration. There is one Tehsil administration in District Kolai Palas Kohistan. The third Tier-3 Village and Neighbourhood Councils have AD LGE & RDD as Principal Accounting Officer. There are 52 VCs/NCs in District Kolai Palas Kohistan.

#### A. SCOPE OF AUDIT

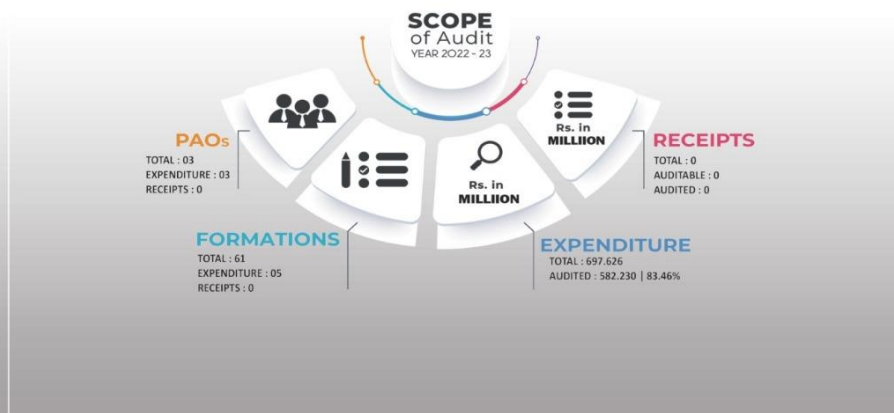
This office is mandated to conduct an audit of 61 formations working under 03 PAOs. Total expenditure and receipts of these formations were Rs.697.626 million and Rs 674.749 million respectively for the financial year 2021-22.

Audit coverage relating to expenditure for the current audit year comprises 05 formations of 03 PAOs having a total expenditure of Rs. 582.230 million for the financial year 2021-22. In terms of percentage, the audit coverage for receipts 76.39% of auditable expenditure.

Audit coverage relating to receipt for the current audit year comprises 01 formation (TMA Kolai Palas Kohistan) of 01 PAO having nil receipt for the financial year 2021-22.

This audit report also includes audit observation resulting from the audit of expenditure of Rs.8.784 million and nil receipt for the financial year 2020-21 pertaining to 01 formation 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.15,170 million was pointed out in this report. Recovery amounting to Rs. 13,616 million was affected till the finalization of this report.



#### AUDIT RECOVERIES

**RS. 15.170 MILLION**  
Recovery pointed out by the Audit

**RS. 13.616 MILLION**  
Recovery verified by the Audit

### C. AUDIT METHODOLOGY

The audit was conducted according to INTOSAI guidelines for Compliance audit and Financial Audit Manual of AGPs resulting from audit of . Audit procedures employed to obtain evidence were inspections, Analytical procedures, observations, and computation.

### D. AUDIT IMPACT

As a result of the audit, control environments of audited entities have been effectively strengthened by Local Government's offices in risk mitigation and improving the effectiveness and efficiency of their business processes: A recovery of Rs.15.170 million was pointed out by audit; however, positive audit impact depends on management's willingness to implement internal control framework and recommendations of the audit.

i. A recovery of Rs 13.616 million was affected;

ii. Unauthorized payments through DDOs were reduced;

iii. Some offices converted their bank accounts from current to Profit & Loss Sharing (PLS) mode and

iv. Bank profit deposited into government treasury

### E. COMMENTS ON INTERNAL CONTROL

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 controls are given below:

- The organizational structure followed in the Local Government offices was according to the LGA, 2019.
- No activity i.e. risks identification, risk evaluation, and appropriate responses were carried out in the local government.
- Accounts were not submitted by TMAs concerned to the DCA. 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 the District Government towards its objectives. No internal Auditor was appointed. An annual review of internal control was also not carried out.





#### F.Key Audit Findings of the Report .

- |  |  |
|--|--|
| <p><b>01</b> Non-consolidation of expenditure on account of share of Local Councils- Rs.168.304 million.</p> <p><b>02</b> Unauthorized payments to DDOs instead of making payment through crossed cheques to vendors Rs.32.088 million.</p> <p><b>03</b> Misappropriation was noticed in two cases Rs1.524 million.</p> <p><b>04</b> HR/Employees related irregularities were noticed in one case amounting to Rs.6.068 million.</p> <p><b>05</b> Procurement related irregularities were noticed in one case amounting to Rs.3.267million.</p> <p><b>06</b> Management Of Accounts With Commercial Banks Was Noticed In Two Cases Valuing Rs.42.631 Million.</p> <p><b>07</b> Value for money &amp; services delivery issues was noticed in three cases amounting to Rs.1.440 million.</p> <p><b>08</b> Others, including cases of accidents, negligence, etc were noticed in four cases amounting to Rs.112.732 million.</p> | <p><b>Recommendation:</b></p> <ul style="list-style-type: none"><li>• TMA accounts need to be consolidated at the DAO level.</li><li>• Cheques are required to be issued to the supplier/vendor instead of DDOs as per APPM.</li><li>• Departments need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc. to ensure that lapses of this kind reported in this audit report are pre-empted and fair value for money is obtained from public spending.</li><li>• Departments need to implement all the components of internal control for ensuring effective and efficient utilization of public money.</li><li>• Strenuous efforts need to be made by the departments to recover outstanding dues on account of rent of shops, revenue contracts and income tax</li><li>• The DAC meetings should be held more frequently.</li></ul> |
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## CHAPTER-01

# PUBLIC FINANCIAL MANAGEMENT



## CHAPTER-1

### Public Financial Management

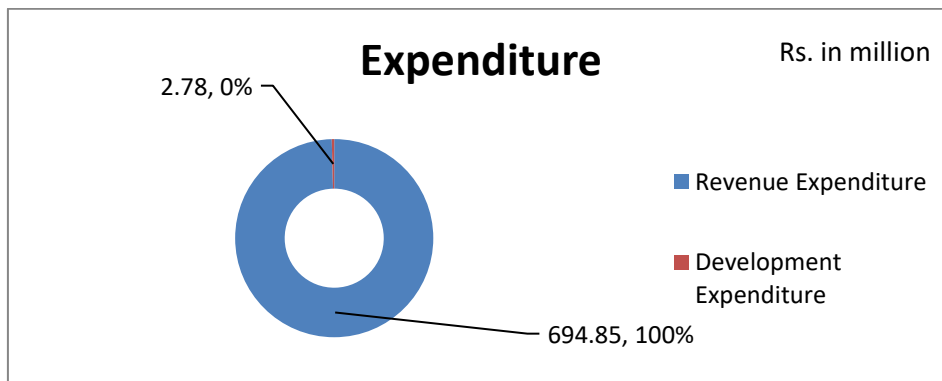
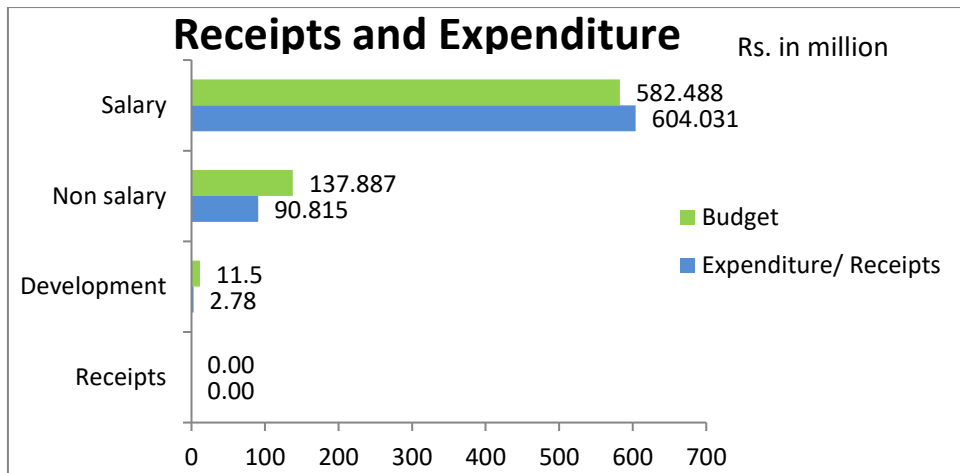
#### 1.1 Sectoral Analysis

In compliance to the Notification of Local Government, Election and Rural Development Department (LGE & RDD) issued on 04th 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 the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019, till the instillation of newly elected Local Government. In the light of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019. District Kolai Palas Kohistan 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 its Principal Accounting Officer. Furthermore, Assistant Director LGE&RDD is the Principal Accounting Officer of the Village/neighborhood Councils.

In District Kolai Palas Kohistan, Funds amounting to Rs. 731.875 million were allocated to 61 formations working under 03 PAOs. Out of which, expenditure of Rs.697.626 million was made resulting in the saving of Rs.37.249 million. No Receipts were collected during the financial year 2021-22. Audit coverage relating to expenditure for the current audit year comprises 04 formations of 03 PAOs having a total expenditure of Rs.582.230 million for the financial year 2021-22. In terms of percentage, the audit coverage for expenditure is 85.57% of auditable expenditure. Similarly, audit coverage for receipts is nil.

(Rs. in million)

2021-22	Budget	Actual Expenditure/ Receipts	(Saving)/ Excess	%age
Salary	582.488	604.031	21.543	3.698
Non-salary	137.887	90.815	47.072	34.138
Developmental	11.500	2.780	8.72	75.826
<b>Total:</b>	<b>731.875</b>	<b>697.626</b>	<b>37.249</b>	<b>5.089</b>



According to Section 36(3) of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019 the District Accounts Officer was required to consolidate accounts of Local Government on a quarterly and annual basis. However, District Accounts Officer, Kolai Palas Kohistan did not reflect Rs.168.304 million into the consolidated financial statement of the Local Government, Kolai Palas Kohistan, which resulted into qualified opinion on the accounts of Local Government Peshawar.

District Government, Kolai Palas Kohistan was found lagging in many areas envisioned as an integral component of the Local Government in the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019. The District Government could not establish & maintain a Public Fund account as required under section 30 of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019. Similarly, it also failed to prepare, present, and approve the budget estimates of receipts from the district council for District Government, Kolai

Palas Kohistan as required under section 34 of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019. Most importantly, Finance Department, Khyber Pakhtunkhwa could not provide the District Accounts Office, Kolai Palas Kohistan with the prescribed format and necessary pieces of training 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 a disclaimer of its accounts by the Auditor General of Pakistan. Moreover, the Internal Audit function could not be established as provided in subsection 4 of section 37 of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019 as internal auditors were not posted in the District and Tehsil Councils. In addition, Asset management by 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 Kolai Palas Kohistan like other districts. Statistics show that there are 16 boys masjid schools, 203 primary, 26 middle, 07 High, and 03 higher secondary schools in District Kolai Palas Kohistan. The estimated Teacher-Student Ratio is 1:31 at primary, 1:8 at the middle, 1:10 at secondary, and 1:25 at the level of higher secondary schools. District Kolai Palas Kohistan's literacy rate is 11.08. The Gross Enrollment Rate (GER) is 33.22 %, at the Primary level and 7.53 % at middle, high and higher secondary level. Net Enrollment Rate (NER) is 18.18 % at the primary level and 5.64% middle, high and higher secondary level. On the budgetary front, the District Education office, Kolai Palas Kohistan succeeded in spending 0% of the District ADP and 20% non-salary budgets.

District Education Offices in Kolai Palas Kohistan enrolled 13,104 kids wherein, DEO (male) and DEO (female) enrolled 8,352 and 4,752 children respectively. Similarly, the estimated student ratio is 1:41 at primary level. Annual average of teachers' attendance rate and student attendance rate as per independent Monitoring Unit (IMU) data were approximately 86 % & 66% respectively. Furthermore, 52.25% of schools in district Kolai Palas Kohistan 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 28% against the assigned targets.

### **Health**

Health is another important sector of District Kolai Palas Kohistan with a total of 12 health facilities spread across the district among which 10 BHUs, 01 CDs and 01 TB Control Centre with the total catchment area population of approximately as per population survey carried out by Health Department in 2016-17.

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

On the mother and child health care front, no babies were born in primary and secondary health facilities respectively. Out of them, NIL infant and NIL maternal deaths were recorded. Lab investigations and diagnostic facilities were also fully utilized as NIL lab tests, NIL X-rays, NIL ultrasounds, NILCT Scans, and NIL ECGs were done in both primary and secondary health facilities in the district Kolai Palas Kohistan. Figures of immunization from the EPI register were also very impressive as pregnant women received TT-2 vaccines, 1346 kids below the age of 12 months received full immunization. 2958 families were provided family planning services. Human resource data from facility record revealed that these health centers were amply provided with medical officers and paramedics as only very few positions were vacant. As these centers were frequently visited by patients for medical treatment other lab investigation.

### **Municipal Services**

Tehsil Municipal Administrations, District Kolai Palas Kohistan did not fulfill some primary requirements envisioned as an integral 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 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 the 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 the District Account Office, Kolai Palas Kohistan with the prescribed format and necessary pieces of training to compile the accounts of TMAs and then reflect the same in the consolidated financial statement of the district, which resulted in a disclaimer of its accounts by the Auditor General of Pakistan. Moreover, the Internal Audit function could not be established as provided in subsection 4 of section 37 of the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019, 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 AUDITPARAS (Financial Attest Audit)**

### **1.2.1 Non-consolidation of expenditure on account of share of Local Councils-Rs.168.304 million**

According to section 36(3) of the 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.

District Accounts Officer Kolai Palas Kohistan failed to compile/consolidate into the quarterly and annual accounts of the district, the Government and local resources during the year 2021-22 in the Financial Statements as required under section-36(3) of the Khyber Pakhtunkhwa Local Government (amendment) Act, 2019. Receipts of Rs.440.863 million and expenditure of Rs.168.304 million, of the TMAs, were not reflected in the accounts. Same is the case with the receipts and expenditure of the VCs/NCs, the figures of which were not available at the time of audit.

Provisions of the Khyber Pakhtunkhwa Local Government (amendment) Act, 2019 by Local Government in District Kolai Palas Kohistan were not complied with.

Due to the non-consolidation of accounts of TMAs and VCs/NCs, the financial statements of local government remained incomplete which led to qualification of audit opinion. The similar observation was also pointed out during the financial years 2018-19, 2019-20 and 2020-21 amounting to Rs. 35.28 million, Rs. 177.02 million and Rs. 1,45.613 million. However, no corrective measures were taken, resultantly total non-compilation/consolidation of accounts of Local Governments Rs. 355 million.

As per decision of DAC meeting held in September 2022, Para stands till correction of these omissions.

Audit recommends compilation of accounts.



### **1.2.2 Unauthorized payments to DDOs instead making payment through crossed cheques to vendors –Rs.32.088 million**

According to Para 2.3.2.8 of the directions 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/ vendor concerned) instead of payment through DDOs. Furthermore, Finance Department Letter No: BO (W&M) /6-5/2019-20 dated 19/02/2020 provide 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 Kolai Palas Kohistan paid Rs.32.088 million to various DDOs instead of issuance crossed cheques to Vendors/Payees Accounts.

The lapse occurred due to weak internal controls, which resulted in unauthorized payments to DDOs instead of vendors. The similar observation was also pointed out during the financial years 2019-20 and 2020-21 amounting to Rs.147.571 million, and Rs 14.599 million. However, no corrective measures were taken, resultantly total unauthorized payments to DDOs instead of crossed cheques to vendors -Rs.194.258 million.

As per decision of DAC meeting held in September 2022, Para stands for investigation of the matter and appropriate action.

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



**CHAPTER-02**

**DISTRICT GOVERNMENT**



## CHAPTER-2

### District Government

#### 2.1 Introduction

A. Under the 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). According to the Rules of Business of District Government 2015, the work of the district departments is distributed among the officers, branches, and/or sections in the district departments. Deputy Commissioner is the Principal Accounting Officer for all the devolved departments of the district which includes District Officers Agriculture, Education, Health, Fisheries, Population Welfare, LGE & RDD, Sports, Livestock & 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:

- i. 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 the general policy of Government.
- ii. Every order in the district government shall be expressed to be made in the name of the district government and shall be executed by a duly authorized officer.
- iii. 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 Kolai Palas

(Rs. in million)

S.No	Description	Total Nos	Audited	Expenditure audited FY 2021-22	Revenue /Receipts audited FY 2021-22
1.	Formations	10	3	582.230	Nil

**B. Comments on Budget and Accounts (Variance Analysis)**

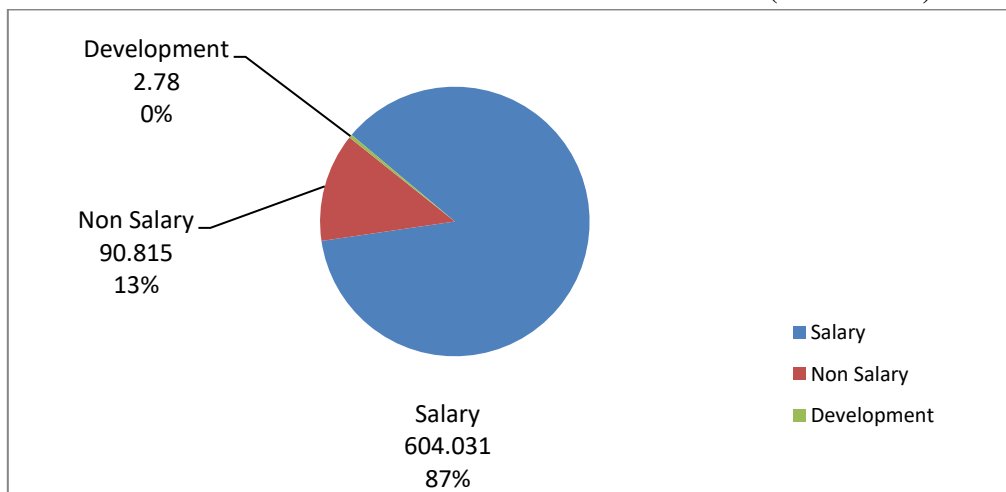
(Rs in million)

2021-22	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	582.488	604.031	-21.543	3.698
Non-salary	137.887	90.815	47.072	34.138
Developmental	11.500	2.780	8.720	75.826
<b>Total:</b>	<b>731.875</b>	<b>697.626</b>	<b>34.249</b>	<b>5.089</b>

The savings of Rs.34.249 million indicate weakness in the capacity of District Government Departments to utilize the allocated budget. Furthermore, the salary component was 86.5% of total expenditure whereas; non-salary component and development expenditure was only 13% and 0.398% 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.

**EXPENDITURE 2021-22**

(Rs in million)



## 2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 96.093 million were raised as a result of this audit. This amount also included recoverable of Rs.7.592 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

**Table: Classified Summary of Audit Observation**

(Rs. in million)

S.No.	Classification	Amount in (Rs)
1.	Misappropriation	1.524
2.	<b>Irregularities</b>	0
A	HR/Employees related irregularities	6.068
B	Procurement related irregularities	3.267
3	Others, including cases of accidents, negligence, etc	85.234
<b>Total:</b>		<b>96.093</b>

## 2.3 Comments on the status of compliance with Zilla Accounts Committee directives

The audit report pertaining to the following years has been submitted to the Governor of Khyber Pakhtunkhwa. Status of ZAC meetings are given below:

S. No.	Audit Year	ZAC meeting
1.	2002-03	N/A
2.	2003-04	N/A
3.	2004-05	N/A
4.	2005-06	N/A
5.	2006-07	N/A
6.	2007-08	N/A
7.	2008-09	N/A
8.	2009-10	N/A
9.	2010-11	N/A
10.	2011-12	N/A
11.	2012-13	N/A
12.	2013-14	N/A
13.	2014-15	N/A
14.	2015-16	N/A
15.	2016-17	N/A
16.	2017-18	N/A

17.	2018-19	N/A
18.	2019-20	Not Convened
19.	2020-21	Not Convened
20.	2021-22	Not Convened

## **2.4 AUDIT PARAS**

### **2.4.1 Misappropriation**

#### **2.4.1.1 Non-recovery of the misappropriated amount of the PTC fund – Rs.1.024 million**

According to Para 23 of GFR every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence.

The conditional grant of Rs1,024,000 was released to GPS Maidan Kolai vide account No1509-0 NBP Besham during financial year 2014-2015. The Progress report shows that the individual concerned not utilized and drawn the amount illegally. In this regard as per DEO (M) Kolai Palas Kohistan letter No2715-2719 DEO/M/CG/P&D dated 19-07-2022 addressed to DEO office Upper Kohistan for provision of Inquiry file of Mr. Saleem Ex-PST of GPS Maidan Kolai.

The lapse occurred due to non-compliance of government rules, which resulted in loss to Government.

When pointed in July 2022, the management stated that the case pertains to DEO office Upper Kohistan after getting proper record, progress will be communicated. Reply was not convincing as a period of 05 years for establishment of district has been made but no efforts were taken for recovery of outstanding amount.

The DAC in its meeting held on 23.11.2022, directed the department to recover the embezzled amount from concerned employee within one month. However, no progress of recovery was communicated till finalization of this report.

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

AIR Para No. 07 (2021-22)

**2.4.1.2 Non-recovery of the misappropriated amount of the PTC fund –  
Rs.0.500 million**

According to Para 23 of GFR, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence.

The school building of GPS Sherabad Paro was completely damaged due to heavy snow fall in winter season during 2019. The conditional grant of Rs. 1,024,000 was provided to the said school. As per DEO Kolai Palas letter No6028/DEO(M)KP-KH dated 11-07-2019 addressed to SDEO Palas Kohistan for conducting inquiry against Mr. Bakhtiar Mian GPS Sher Abad for recovery of 1,024,000 provided for conditional grant. The inquiry committee decided that the individual concerned approximately utilized amounting to Rs.540,000 whereas, a handsome amount of Rs.500,000 is still recoverable.

The lapse occurred due to non-adherence to government rules, which resulted loss to Government.

When pointed out in July 2022, the management informed that the relevant record has been demanded from DEO office Upper Kohistan and progress will be communicated. Reply was not convincing as no progress was intimated.

The DAC in its meeting held on 23.11.2022, directed the department to recover the outstanding amount of PTC within one month. However, no progress of recovery was communicated till finalization of this report.

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

AIR Para No. 06 (2021-22)



## 2.4.2 Irregularities

### A. HR/Employees related irregularities

#### 2.4.2.1 Unauthorized payment of conveyance allowance during vacation – Rs.6.068 million

According to Para 2 (iv) of Accountant General Khyber Pakhtunkhwa letter No. computer/HR-LAB/CIC/203 dated 4/8/2011, Conveyance allowance is not admissible to Government servants during vacations.

DEO/SDEO Male and Female Kolai Palas Kohistan during 2021-22 allowed payment of conveyance allowance amounting to Rs.6.068 million to the employees during vacations. Audit held payment of conveyance allowance during leave period is irregular. Detail is as under.

S.No	Employees detail	Employees of Male	Employee of Female	Total Employees	Per Month Rate	Period in months	Total Conveyance Allowance
01.	BPS-16	73	14	87	5000	03	1,305,000
02.	BPS-15	267	27	294	2856	03	2,518,992
03.	BPS-14	31	18	49	2856	03	419,832
04.	BPS-12	126	87	213	2856	03	1,824,984
<b>Total</b>							<b>6,068,808</b>

The lapse occurred due to violation of government rules, which resulted loss to Government. The similar observation was also pointed out during the financial years 2019-20 and 2020-21 amounting to Rs.2.647 million, and Rs 2.378 million. However, no corrective measures were taken, resultantly total unauthorized payments of Conveyance Allowance-Rs.11.093 million.

When pointed out in July 2022, the management informed that the record will be checked and communicated to audit. Reply was not convincing as no progress was intimated.

The DAC in its meeting held on 23.11.2022, it was decided that the matter is subjudice in court of law. However, no progress was communicated till finalization of this report.

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

AIR Para No. 05,06 (2021-22)

## **B. Procurement related irregularities**

### **2.4.2.2 Non-supply of medicines worth –Rs.3.267million.**

According to different supply orders issued during the procurement of medicines the suppliers were required to complete the supply within 30 days i.e 30<sup>th</sup> June 2022.

District Health Officer, Kolai Palas Kohistan placed supply order worth Rs.10,198,265 to various suppliers for supply of different medicines during the year 2021-22. However, supply amounting Rs.3,266,942 could not be made till August 2022 as detail given below:-

<b>S.No</b>	<b>Name of Supplier</b>	<b>Dated.</b>	<b>Supply Order No.</b>	<b>Amount Rs.</b>
1.	M/s Safron Pharmaceuticals	27-05-2022	747	718,600
2.	M/s Heal Pharmaceuticals	25-05-2022	409	277,900
3.	M/s Hashir Surgical Services Peshawar	25-05-2022	370	48,900
4.	M/s NabiQasim Industries Karachi	25-05-2022	365	245,260
5.	M/s Pak Tex Industries Kamokee	25-05-2022	434	74,970
6.	M/s PharmasolPvt Ltd Karachi	27-05-2022	756	142,888
7.	M/s Novamed Pharmaceuticals Lahore	30-05-2022	806	135,000
8.	M/s Shaigan Pharmaceuticals Lahore	27-05-2022	405	775,570
9.	M/s Mk Pharmaceuticals Lahore	27-05-2022	726	258,400
10.	M/s Stanley Pharmaceuticals Peshawar	27-05-2022	775	172,500
11.	M/s Mector International Karachi	27-05-2022	766	416,954
<b>Total:</b>				<b>3,266,942</b>

Neither medicines were supplied nor was any clause of penalty included in supply order. No serious efforts regarding completion of supply of medicines were made by the management.

The lapse occurred due to non-compliance of government rules, which resulted in non-supply of medicines.

When pointed out in August 2022, management stated that notices would be served to the suppliers who have not completed their supply orders and progress would be intimated after completion of supply. No progress was shown till finalization of this report.

The DAC in its meeting held on 23.11.2022, directed the department to impose penalty on supplier. However, no progress was communicated till finalization of this report.

Audit recommends recovery of penalty besides action against the person(s) at fault under intimation to audit.

AIR Para No. 10 (2021-22)

### **C. Management of accounts with commercial banks**

#### **2.4.2.3 Irregular transfer and retention of funds into current bank account – Rs.21.134 million.**

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.

District Health Officer, Kolai Palas Kohistan retained Rs.21,133,717 into current bank account No. CD- 13082982 maintained at National Bank of Pakistan Kolai Palas Kohistan during 2021-22. The local office was required deposit these funds into PLS mode instead of current mode of bank account, which resulted in violation of Government's instructions and loss to the local Government. Moreover, these funds remain blocked and unutilized till June 2022 and could not be disbursed among the affectees/beneficiaries.

The lapse occurred due to violation of government rules, which resulted in non-conversion of bank account into PLS mode. The similar observation was also pointed out during the financial years 2018-19 amounting to Rs. 5.027 million. However, no corrective measures were taken, resultantly total irregular transfer of funds -Rs.26.167 million.

When pointed out in August 2022, the management stated that the matter would be taken up with the manager NBP Kolai Palas for conversion of the said current account into PLS mode or opens a separate saving account under relevant head. Progress would be intimated to next audit. No progress was communicated.

The DAC in its meeting held on 23.11.2022, directed the department to convert current account into PLS mode. However, no progress was communicated till finalization of this report.

Audit recommends immediate transfer of funds to PLS mode besides recovery of mark up for the period under report.

AIR Para No. 03 (2021-22)

### 2.4.3 Value for money and service delivery issues

#### 2.4.3.1 Blockage of Government money –Rs.0.875 million & non-transfer of 2% Stamp duty –Rs.17,510

Para 12 of GFR Vol-I requires 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.

Deputy Commissioner Kolai Palas Kohistan, Award No-02 was announced for purchase of 02 Kanals land for RESCUE 1122 office in Kolai Palas on 21.03.2022. The cost of land and compulsory acquisition charges amounting to Rs.875,518 was not disbursed to relevant owner. Detail is given below:-

S.No	Description	Amount Released (Rs)
1.	Cost of land	761320
2.	15% Compulsory charges	114198
3.	2% Stamp duty	17510
	<b>Total</b>	<b>893,028</b>

It is further observed that 2% Stamp duty was not credited to government treasury and land was also not mutated in the name of acquiring department.

The lapse occurred due to violation of government rule, which resulted in blockage of government money.

When pointed out in July 2022, the management informed that the amount will be disbursed to affecters' after fulfillment of all legal/codal formalities. Reply was not convincing as no progress was made for disbursement.

The DAC in its meeting held on 23.11.2022, directed the department to disburse funds to land owners and deposit of 2% stamp duty. However, no progress was communicated till finalization of this report.

Audit recommends immediate disbursement of funds to land owners, deposit 2% Stamp duty and transfer mutated land to borrowing department.

AIR Para No. 01(2021-22)

#### **2.4.3.2 Doubtful expenditure on account of Polio -Rs.0.565 million**

According to Para 12 of GFR Vol-01 a controlling officer must see not only the total expenditure is kept within the limits of the authorized appropriation but also that the fund allocated to spending units are expended in the public interest and upon objects for which the money was provided.

Deputy Commissioner office Kolai Palas Kohistan, reconciled statement of accounts with Account Office Kolai Palas which shows expenditure of Rs 922,930 on accounts of Polio Eradication. Whereas, management provided record of payment vouchers of only Rs.357,450 against expenditure of Rs 922,930. Due to non-absence of vouchers of Rs.565,480 (Rs922930-Rs357450) the expenditure was held irregular/doubtful.

The laps occurred due to non-adherence to government rules, which resulted in loss to Government.

When pointed out in August 2022, management informed that record will be produced to audit. No progress was intimated.

The DAC in its meeting held on 23.11.2022, directed the department to provide the vouchers/acquaintance roll for the subject amount. However, no progress was communicated till finalization of this report.

Audit recommends investigation for fixing responsibility and deposit of the said amount in to treasury besides action against the person(s) at fault.

AIR Para No.08 (2021-22)

#### **2.4.3.3 Non-transfer/ mutation of land of 255 schools to Education Department**

According to Para 23 of GFR every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence.

District Education Officer (Male/Female) Kolai Palas Kohistan provided list of 255 schools. The detail is as under: -

S.No	Level of School	No of Schools (Male)	No of Schools (Female)	Total Schools
01.	Govt: Higher Secondary schools	03	00	03

02.	Govt: High Schools	06	01	07
03.	Govt: Middle Schools	19	07	26
04.	Govt:Primary Schools	126	77	203
05.	Govt:MPPrimarySchool	14	00	14
06.	Govt:MK School	02	00	02
	<b>Grand Total</b>	<b>170</b>	<b>85</b>	<b>255</b>

Management informed that lands of 255 schools were not transferred through registry in the name of education department. Non transfer of property to education department resulted loss to government.

The lapse occurred due to violation of government instructions, which resulted in non-mutation of land to education department.

When pointed out in July 2022, management informed that the matter has been taken with education department KP and progress will be intimated. Reply was not convincing as no progress was communicated.

The DAC in its meeting held on 23.11.2022, it was decided that Para stand till transfer of property through registry in the name of education department. However, no progress was communicated till finalization of this report.

Audit recommends early transfer of land of remaining of 255 schools through registry beside action against the person(s) at fault.

AIR Para No. 02,12 (2021-22)

## 2.4.4 Others, Including cases of Accidents of Negligence Etc

### 2.4.4.1 Unverified expenditure on account of developmental funds -- Rs.85.234 million

According to Para 2.3.2.2 of the directions of APPM, the information in the accounts and the supporting subsidiary records shall be accurate, representing the actual substance of past events, without undue errors or omission. This shall include correct and consistent classification of transactions and the recognition of revenues and expenditures in the correct time period.

Deputy Commissioner Kolai Palas Kohistan released amount of Rs. 85.234 million to various departments as detailed below in violation of instructions issued by the Govt as mentioned in above criteria during the year 2021-22.

Sr No	Particulars	Release No and date	Amount
1	TMA kolai	End No2225-30 dated 14.06.22	33.40
2	PHE kolai	End No2223-24 dated 14.06.22	0.800
3	TMA Pallas	End No2241-46 dated 15.06.22	35.00
4	Irrigation kolai	End No2215-21 dated 15.06.22	10.00
5	Education Male kolai	End No2211-14 dated 14.06.22	6.034
<b>Total</b>			<b>85.234</b>

The lapse occurred due to violation of government rules, which resulted in unverified expenditure of development funds.

When pointed out in July 2022, management informed that development fund was released to different executing agencies as per P&D/ FD guidelines and all record ie vouchers, advertisement, MB, PC-1, AA, TS are available in office of concerned executing agencies. Reply was not cogent as it is clear violation of APPM.

The DAC in its meeting held on 23.11.2022, directed the department to produce progress report. However, no progress was communicated till finalization of this report.

Audit recommends irregularity to be condoned besides fixing responsibility and action against the person(s) at fault.

AIR Para No.03 (2021-22)



**CHAPTER-03**

**TEHSIL MUNICIPAL ADMINISTRATIONS**





## **CHAPTER-3**

### **Tehsil Municipal Administration**

#### **3.1 Introduction**

**A.** District Kolai Palas Kohistan has one Tehsil i.e. Kolai. The office of a Tehsil Municipal Administration is managed by the Tehsil Municipal Officer. He is assisted by a Tehsil Officer (Finance), a Tehsil Officer (Regulation), and a Tehsil Officer (Infrastructure).

According to section 22 of the Khyber Pakhtunkhwa Local Government (amendment) Act, 2019 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, regulating affixing of sign-boards and advertisements.
- (d) Financial management of the Tehsil such as Preparation of budget and annual municipal development programs, 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 database and information system on services in the Tehsil municipal record and archives and providing 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 TMAs of the District Kolai Palas

(Rs. in million)

S.No	Description	Total Nos	Audited	Expenditure audited FY 2021-22	Revenue /Receipts audited FY 2021-22
1.	Formations	01	01	106.694	NIL

### B. Comments on Budget and Accounts (Variance Analysis)

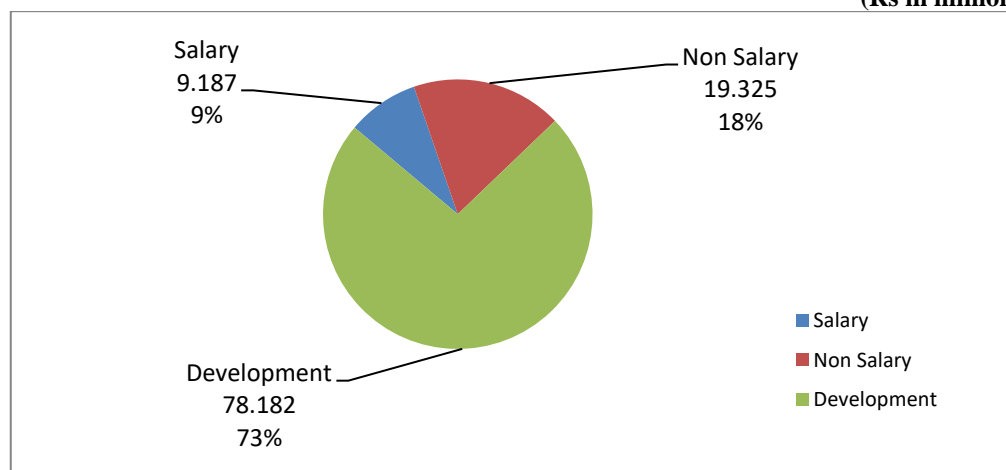
(Rs in million)

2021-22	Budget	Actual Expenditure/ Receipts	(Saving)/Excess	%age
Salary	13.467	9.187	4.280	31.781
Non-salary	39.073	19.325	19.748	50.541
Developmental	227.043	78.182	148.861	65.565
<b>Total</b>	<b>279.583</b>	<b>106.694</b>	<b>172.889</b>	<b>61.838</b>
<b>Receipts</b>	--	--	--	

The saving of Rs.172.889 million indicates weakness in the capacity of Tehsil Municipal Administrations to utilize the allocated budget. The savings in salary and non-salary component was 31.781% and 50.541% respectively which shows over estimation of budget. Whereas, the savings of 65.565% in development budget shows inefficiency in utilization of fund on the part of the management.

### EXPENDITURE 2021-22

(Rs in million)



### 3.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 27.498 million were raised in this audit report. This amount also included recoverable of Rs. 7.578 million as pointed out by the audit. Summary of the audit observations classified by nature is as under: -

**Table: Classified Summary of Audit Observations**

S.No	Classification	Amount (Rs in million)
1.	Irregularities	0
A.	Procurement related irregularities	0
2.	Others, including cases of accidents, negligence, etc.	27.498
3.	Value for money and services delivery issues	0
<b>Total:</b>		<b>27.498</b>

### 3.3 Comments on the status of compliance with Tehsil Accounts Committee directives

The audit report pertaining to the following years has been submitted to the Governor of Khyber Pakhtunkhwa. The detail of TAC meetings are given below:

S. No.	Audit Year	ZAC meeting
1.	2002-03	N/A
2.	2003-04	N/A
3.	2004-05	N/A
4.	2005-06	N/A
5.	2006-07	N/A
6.	2007-08	N/A
7.	2008-09	N/A
8.	2009-10	N/A
9.	2010-11	N/A
10.	2011-12	N/A
11.	2012-13	N/A
12.	2013-14	N/A
13.	2014-15	N/A
14.	2015-16	N/A
15.	2016-17	N/A
16.	2017-18	N/A
17.	2018-19	N/A
18.	2019-20	Not Convened
19.	2020-21	Not Convened
20.	2021-22	Not Convened

### 3.4 AUDIT PARAS

#### 3.4.1 Others, including cases of accidents, negligence, etc

##### 3.4.1.1 Irregular expenditure without obtaining Technical Sanction – Rs.19.920 million

According to Para 2.4 of the B&R Department Code, no work shall be started without administrative approval, technical sanction, and allotment of funds.

TMA Palas incurred expenditure of Rs19.920 million on developmental schemes with estimated cost of Rs20.00 million during 2021-22. However, Technical Sanction of the schemes was not obtained from the competent authority. Detail is as under:-

S.No	Name of scheme	Estimated cost(m)	Expenditure(m)
	Improvement/Repair of Haran	5.0	5.0
2	Repair of Sharakot Road	5.0	5.0
3	Improvement / Repair of Kundal Road Portion-I	5.0	4.99
4	Improvement / Repair of Kundal Road Portion-II	5.0	4.93
<b>Total</b>		<b>20.00</b>	<b>19.92</b>

The lapse occurred due to non-compliance of government rules, which resulted in irregular expenditure. The similar observation was also pointed out during the financial years 2019-20 and 2020-21 amounting to Rs.98.503 million, and Rs 11.9 million. However, no corrective measures were taken, resultantly total irregular expenditure without TS -Rs.130.323 million.

When pointed out in October 2022, the management stated that Technical Sanction would be obtained from the competent engineer and produced to audit. No progress was intimated in this regard.

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

Audit recommends obtaining Technical Sanction from the competent authority and fixing responsibility against the person(s) at fault.

AIR Para No. 05 (2021-22)

#### **3.4.1.2 Non-deposit of Government Taxes –Rs1.787 million**

Para 28 of GFR Vol.-I states that no amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of the competent authority for their adjustment must be sought. According to Khyber Pakhtunkhwa Revenue Authority Letter No F-7(2)/KPRA/clarification/2018/5807 dated 12.02.2019, construction projects below Rs 50 million are taxable @5% without input tax adjustment.

Tehsil Municipal officer Palas Kohistan deducted Rs.1,786,893 on account of income tax, stamp duty, professional tax, DPR, and KPRA tax from various contractors on the execution of different developmental schemes during the year 2021-22. However, the same was not deposited into the government treasury. Detail is given at Annex-02.

The lapse occurred due to non-compliance of government instructions which resulted in loss to government. The similar observation was also pointed out during the financial years 2018-19,2019-20 and 2020-21 amounting to Rs.8.503 million, Rs.7.387 million and Rs 3.867 million. However, no corrective measures were taken, resultantly total no-deposit of taxes -Rs.20.867 million.

When pointed in October 2022, the management stated that Government dues would be deposited into concerned heads of account. No progress was communicated.

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

Audit recommends deposit of government taxes into government treasury besides action against the person(s) at fault.

AIR Para No.03 (2021-22)

#### **3.4.1.3 Non-deduction of Income Tax –Rs 5.791 million**

According to Notification No. SO(Dev-II)/FD/12-6/2012-13 dated Peshawar the 20<sup>th</sup> June, 2013 of Finance Department, Government of Khyber Pakhtunkhwa provides, “It has been observed that the cost estimate of those developmental schemes which fall in the tax exempted area like PATA are also framed on the same CSR without adjustment of non-deductible income tax in those areas. The payment to contractors on CSR basis with inbuilt provision of

Income Tax without adjustment in their invoices is overpayment by the amount equal to deductible Income Tax”.

TMO Palas incurred expenditure of Rs77,212,000 on developmental schemes during 2021-22. However, income tax @ 7.5% amounting to Rs 5,790,900 was neither deducted nor adjusted as per detail given in Annex-03.

The lapse occurred due to non-compliance of government rules which resulted in loss to government.

When pointed out in October 2022, the management stated that area falls in the tax exempted zone therefore income tax was not been deducted. Reply was not convincing as it is clear violation of the instruction of Finance department.

PAO was requested to convene DAC meeting in December 2022. Which could not be convened till finalization of this report.

Audit recommends immediate recovery of income tax and action against person(s) at fault.

**AIR Para No. 02 (2021-22)**



## CHAPTER-04

**ASSISTANT DIRECTOR LGE & RDD**



## **CHAPTER-4**

### **Assistant Director LGE&RDD**

#### **4.1 Introduction**

**A.** Assistant Director Local Government, Election and Rural Development Department in District Kolai Palas (Kohistan) has 52 VCs/NCs. Each VC/NC has a Secretary. Assistant Director Local Government Election & Rural Development Department is Drawing and Disbursing Officer (DDO) for his office and PAO for VCs/NCs of the District Kolai Palas.

According to section 29 of the Khyber Pakhtunkhwa Local Government (amendment) Act 2019, the authority and responsibilities of the District Government have been given as under:

#### **Functions and Powers of Assistant Director, Local Government Election and Rural Development Department**

- i. Providing secretarial support to the Council
- ii. Matters relating to Local Government Commission
- iii. Matters relating to local taxes and local rate
- iv. Coordination and supervision of village and neighbourhood councils
- v. Grants, establishment and budget of village and neighbourhood councils
- vi. Coordination of activities relating to local council elections, population census and surveys in the district
- vii. Rural Development Works including water supply, rural access roads, embankment and drainage works
- viii. Overseeing registration of births, deaths and marriages in village and neighbourhood councils
- ix. Working as interface for knowledge management and communication on local governance issues in the district
- x. Review, evaluation and assessment of local government system, processes and procedures in the district particularly at the village and neighbourhood level
- xi. Collection, compilation and dissemination of primary data Training and research in the areas of local governance



**Functions and Powers of the Village Council or Neighborhood Council:**

- i. Functions of the village council and neighbourhood council, as the case may be, shall be to:
- ii. Monitor and supervise 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;
- iii. Provide effective forum for out of court amicable settlement of disputes and, for this purpose, constitute panels of members as conciliators;
- iv. Register births, deaths and marriages;
- v. Implement and monitor village level development works;
- vi. Improve water supply sources, maintain water supply distribution system and take measures to prevent contamination of water;
- vii. Maintain village level infrastructure, footpaths, tracks, streets, prevent and abate nuisances and encroachments in public ways, public streets and public places.
- viii. Maintain and improve collective property including playgrounds, graveyards, funeral places, Eid-Gah, parks, public open spaces and community centres;
- ix. Identify development needs of the area for use by municipal administration and district government in prioritizing development plans;
- x. Make arrangements for sanitation, cleanliness, disposal of garbage and carcasses, drainage and sewerage system;
- xi. Display land transactions in the area for public information;

- xii. Mobilize community for maintaining public ways, public streets, culverts, bridges and public buildings, de-silting of canals and other development activities;
- xiii. Develop sites for drinking and bathing of cattle;
- xiv. Organize cattle fairs and agriculture produce markets;
- xv. Organize sports teams, cultural and recreational activities;
- xvi. Organize watch and ward in the area;
- xvii. Promote plantation of trees, landscaping and beautification of public places;
- xviii. Regulate grazing areas, establish cattle ponds and provide protection against stray animals and animal trespass;
- xix. Consider and approve annual budget presented by the respective Nazim, village council or neighbourhood council;
- xx. Facilitate formation of voluntary organizations for assistance in functions assigned to it;
- xxi. Facilitate the formation of co-operatives for improving economic returns and reduction of poverty;
- xxii. Elect an Accounts Committee and review its recommendations on the annual statement of accounts and audit reports; and
- xxiii. Report cases of handicapped, destitute and of extreme poverty to district government.

**Audit Profile of AD LGE &RDD Kolai Palas**

(Rs. in million)

S.No	Description	Total Nos	Audited	Expenditure audited FY 2021-22	Revenue /Receipts audited FY 2021-22
1.	Formations	01	01	4.816	NIL

## B. Comments on Budget and Accounts (Variance Analysis)

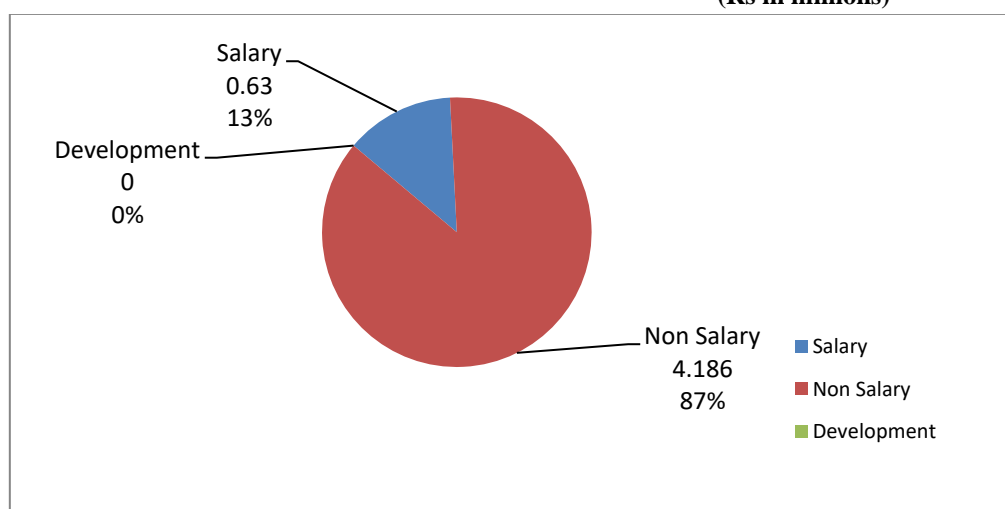
(Rs. in million)

S.No	Description	Budget	Actual Expenditure / Receipt	(Saving) / Excess	%age
1.	Salary <sup>1</sup>	0.630	0.630	0	0
2.	Non-Salary	4.645	4.186	0.459	9.88
3.	Developmental	0	0	0	0
<b>Total:</b>		<b>5.275</b>	<b>4.816</b>	<b>0.459</b>	<b>8.70</b>

The saving of Rs.0.459 million due to vacant posts of officials

### EXPENDITURE 2021-22

(Rs in millions)



## 4.2 Classified Summary of Audit Observations

Audit observations amounting to Rs.21.497 million were raised in this audit report. This amount includes no recovery 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)

S. No.	Classification	Amount in Rs
1.	<b>Irregularities</b>	
A	Management of Accounts with Commercial Banks	21.497
<b>Total</b>		<b>21.497</b>

<sup>1</sup>Salary of AD LGE & RDD Kolai Palas is charged against KO-6041 Lower Kohistan.

#### **4.3 Comments on the status of compliance with Village Councils / Neighborhood Councils Accounts Committees Directives**

The audit reports pertaining to following years have been submitted to the Governor of Khyber Pakhtunkhwa. Detail of VAC/NAC meetings are given below:

<b>S. No.</b>	<b>Audit Year</b>	<b>ZAC meeting</b>
1.	2002-03	N/A
2.	2003-04	N/A
3.	2004-05	N/A
4.	2005-06	N/A
5.	2006-07	N/A
6.	2007-08	N/A
7.	2008-09	N/A
8.	2009-10	N/A
9.	2010-11	N/A
10.	2011-12	N/A
11.	2012-13	N/A
12.	2013-14	N/A
13.	2014-15	N/A
14.	2015-16	N/A
15.	2016-17	N/A
16.	2017-18	N/A
17.	2018-19	Not Convened
18.	2019-20	Not Convened
19.	2020-21	Not Convened
20.	2021-22	Not Convened

## **4.4 AUDIT PARAS**

### **4.4.1 Irregularities**

#### **A. Management of Accounts with Commercial Banks**

##### **4.4.1.1 Non-conversion of current bank account into PLS mode amounting - Rs.21.497 million.**

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.

Assistant Director LGE&RDD, Kolai Palas Kohistan maintained 52 current bank accounts of different Village Councils (VCs) during the year 2021-22. An amount of Rs.21.497 million was lying as closing balances of different VCs into current bank accounts till the dates of audit i.e December 2022. The local office was required to deposit the funds into PLS mode instead of current mode of bank account, which resulted in violation of Government's instructions and loss to the local Government. Detail is given in Annexure-04.

The lapse occurred due to non-compliance of government instructions which resulted non-conversion of current bank account into PLS mode. The similar observation was also pointed out during the financial years 2020-21 amounting to Rs.1.261 million, and Rs 2.378 million. However, no corrective measures were taken, resultantly total non-conversion of current account in to PLS -Rs.23.093 million.

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

Audit recommends immediate transfer of funds to PLS mode besides recovery to the tune of mark up for the period under report.

**AIR Para No.01 (2021-22)**

## ANNEXURES

ANNEX-01

### MFDAC

S.No.	AP No	Department	Gist of para	Rs. in million
01	01	DHO Kollai Pallas Kohistan	Non-recovery of salary from absent staff.	0.177
02	09	DHO Kollai Pallas Kohistan	No recovery of house rent/conveyance allowance	0.192
03	01	DEO Male Kollai Pallas Kohistan	Loss due to non-deduction of 1/5 GTS from supplier.	0.399
04	03	DEO Male Kollai Pallas Kohistan	Non deposit of Bank profit into Government Treasury.	0.0837
05	04	DEO Male Kollai Pallas Kohistan	Blockage of funds	1.00
06	08	DEO Male Kollai Pallas Kohistan	Loss of millions of rupees due to non-repair/proper handling/taking of schools building	0
07	09	DEO Male Kollai Pallas Kohistan	Loss due to release of Payroll after termination.	0.150
08	11	DEO Male Kollai Pallas Kohistan	Non construction of 49 schools buildings destroyed in earth quake 2005	0
09	01	DEO Female Kollai Pallas Kohistan	Non construction of 08 schools buildings destroyed in earth quake 2005	0
10	03	DEO Female KollaiPalasKohistan	Non-productive action against contractor for short supply of Furniture.	6.942
11	04	DEO Female KollaiPalasKohistan	Loss due to non-deduction of 1/5 GTS from supplier.	0.236
12	05	DEO Female KollaiPalasKohistan	Irregular payment through DDO instead of cross cheques.	0.730
13	08	DEO Female KollaiPalasKohistan	Unjustified establishment of 11 schools without teachers	0
14	09	DEO Female KollaiPalasKohistan	Non reconciliation of stipend to girl's students.	0.585
15	11	DEO Female KollaiPalasKohistan	Non recovery on account of Pay and allowances.	0.399
16	12	DEO Female KollaiPalasKohistan	Non deduction of KPRA Tax	0.347
17	13	DEO Female KollaiPalasKohistan	Non recovery of Payroll of absent period.	0.196
18	01	TMA Kolai Palas Kohistan	Unauthorized expenditure due to un-authentic budget-	106.694
19	04	TMA Kolai Palas Kohistan	Unauthorized expenditure on account of Installation of CCTV cameras for Polling stations.	0.429

20	06	TMA Kolai Palas Kohistan	Irregular expenditure on account of developmental schemes	77.212
21	07	TMA Kolai Palas Kohistan	Unauthorized opening of bank accounts without approval of the Government.	0
22	08	TMA Kolai Palas Kohistan	Unauthorized deduction of contingency charges from developmental schemes.	0.607
23	09	TMA Kolai Palas Kohistan	Un-authorized execution of developmental schemes-	3.584
24	10	TMA Kolai Palas Kohistan	Loss to Government due to non-deduction of voids.	0.487
25	11	TMA Kolai Palas Kohistan	Non utilization of funds.	24.165
26	12	TMA Kolai Palas Kohistan	Irregular expenditure on repair and renovation without competitive bidding.	0.794
27	02	AD LG & RDD Kolai Palas Kohistan	Unauthentic payment on account of Plant & Machinery and Furniture & fixtures.	0.227
28	03	AD LG & RDD Kolai Palas Kohistan	Irregular payment of pay & allowance without performance.	0
29	04	AD LG & RDD Kolai Palas Kohistan	Non- Conducting of physical verification of Assets.	0
30	05	AD LG & RDD Kolai Palas Kohistan	Irregular payment of Payroll of employees	0
			<b>Total</b>	<b>225.6357</b>

**Non deposit of Taxes**

<b>S No</b>	<b>Name of Scheme</b>	<b>2% KP S/Tax</b>	<b>Stamp Duty</b>	<b>Professional Tax</b>	<b>DPR Tax</b>
1	Reconstruction of Chair Lift at GaramChashmaKolaiMadaKhail	00 -	6,250	7,000	2,000
2	Reconstruction of Chair Lift at Sigal Banda KolaiMadaKhail	00-	6,250	7,000	2,000
3	Reconstructin of Chair Lift at Kunsher	00-	6,250	7,000	2,000
4	Construction of Protection Wall in Ghazi Abad Pallas-1	14,225	6,250	7,000	4,000
5	Construction of Protection Wall Ghazi Abad –II	10,524	6,250	7,000	4,000
6	Construction of Protection Wall Graveyard Badakhot Haran	33,974	6,250	18,000	6,000
7	Construction of Protection Wall GatoSharakot	38,170	6,250	7,000	2,000
8	Construction of Protection Wall Band ChannoSharakot	38,151	6,250	7,000	2,000
9	Construction of Protection Wall at Datt-I Sharakot	11,678	6,250	7,000	4,000
10	Construction of Protection Wall GatoSharakot	37,462	1,850	7,000	4,000
11	Construction of Protection Wall Datt-II Sharakot	13,932	6,250	7,000	4,000
12	Construction of Protection Wall Datt-III Sharakot	18,750	6,250	7,000	4,000
13	Construction of Protection Wall Kota Kot	57,284	6,250	18,000	6,000
14	Construction of Protection Wall Bella No. 2 Kota Kot	25,595	6,250	18,000	6,000
15	Improvement / Repair of Haran Road	29,620	6,250	18,000	10,000
16	Repair of Sharakot Road	235,313	6,250	18,000	10,000
17	Improvement / Repair of Kundal Road Portion-I	33,000	6,250	18,000	10,000
18	Improvement / Repair of Kundal Road Portion-II	35,300	6,250	18,000	10,000



19	Construction of Protection Band at Pech Bella	15,135	6,250	7,000	4,000
20	Construction of Protection Band at Bar Paro	59,498	6,250	7,000	4,000
21	Construction of Protection Band at KhotaKot	52,856	6,250	18,000	6,000
22	Construction of Protection Band at DattSharkot	35,337	6,250	7,000	4,000
23	Construction of Protection Band at KaliarParo	52,945	6,250	18,000	6,000
24	Repair & Winding of Shingle BadaKot Road	16,490	6,250	5,000	4,000
25	Construction /Repair of KuzParo Road	37,484	6,250	18,000	6,000
26	Construction /Repair of KuzKolai Road	54,076	6,250	18,000	6,000
27	Construction /Repair ofKunShair Road	32,641	6,250	18,000	6,000
28	Construction /Repair ofSheryal Road	79,686	6,250	18,000	6,000
29	Construction /Repair of BateriaRoad	35,917	6,250	18,000	6,000
	<b>Total</b>	<b>1,105,043</b>	<b>176,850</b>	<b>355,000</b>	<b>150,000</b>
	<b>Grand Total</b>	<b>1,786,893</b>			

**Detail of Income Tax Not deducted**

<b>S No</b>	<b>Name of Scheme</b>	<b>Approved Cost (Rs)</b>	<b>Expenditure (Rs)</b>	<b>Income tax @7.5% (Rs)</b>
1	Reconstruction of Chair Lift at GaramChashmaKolaiMadaKhail	1,290,000	1,186,000	88,950
2	Reconstruction of Chair Lift at Sigal Banda KolaiMadaKhail	1,370,000	1,226,000	91,950
3	Reconstructin of Chair Lift at Kunsher	1,210,000	1,172,000	87,900
4	Construction of Protection Wall in Ghazi Abad Pallas-1	2,000,000	2,000,000	150,000
5	Construction of Protection Wall Ghazi Abad –II	2,000,000	2,000,000	150,000
6	Construction of Protection Wall Graveyard Badakhot Haran	3,000,000	3,000,000	225,000
7	Construction of Protection Wall GatoSharakot	2,000,000	2,000,000	150,000
8	Construction of Protection Wall Band ChannoSharakot	2,000,000	2,000,000	150,000
9	Construction of Protection Wall at Datt-I Sharakot	2,000,000	2,000,000	150,000
10	Construction of Protection Wall GatoSharakot	2,000,000	2,000,000	150,000
11	Construction of Protection Wall Datt-II Sharakot	2,000,000	2,000,000	150,000
12	Construction of Protection Wall Datt-III Sharakot	2,000,000	2,000,000	150,000
13	Construction of Protection Wall Kota Kot	3,000,000	3,000,000	225,000
14	Construction of Protection Wall Bella No. 2 Kota Kot	3,000,000	3,000,000	225,000
15	Improvement / Repair of Haran Road	5,000,000	5,000,000	375,000
16	Repair of Sharakot Road	5,000,000	5,000,000	375,000
17	Improvement / Repair of Kundal Road Portion-I	5,000,000	4,990,000	374,250
18	Improvement / Repair of Kundal Road Portion-II	5,000,000	4,928,000	369,600
19	Construction of Protection Band at Pech Bella	2,000,000	1,998,000	149,850
20	Construction of Protection Band at Bar Paro	2,000,000	1,992,000	149,400
21	Construction of Protection Band at KhotaKot	3,000,000	2,961,000	222,075

22	Construction of Protection Band at DattSharkot	2,000,000	1,964,000	147,300
23	Construction of Protection Band at KaliarParo	3,000,000	2,946,000	220,950
24	Repair & Winding of Shingle BadaKot Road	2,000,000	2,000,000	150,000
25	Construction /Repair of KuzParo Road	3,000,000	2,929,000	219,675
26	Construction /Repair of KuzKolai Road	3,000,000	3,000,000	225,000
27	Construction /Repair of Kun Shair Road	3,000,000	2,948,000	221,100
28	Construction /Repair of Sheryal Road	3,000,000	3,000,000	225,000
29	Construction /Repair of Batteria Road	3,000,000	2,972,000	222,900
<b>Total</b>		<b>77,870,000</b>	<b>77,212,000</b>	<b>5,790,900</b>

**Annex-04**  
**Para No. 4.4.1.1**

**Detail of Current Accounts of VC of Kolai Palas Kohistan**

<b>S.No</b>	<b>Name of VC</b>	<b>Account No</b>	<b>Amount</b>
1	JabbaMadakhail	78666	181794
2.	Madakhailabad	78675	501202
3.	KasriMaranPalas	78684	293762
4	MaranKolai Palas	78657	180227
5	BataraBalaPalas	78693	762162
6	Dilganoo Pala	78728	297102
7	Maira Jan	78737	219912
8	BateraPaen	78719	231727
9	QaallaKalaiPalas	78648	240792
10	HajiabadKolai	78639	263652
11	ShumyalKolai Palas	78559	111,976
12	Kolai Palas	78611	423,127
13	Sair Ghaziabad	78380	652,465
14	Bar GabirOalas	78399	150,515
15	Shalkhanabad 1	78371	153,165
16	Shalkhanabad2	78362	466,905
17	Maira Jan	78415	717,750
18	GulibaghPalas	74433	770,080
19	YanjolPalas	78424	263,385
20	PawayPala	78406	136,496
21	Sharakot	50515	791,205
22	BazniPalas	50480	364,037
23	DanriPalas	50506	1,137,902
24	GhattoPalas	50499	300,482
25	KuzShariyal	78602	721,512
26	Bar KhorgayShayalPalas	78577	791,171
27	KuzKhowargayPalas	78586	722,564
28	BakroPalas	78595	261,557
29	BarShariyal	50533	796,482
30	MaidanShariyalPalas	50542	219,882
31	ShomJumatPalas	50551	260,380
32	Ban banda	50560	761,982
33	KareenKunsher	78844	227,430
34	Gambrikundsher	78862	255,232
35	Kotgayounkunshir	78853	256,502
36	Mairajan	78835	671,025
37	Mughalabad	78540	683,271
38	Masigoharabad	78522	296,557
39	Kuzpro	78513	234,309
40	KalyarkotPalap	78531	671,027
41	Azmosaygadar	78755	185,202
42	Kato kotPalas	78791	149,932

43	KaroSair Pala	78817	163,947
44	SharaidPalas	78808	1,137,727
45	Kandi; Palas	78773	188,742
46	FirogahPalas	78746	258,672
47	MughalratPalas	78826	185,062
48	Peechbela	78497	1,137,904
49	NowpeechbelaPalas	78442	623,729
50	SartaypeechbelaalasP	78504	149,874
51	HujjamabadPalas	78451	150,284
52	Khotakot	78764	223772
	<b>Grand Total</b>		<b>21,497,525</b>

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