



**AUDIT REPORT
ON
THE ACCOUNTS OF
TEHSIL MUNICIPAL ADMINISTRATION
LAKKI MARWAT
AUDIT YEAR 2013-14**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AA	Administrative Approval
AP	Advance Para
ADP	Annual Development Plan
AOM&R	Annual Ordinary Maintenance and Repair
CPWA Code	Central Public Works Account Code
CPWD Code	Central Public Works Department Code
DAC	Departmental Accounts Committee
DCO	District Coordination Officer
DDO	Drawing & Disbursing Officer
DG	Director General
EDO	Executive District Officer
F&P	Finance and Planning
GFR	General Financial Rules
LGO	Local Government Ordinance
MFDAC	Memorandum for Departmental Accounts Committee
PAO	Principal Accounting Officer
PAC	Public Accounts Committee
PC-I	Planning Commission One
PHE	Public Health Engineering
PWP	People Works Program
RDA	Regional Directorate of Audit
TMA	Tehsil Municipal Administration
TS	Technical Sanction
ZAC	Zilla Accounts Committee

PREFACE

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

The report is based on audit of the accounts of Tehsil Municipal Administration Lakki Marwat for the Financial Years 2011-12 and 2012-13. The Directorate General of Audit, District Governments, Khyber Pakhtunkhwa, Peshawar conducted audit on test check basis during 2013-14 with a view to reporting significant findings to the relevant stakeholders.

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

The observations included in this Report have been finalized on the basis of preliminary discussion made with the Tehsil Municipal Officer. DAC meetings could not be convened despite repeated requests.

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

Islamabad
Dated:

(Muhammad Akhtar Buland Rana)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Khyber Pakhtunkhwa, Peshawar, is responsible to conduct the audit of all District Governments in Khyber Pakhtunkhwa, Tehsil/Town Municipal Administrations (TMAs) and Union Administration (UAs). Its Regional Directorate of Audit Bannu has audit jurisdiction of District Governments, TMA and UAs of two Districts i.e. Bannu and Lakki Marwat.

The Regional Directorate has a human resource of 06 officers and staff, constituting 1818 man days and a budget of about Rs 4.439 million was allocated during 2013-14. It has the mandate to conduct financial attest audit, audit of sanctions, audit of compliance with authority and audit of receipts as well as the performance audit of entities, projects and programs. Accordingly Regional Director Audit Bannu carried out audit of the accounts of TMA Lakki Marwat for the Financial Year 2012-13 and the findings included in the Audit Report.

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

Tehsil Municipal Administration Lakki Marwat comprises Tehsil Nazim, Niab Tehsil Nazim and Tehsil Municipal Officer/Administrator.

a. Scope of audit

Out of the total expenditure of the TMA Lakki Marwat, for the Financial Years 2011-12 and 2012-13, the auditable expenditure under the jurisdiction of RDA was Rs 260.442 million. Out of this, RDA Bannu audited an expenditure of Rs 161.474 million on test check basis which, in terms of percentage, was 62% of auditable expenditure. Sample size selected in the audited formations ranged between 15% to 30%.

The receipts of Tehsil Municipal Administration Lakki Marwat for the Financial Years 2011-12 and 2012-13, were Rs 141.810 million. Out of this, RDA Bannu audited receipts of Rs 141.810 million which, in terms of percentage, was 100% of auditable receipts.

b. Recoveries at the instance of audit

Recovery of Rs 119.213 million was pointed out during the audit. However, recovery of Rs 0.200 million was effected till the finalization of this report.

c. Audit Methodology

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

d. Audit Impact

On pointation of audit, the management of the Tehsil Municipal Administration Lakki Marwat agreed to conduct physical verification of the government assets. The management also agreed to deposit various Government dues into Government Treasury. Audit stressed upon reconciliation of receipts

and expenditure with the respective accounts office to which the department agreed.

e. Comments on Internal Control and Internal Audit department

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

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

f. Key audit findings of the report;

- i. Irregularity & Non Compliance amounting to Rs 64.473 million was noted in ten cases. ¹
- ii. Internal control weaknesses amounting to Rs 19.572 million were noted in four cases. ²

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

¹ 1.2.1.1 to 1.2.1.10

² 1.2.2.1 to 1.2.1.4

g. Recommendations

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

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics (Rs in million)

S. No	Description	No.	Budget
1	Total Entities (PAO) in Audit Jurisdiction	01	402.252
2	Total formations in audit jurisdiction	01	402.252
3	Total Entities (PAO) Audited	01	303.284
4	Total formations Audited	01	303.284
5	Audit & Inspection Reports	01	303.284
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

Table 2: Audit observations classified by Categories

(Rs in million)

S. No	Description	Amount Placed under Audit Observation
1	Unsound asset management	0
2	Weak financial management	0
3	Weak Internal controls relating to financial management	19.572
4	Others	64.473
Total		84.045

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

S.No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total For the years 2011-12 & 2012-13	Total for the year 2010-11
1	Outlays Audited	0.138	139.060	141.810	22.276	303.284	124.761
2	Amount Placed under Audit Observations /Irregularities of Audit	-	26.949	42.783	14.313	84.045	58.651
3	Recoveries Pointed Out at the instance of Audit	-	14.679	99.821	4.713	119.213	99.123
4	Recoveries Accepted /Established at the instance of Audit	-	-	0.200	-	0.200	73.031
5.	Recoveries Realized at the instance of Audit	-	-	0.200	-	0.200	4.862

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	64.473
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from NAM, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	Quantification of weaknesses of internal control systems.	19.372
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	0.200
6	Non-production of record	-
7	Others, including cases of accidents, negligence etc.	-
Total		84.045

Table 5: Cost-Benefit

		(Rupees in million)
Sr. No.	Description	Amount
1	Outlays Audited	303.284
2	Expenditure on Audit	0.613
3	Recoveries realized at the instance of audit	0.200
4	Cost – Benefit Ratio	1:0.333

CHAPTER 1

1.1 Tehsil Municipal Administration Lakki Marwat

1.1.1 Introduction

Tehsil Lakki Marwat is the Tehsil of District Lakki Marwat. Tehsil Municipal Administration Lakki Marwat consists of Tehsil Nazim, Tehsil Naib Nazim and Tehsil Municipal Officer/Administrator. TMA Lakki Marwat comprises two Drawing & Disbursing Officers i.e. Tehsil Municipal Administrator and Tehsil Officer Finance. According to 1998 population census, the population of District Lakki Marwat is 776,874.

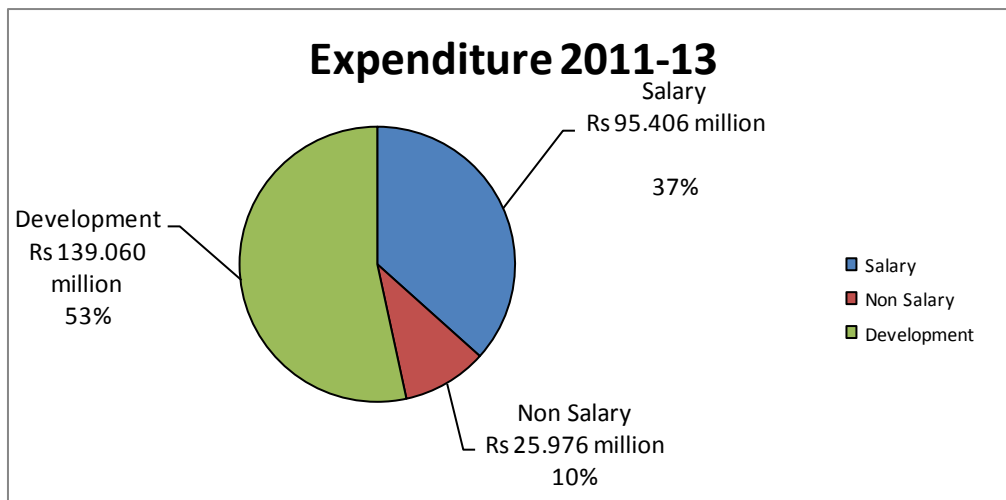
1.1.2 Brief comments on Budget and Expenditure (Variance Analysis)

(Rs in million)

2011-13	Budget	Expenditure	Saving/Excess	%age Excess/Saving
Salary	98.046	95.406	(2.640)	100.000%
Non-salary	25.976	25.976	(0.000)	0.000%
Developmental	139.060	139.060	(0.000)	0.000%
Total	263.082	260.442	(2.640)	100.00%

A budget of Rs 263.082 million was allocated, against which an expenditure of Rs 260.442 million was incurred by the Tehsil Municipal Administration Lakki Marwat with a saving of Rs 2.640 million during Financial Years 2011-12 and 2012-13.

Rs in million)



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

The audit reports on the Accounts of Tehsil Municipal Administration Lakki Marwat have not yet been discussed in PAC.

1.2 AUDIT PARAS

1.2.1 Irregularity & Non Compliance

1.2.1.1 Loss due to non award of contract to 2nd highest bidder -Rs 20.397 million

According to Serial No. 29(5) of Government of Khyber Pakhtunkhwa Procurement of Goods Works & Services Rules 2003 if the tenderer whose tender/auction has been accepted fails to sign the contract agreement or provide any required security for the performance of contract, the procurement entity shall order the forfeiture of earnest money and shall give order of acceptance to second highest or in case of the second bidder to the third highest bidder and so on, on the same term of forfeiture of earnest money.

TMA Lakki Marwat awarded different contracts to various contractors who offered low bids instead of 2nd highest bidder after refusal of contract from 1st bidders during 2011-12 and 2012-13, which resulting into loss of Rs 20.397 million (Detail at Annexure-3).

Audit observed that non-compliance of rules resulted in loss to Government.

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

Request for the convening of DAC meeting was made on 13.02.2014. DAC meeting was not convened till finalization of this report.

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

AP 150 (2012-13)

1.2.1.2 Loss to TMA due to non auction of contract of load, unload tax – Rs 11.580 million

According to Para 23 of GFR Vol-I, every Government Officer should realize fully and clearly that he would be personally responsible for any loss sustained by Government to fraud or negligence on his part or on the part of his subordinate.

TMA Lakki Marwat collected load un load tax departmentally instead of open auction through advertisement due to which TMA was put to loss of Rs 11.580 million during 2012-13 as per detail given below.

Sr. No.	Description	Amount (Rs)
1	Load un Load Tax collected during 2011-12 through Contractor	20,310,000
2	15% increase in revenue collection as per standing orders of Provincial Government	3,046,500
3	Net amount to be realized during 2012-13	23,356,500
4	Amount realized during 2012-13	11,776,292
	Loss	11,580,208

Audit observed that non realization of revenue occurred due to non compliance of rules, which resulted in to loss to Government.

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

Request for the convening of DAC meeting was made on 13.02.2014. DAC meeting could not be convened till finalization of this report.

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

AP 154 (2010-11)

1.2.1.3 Wasteful expenditure on drilling of Tube Wells-Rs 10.00 million

According to Para 10(i) of GFR Vol-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.

TMA Lakki Marwat incurred an expenditure of Rs 10.00 million for drilling of 09 tube well bores during 2011-12 and 2012-13. It was noted that PC-I were prepared without including provisions for pumping machinery and external electrification and its interlinking with main supply line. These schemes were idle till February 2014 as pumping machinery and external electrification was not provided. Moreover, those bores might have been damaged due to non-functioning and passage of time. Evaluation report on completion of the schemes to be prepared jointly by the EDO (F&P) and the executing agency was also not available on record.

Audit observed that expenditure occurred due to non compliance of rules, which resulted in to wasteful expenditure.

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

Request for the convening of DAC meeting was made on 13.02.2014. DAC meeting could not be convened till finalization of this report.

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

AP 162 (2012-13)

1.2.1.4 Wastage of public money– Rs 5.00 million

According to PC-I of schemes, funds should be utilized for the benefit of the community and not for a particular person.

TMA Lakki Marwat spent Rs 5.00 million on the installation of pressure pumps from District ADP and PWP-I funds during 2012-13, inside the homes of various people instead of open area to benefit the local inhabitants as detailed below was evident from the photographs available on the record of TMA.

Sr. No.	Source of Funding	Nomenclature of Work	No. of pressure pumps	Amount (Rs in million)
1	District ADP	Installation of Pressure Pumps	8	1.000
2	PWP-I Palwasha MNA	Installation of Pressure Pumps in UC Tittar khel	12	2.500
3	PWP-I Imtiaz Sultan MNA	Installation of Pressure Pumps in UC Lakki City-I	4	1.500
		Total		5.00

Audit observed that unauthorized drilling was made to favor individuals instead of the whole community, which resulted in wastage of public money.

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

Request for the convening of DAC meeting was made on 13.02.2014, which could not be convened till finalization of this report.

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

AP 169 (2012-13)

1.2.1.5 Irregular expenditure on AOM&R - Rs 4.800 million involving loss of Rs 1.884 million

Rule 7 of Government of Khyber Pakhtunkhwa, Procurement of Good, Works and Service rules 2003 states that for contracts, with estimated cost of rupees forty thousand to rupees five million, financial bid may be called for without pre or post-qualification of bidders.

TMA Lakki Marwat spent Rs 4.800 million on the AOM&R of water supply schemes (tube wells) during 2012-13 without adopting open tender system. Audit further observed that:

1. Rs 4.800 million was incurred on the repair of 12 tubes wells repeatedly in a single month or in consecutive months.
2. If the AOM&R work was awarded to contractor then the repeated maintenance of Rs 1,884,492 could be avoided, as the contractors provided free maintenance for three months period in his agreement and offered warranty for three months period.

Sr. No.	Month	Amount (Rs)	Remarks
1	10-2011	182,130	Amount spent on tube well No 4, 6, 12, 20
2	11-2011	19,920	Amount spent on tube well No 15
3	12-2011	150,480	Amount spent on tube well No 3,6,7,15
4	01-2012	43,681	Amount spent on tube well No 6 and 9
5	04-2012	36,162	Amount spent on tube well No 17
6	05-2012	348,708	Amount spent on tube well No 6, 7, 8, 9, 12,15
7	07-2012	104,474	Amount spent on tube well No 5, 6, 12
8	09-2012	222,362	Amount spent on tube well No 5, 6, 9, 10
9	11-2012	105,677	Amount spent on tube well No 14, 21, 23
10	12-2012	265,490	Amount spent on tube well No 4, 6, 12, 15, 16
11	01-2013	150,000	Amount spent on tube well No 1, 4, 6, 10,
12	03-2013	255,408	Amount spent on tube well No 1, 5, 6, 10, 12 13, 15
Total		1,884,492	

3. The above table shows that expenditure was incurred during the above months repeatedly on the same water supply schemes, which could be avoided by adopting open tender and the TMA would not incur loss of Rs 1,884,492.

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

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

Request for the convening of DAC meeting was made on 13.02.2014. DAC meeting could not be convened till finalization of this report.

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

AP 155 (2012-13)

1.2.1.6 Payment of salaries in excess of sanction strength-Rs 4.800 million

According to Article 176 (i) of Audit Code the essential requirement of pay bills of non gazetted Government Servants are that the bill is drawn according to the sanctioned scale.

TMA Lakki Marwat paid Rs 4.800 million on account of salaries of 48 staff members without any sanction strength during 2012-13 (detail at Annex-4).

Audit observed that unauthorized payment was made due to weak financial control, which resulted into loss to TMA.

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

Request for convening of DAC meeting was made on 13.02.2014. DAC meeting could not be convened till finalization of this report.

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

AP 161 (2012-13)

1.2.1.7 Non recovery of income tax -Rs 3.415 million

According to Section-236 (A) of Income Tax Ordinance 2001, advance income tax @ 5% should be collected on auction / sale of property including award of lease, right to collect tolls or other levies.

TMA Lakki Marwat did not recover income tax amounting to Rs 3,415,025 @ 5% from successful bidders during 2011-12 and 2012-13 (Detail at Annexure-5).

Audit observed that non recovery of income tax occurred due to non compliance of rules, which resulted in loss to Government.

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

Request for the convening of DAC meeting was made on 13.02.2014. DAC meeting could not be convened till finalization of this report.

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

AP 147 (2012-13)

1.2.1.8 Loss to TMA due to non recovery of rent of road roller - Rs 2.100 million

Para 38 of GFR Vol-I states that The departmental authorities are primarily responsible to see that all revenues due to Government which have been brought to account are correctly and promptly assessed realized and credited to Government Treasury.

TMA Lakki Marwat rented out one Road Roller for the last seven years without recovery of rent, which accumulated to Rs 2.100 million till 30.06.2013.

Audit observed that non recovery of rent occurred due to inadequate administrative and financial control, which resulted in loss to TMA.

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

Request for the convening of DAC meeting was made on 13.02.2014. DAC meeting could not be convened till finalization of this report.

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

AP 152 (2012-13)

1.2.1.9 Non recovery of penalty - Rs 1.083 million

The standard Agreement with contractors of receipts contains an essential condition that “penalty @ 1% per day will be imposed if a contractor fails to pay an installment up to 3rd day of each month after the month of agreement and the contract will stand cancelled if a contractor fails to pay the installment amount 10 days after its due date”.

TMA Lakki Marwat awarded different contracts for collection of different type of taxes to contractors during 2011-12. However, the contractors failed to deposit the amount of monthly installments within stipulated time. Hence TMA Lakki Marwat was required to impose penalty on contractor @ 1% per day which was not done, resulting in loss of Rs 1,083,337 (Detail at Annex-6).

Audit observed that non recovery of dues occurred due to non imposition of agreement condition, which resulted into loss to TMA.

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

Request for the convening of DAC meeting was made on 13.02.2014, which could not be convened till finalization of this report.

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

AP 156 (2011-12)

1.2.1.10 Non maintenance of separate account for Contributory Provident Fund and non-contribution by TMA-Rs 1.298 million

Government of Khyber Pakhtunkhwa Finance Department No. 1/44(F/L)/FD/2006/CPF dated: 29.05.2006 requires the contribution of 100% Contributory Provident Fund from Government.

TMA Lakki Marwat deducted 1,298,192 as CP Fund from the employees during Financial Years 2011-12 and 2012-13. However, neither the said amount was deposited into separate bank account nor 100% contribution was made by the TMA from their own resources, which resulted less contribution to CP Fund of Rs 1.298 million.

Audit observed that non maintenance separate CP Fund account and non contribution by TMA could lead to serious financial repercussions at the time of payment of CP Fund to the employees.

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

Request for convening of DAC meeting was made on 13.02.2014. DAC meeting could not be convened till finalization of this report.

Audit recommends contribution towards CP Fund and action against the person(s) at fault.

AP 160 (2012-13)

1.2.2 Internal Control Weaknesses

1.2.2.1 Overwriting of contract documents for award of work –Rs9.00 million resulting overpayment –Rs1.300 million

Para 144-145 GFR Vol-I and Para 89 CPWD Code read with Rule 7 of Government of Khyber Pakhtunkhwa, Procurement of Good, Works and Service rules 2003 requires the tendering in the most open and public manner and to execute work under proper agreement.

TMA Lakki Marwat manipulated tender documents of Installation of Drinking Water Supply Schemes during 2012-13 by cutting the word “below” and replacing it with the word “above”, due to which the work was awarded to the contractor at the rate “at par” of estimated cost of Rs 9.00 million, resulting overpayment of Rs 1,300,000 (detail at Annex-7).

Audit observed that non-transparent award of contract occurred due to tampering with the tender documents, which resulted in loss to Government.

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

Request for the convening of DAC meeting was made on 13.02.2014. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry for tampering of record and action against the person(s) at fault besides recovery of the amount.

AP 157 (212-13)

1.2.2.2 Loss to Government due to non-recovery of receipts- Rs 6.183 million

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

TMA Lakki Marwat failed to recover Rs 6,183,216 receipts from various contractors during 2012-13 as per detail given below:

Amount in (Rs)			
Sr. No.	Description of Receipts	Year	Outstanding amount (Rs)
1.	Cattle Fair Lakki	1997-98	1,085,637
2.	Water Rate	2007-08	293,000
3.	Water Rate	2008-09	401,000
4.	Entry Fee	2009-10	246,300
5.	Building Fee	-do-	52,500
6.	Water Rate	2012-13	264,000
7.	Lorry Adda Tajori	-do-	141,000
8.	Load Un Load	-do-	3,500,000
9.	Rent of Shops	-do-	199,779
Total			6,183,216

Audit observed that non recovery occurred due to weakness of internal controls and lack of monitoring by the TMO, which resulted in loss to Government.

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

Request for the convening of DAC meeting was made on 13.02.2014, which could not be convened till finalization of this report.

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

AP 151 (2012-13)

1.2.2.3 Loss to TMA due to non-auction of slaughter house -Rs 1.440 million

TMA By laws at Sr. No. 23 states that, "No person shall sell any meat within the jurisdiction of TMA, which is not slaughtered and dressed at the TMA slaughterhouse or any other slaughterhouse approved by the TMA. Any such

meat, so found, shall be seized and destroyed by the veterinary officer or any other officer designated by the TMA, if found unfit for human consumption, and such person shall be liable to fine and imprisonment as per provisions of the Local Government Ordinance, 2001. If found fit, the same will be stamped as such and auctioned. The sale proceeds shall be deposited into TMA's account.

TMA Lakki Marwat owned 2 Marla slaughter House which was neither put to open auction nor any system of departmental recovery from the users was introduced since 12 years, as no receipts in shape of sale proceeds, fine was found collected for the last 12 years. If the same was rented out for minimum Rs 10,000 per month then rent of Rs 1.440 million could be collected every year.

Audit observed that loss occurred due to weak internal controls, which resulted in loss to TMA.

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

Request for the convening of DAC meeting was made on 13.02.2014. DAC meeting was not convened till finalization of this report.

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

AP 153 (2012-13)

1.2.2.4 Overpayment of Rs 2.949 million

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

TMA Lakki Marwat overpaid Rs 2,107,381 to different contractors against various items of works in excess of actual quantity executed on site

during 2011-12 and 2012-13. This was proved from the written statement of the community at the time of taking over the schemes.

Similarly Rs 721,134 was paid to contractor on extra utilization of 10” dia PVC Pipe and Rs 120,319 was paid to contractor on excessive drilling of pressure pumps as well.

Sr. No.	Nomenclature of Work	Overpayment (Rs)	Annexure
1	Excess Quantity	2,107,381	8
2	Extra Utilization of PVC Pipe	721,134	9
3	Excessive Drilling	120,319	10
Grand Total		2,948,834	

Audit observed that overpayment occurred due to weak internal controls, which resulted into loss to Government.

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

Request for convening of DAC meeting was made on 13.02.2014. DAC meeting could not be convened till finalization of this report.

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

AP 158 & 167 & 168 (2012-13)

ANNEXURE

Annex - 1

Detail of MFDAC PARAS

(Rs in million)

S. No	AP No	Caption	Amount
1.	148	Non forfeiture of call deposit	3.580
2.	149	Loss to TMA	20.062
3.	159	Loss to TMA	33.120
4.	163	Unauthorized execution of schemes	2.431
5.	164	Unauthorized execution of schemes	1.000
6.	165	Unauthorized execution of schemes	2.000
7.	166	Unauthorized Payment	0.275

Audit Impact Summary for the financial year 2012-113

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

Detail of Loss

Based on DP No 1.2.1.1

(Amount in Rupees)

Sr. No.	Name of Contract	Financial Year	1 st Highest Bid	2 nd Highest Bid	Bid Approved	Loss (5-6)
1	2	3	4	5	6	7
1.	Cattle Fair Lakki Marwat	2011-12	10,010,000	10,000,000	7,198,000	2,802,000
2.	Cattle Fair Pezu	2011-12	7,610,000	7,600,000	5,150,000	2,450,000
3.	Cattle Fair Lakki Marwat	2012-13	12,100,000	12,000,000	6,000,000	6,000,000
4.	Bus Stand Lakki Marwat	2012-13	7,435,000	7,425,000	1,830,000	5,595,000
5.	Cattle Fair Pezu	2012-13	8,000,000	7,850,000	4,300,000	3,550,000
Total			45,155,004	44,875,005	24,478,006	20,397,000

Based on DP No 1.2.1.6

Detail of Staff

Sr. No.	Name of Employee	Designation	Pay Scale
1.	Muhammad Aslam Khan	Tube Well Operator	1
2.	Yasir Khan	Chowkidar	1
3.	Muhammad Farooq	Value man	1
4.	Shakir Ayaz	Value man	1
5.	Shoaib Kamal	Value man	1
6.	Ataullah	Tax Superintendent	2
7.	Rafi Ullah	Computer Operator	2
8.	Imran Khan	Budget Assistant	5
9.	Salman Shahid	Tube Well Operator	1
10.	Abdul Latif	Tube Well Operator	1
11.	Imran	Value man	1
12.	Munawar Khan	Value man	1
13.	Ghulam Mursalin	Fire man	1
14.	Shokat Ullah	Fire man	1
15.	Sher Aslam	Chowkidar	1
16.	Irfan Ullah	BD	1
17.	Akhter Zaman	Chowkidar	1
18.	Muhammad Anwar	BD	1
19.	Ikram Ullah	Chowkidar	1
20.	Daud	Chowkidar	1
21.	Abdul Majeed Shah	Operator	1
22.	Waris Khan	Operator	1
23.	Farid Ullah	Operator	1
24.	Muhammad Tousif	Chowkidar	1
25.	Anwar Kamal	Chowkidar	1
26.	Muhammad Tanwir	Chowkidar	1
27.	Adnan Khan	BD	1
28.	Munir Khan	Beldar	1
29.	Ahmad Nazir	Naib Qasid	1
30.	Muhammad Riaz	Naib Qasid	1
31.	Isar ullah	Mali	1
32.	Iftikhar Ahmad	Beldar	1
33.	Muhammad Israr	Naib Qasid	1
34.	Irfan Ullah	Naib Qasid	1
35.	Shah Qiaz	Naib Qasid	1
36.	Murad	Naib Qasid	1
37.	Alamgir	Tube Well Operator	1
38.	Alamgir	Chowkidar	1
39.	Shamroz	Chowkidar	1
40.	Irfan Khan	Chowkidar	1
41.	Fatehullah	Operator	1
42.	Munawr Khan	Operator	1
43.	Ikram Ullah	Beldar	3
44.	Munawar Khan	Beldar	1
45.	Irfan Ullah	Value man	1
46.	Asif Gul	Chowkidar	1
47.	Wahab	Operator	4
48.	Asad ullah	Sanitary Worker	4

Annex- 5

Detail of Income Tax

Based on DP No 1.2.1.7

(Amount in Rupees)

Sr. No.	Name of Contract	2011-12		2012-13	
		Bid Amount	Income Tax @ 5%	Bid Amount	Income Tax @ 5%
1.	2% Property Tax	10,100,000	50,5000	11,650,000	582,500
2.	Load Un Load Tax	2,0310,000	1,015,500	0	0
3.	Cattle Fair Lakki Marwat	7,198,000	359,900	0	0
4.	Cattle Fair Pezu	5,150,000	257,500	1,806,000	90,300
5.	Cattle Fair Tajori	321,000	16,050	375,000	18,750
6.	Cattle Fair Ghazni Khel	208,000	10,400	0	0
7.	Lorry Adda Shahbaz Khel	149,000	7,450	175,000	8,750
8.	Lorry Adda Tittar Khel	176,000	8,800	205,000	10,250
9.	Lorry Adda Landiwa	41,000	2,050	50,000	2,500
10.	Lorry Adda Ghazni Khel	298,500	14,925	346,000	17,300
11.	Lorry Adda Pezu	1,505,000	75,250	0	0
12.	The Bazari Lakki Marwat	131,000	6,550	152,000	7,600
13.	Entry Fees Lakki Marwat	1,185,000	59,250	1,422,000	71,100
14.	Lorry Adda Malang Adda	157,000	7,850	182,000	9,100
15.	Lorry Adda Tajazai	1,956,000	97,800	2,275,000	113,750
16.	Rikshaw Fees	84,500	4,225	100,000	5,000
17.	Lorry Adda Tajori	245,000	12,250	285,000	14,250
18.	Building Fee	0	0	62,500	3,125
	Total	49,215,000	2,460,750	19,085,500	954,275
	Grand Total		68,300,500		3,415,025

Detail of Penalty**Based on DP No 1.2.1.9****(Amount in Rupees)**

Sr. No.	Name of Contact	Name of Contractor	Year	Amount of Penalty
1	Load Un Load	Haji Hakim Khan	2011-12	893,997
2	2% Property Tax	Mutabar Khan	2011-12	131,699
3	Cattle Fair Lakki	Raham Dil	2011-12	34,007
4	Cattle Fair Pezu	Raham Dil	2011-12	23,634
Total				1,083,337

Annex- 7

Based on DP No 1.2.2.1

(Rs in million)

Sr. No.	Name of Work	Estimated Cost	Rates Offered by Contractors			Lowest Rate	Accepted Rate	Payment due on the basis of lowest rate	Payment made by allowing higher rate	Overpayment
			AT PAR	20% Below	10% Above					
1	Installation of DWSS at Gandi Khan Khel (CMD 2012-13)	3.00	AT PAR	20% Below	10% Above	20% below	AT PAR	2.4000	3.000	0.600
2	Installation of Pressure Pumps in Lakki (PWP-I-Palwasha Muhammadzai-2012-13)	5.00	AT PAR	10% Below	10% Above	10% below	AT PAR	4.5000	5.000	0.500
3	Installation of Pressure Pumps in Lakki (CMD-2012-13)	1.00	AT PAR	20% Below	10% Above	20% below	AT PAR	0.8000	1.000	0.200
	Total	9.00						7.700	9.000	1.3000

Annex-8

Based on DP No 1.2.2.4

Detail of Overpayment

(Amount in Rupees)

Sr. No.	Name of Scheme	Name of Contactor	Name of Item	Item Number	Quantity executed	Quantity Paid	Difference	Rate	Amount	Premium	Cost Factor	Grand Total
1	Installation of P/Pump Tajazai (PWP-I)	Muhammad Iqbal	Rotary Drilling 250-850	3	137.120	182.870	45.750	2,343.200	107,201	21,440	6,432	135,074
			8 inch dia PVC Pipe	5	213.414	228.580	15.166	2,980.000	45,195	12,655	2,892	60,742
			Sharounding material	7	213.414	228.580	15.166	425.740	6,457	1,291	387	8,136
2	Installation of P/Pump Begu Khel (PWP-I)	Habib Ullah & Sons	6 ince dia bore 200-300	4	34.810	51.810	17.000	2,033.620	34,572	0	0	34,572
			3 inch dia pipe	7	34.810	51.810	17.000	245.930	4,181	0	0	4,181
3	Installation of P/Pumps Begu Khel (PWP-I)	Asmat Ullah Khan	6 inch dia bore	4	36.900	405.220	368.320	2,033.620	749,023	149,805	44,941	943,769
			4 inch PVC Pipe	6	585.360	953.680	368.320	332.500	122,466	34,291	7,838	164,595
			Sharounding material	7	585.360	953.680	368.320	425.740	156,809	31,362	9,409	197,579
4	Installation of P/Pumps Lakki (ADP)	Sanaullah (Project Leader)	6 inch dia bore	4	60.940	76.170	15.230	2,642.270	40,242	0	0	40,242
			4 inch pvc pipe	6	60.940	76.170	15.230	500.550	7,623	0	0	7,623
			Sharounding material	7	60.940	76.170	15.230	1,148.700	17,495	0	0	17,495
5	Installation of P/Pumps Begu Khe (ADP 2012-13)	Sanaullah (Project Leader)	6 inch dia bore	4	60.940	91.430	30.490	2,647.270	80,715	0	0	80,715
			4 inch pvc pipe	6	60.940	91.430	30.490	500.550	15,262	0	0	15,262
			Sharounding material	7	60.940	91.430	30.490	1,148.700	35,024	0	0	35,024
Total											1,745,007	

Annexure – 8(a)

Detail of Overpayment

Based on DP No 1.2.2.4

(Amount in Rupees)

Name of Scheme	Name of Contactor / Project Leader	Name of Item	Item Number	Rate Paid	Rate Required	Difference	Quantity	Amount
Installation of Pressure pump Lakki Mawat (2012-13)	Shah Nawaz Khan	6 inch dia Bore 0-100	2	1,016.720	316.750	699.970	91.430	63,998
		6 inch dia Bore 100-200	3	1,943.680	316.750	1,626.930	91.430	148,750
		6 inch dia Bore 100-200	4	2,033.620	316.750	1,716.870	64.000	109,880
		4 inch dia pvc pipe/strainer	6	332.500	171.500	161.000	246.870	39,746
							Total	362,374

Detail of Overpayment

Based on DP No 1.2.2.4

(Amount in Rupees)

Name of Item	Quantity Executed	Rate	Amount
10% dia PVC Pipe	133.80 meter	4,010.15	536,558
Plus 5% cost factor			26,828
Total			563,386
Plus 28% premium			157,748
Grand Total			721,134

Annexure – 10**Detail of Overpayment****(Amount in Rupees)**

Quantity of PVC Pipe	Quantity of Drilling	Difference	Rate	Overpayment
182.82 meter	231.06 meter	48.24	2,494.17	120,319