



**AUDIT REPORT
ON
THE ACCOUNTS OF
DISTRICT GOVERNMENT
MARDAN**

AUDIT YEAR 2013-14

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AP	Advance Para
BHUs	Basic Health Units
CD	Civil Dispensary
CPWA Code	Central Public Works Account Code
CSR	Composite Schedule of Rate
CTR	Central Treasury Rules
DAC	Departmental Accounts Committee
DG	Directorate General
DCO	District Coordination Officer
DHQ	District Headquarter
EDO	Executive District Officer
GFR	General Financial Rules
HRA	House Rent Allowance
KPK	Khyber Pakhtunkhwa
MCC	Medicines Coordination Cell
MS	Medical Superintendent
PAO	Principal accounting officer
PC-I	Planning Commission One
PCC	Plain Cement Concrete
PESCO	Peshawar Electric Supply Company
RDA	Regional Directorate of Audit
CMD	Chief Minister Directives
DTL	Drug testing laboratory
P.O.L	Petrol Oil Lubricant

Preface

Articles 169 &170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, 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 District Fund and Public Account of District Government.

The report is based on audit of the accounts of various offices of District Government, Mardan for the financial year 2012-13. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2013-14 on test check basis with a view to report significant findings to the stakeholders.

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

The observations included in this Report have been finalized in the light of written responses of the Departments. Requests for convening of DAC meeting were made which were not convened till finalization of this report.

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

Islamabad
Dated:

(Muhammad Akhtar Buland Rana)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General District Governments Audit, Khyber Pakhtunkhwa carries out the audit of 25 District Governments. Regional Directorate of Audit (RDA) Mardan, on behalf of the DG District Governments Audit, Khyber Pakhtunkhwa carries out the audit of four District Governments namely Mardan, Swabi, Malakand and Buner. This Regional Directorate has a human resource of 12 officers and staff, a total of 3636 man days. The annual budget amounting to Rs 11.574 million was allocated to this office during financial year 2012-13. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of programmes/ projects.

District Government, Mardan 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 seven groups of offices i.e. Finance & Planning, Revenue, Works & Services, Health, Community Development, Agriculture and Education. Financial provisions of the Ordinance describe the Government as District Local Fund and Public Account for which Annual Budget Statement is authorized by the District Administrator in the form of budgetary grants as per Government of Khyber Pakhtunkhwa, Local Governments and rural Development notification No. SO (E-1) E&AD/9-49/2010 dated 20th February 2010.

Administratively, District Mardan is subdivided into two tehsils namely, Mardan and Takht Bhai. District Administration comprises Zilla Nazim/District Administrator and District Coordination Officer.

a. Audit Objectives

Audit was conducted with the objectives to ensure that:

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

5. The assessment, collection and allocation of revenue were done in accordance with the law and there was no leakage of revenue which legally should come to Government.

b. Audit Methodology

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

The selection of the audit formations i.e. DDOs was made keeping in view the significance and risk assessment, samples were selected after prioritizing risk areas by determining significance and risk associated with identified key controls. Sample size selected for audit ranged from 40% to 50%.

c. Expenditure audited

Out of total expenditure of the District Government, Mardan for the financial year 2012-2013, auditable expenditure under the jurisdiction of RDA, was Rs 8,281.144 million covering one PAO and 226 formations. Out of this RDA audited an expenditure of Rs 3,517.360 million which, in terms of percentage, is 42.47 % of auditable expenditure. 05 formations were planned in Audit Plan and 100% achievement against the planned activities was made.

d. Receipts audited

The receipt of District Mardan for the financial year 2012-13, was Rs 34.893 million. Out of this, RDA Mardan audited receipt of Rs 17 million which, in terms of percentage, is 48.72 % of auditable receipt.

e. Recoveries at the instance of audit

Recovery of Rs 41.714 million was pointed out during the audit. However no recovery was affected till the finalization of this report. Out of the total recoveries pointed out, Rs 41.714 million was not in the notice of the executive before audit.

f. Desk Audit

The audit year 2013-14 witnessed intensive application of desk audit techniques in RDA. This was facilitated through internet and review of permanent files which helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field activity. Desk Audit greatly facilitated in the identification of high risk areas for substantive testing in the field

g. Changes in Rules, Practices and Systems

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

h. Key audit findings of the report;

- i. Non-production of record one case.¹
- ii. Irregularity/ non compliance of rules were noted in four cases amounting to Rs 640.117 million.²
- iii. Internal control weaknesses of Rs1,596.57 million was noted in four cases.³

¹ Para 1.2.1

² Para 1.2.2.1, 1.2.2.2, 1.2.2.3, 1.2.2.4

³ Para 1.2.3.1, 1.2.3.2, 1.2.3.3, 1.2.3.4

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

i. Recommendations

- i. Disciplinary action need to be taken to stop the practice of non production of record.
- ii. Misappropriated fund needs to be recovered besides disciplinary action.
- iii. All sectors of District Government need to strengthen internal controls to ensure that reported lapses are preempted and fair value for money is obtained from public spending.
- iv. Government taxes should be recovered.
- 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/EDOs) in Audit Jurisdiction	01	*8,281.144
2	Total formations in audit jurisdiction	226	8,281.144
3	Total Entities(PAO/EDOs) Audited	01	#3,517.360
4	Total formations Audited	05	3,517.360
5	Audit & Inspection Reports	05	3,517.360
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

*Included receipt of Rs34.893 million.

#Included receipt of Rs17.00 million.

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

S.No	Description	Amount Placed under Audit Observation
1	Unsound asset management	--
2	Weak financial management	638.092
3	Weak Internal controls relating to financial management	1,596.57
4	Others	2.025
Total		2,236.690

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

S. No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year	Total last year
1	Outlays Audited	8.033	2,841.009	34.893	668.318	3,517.360	4,952.705
2	Amount Placed under Audit Observations /Irregularities of Audit	1.34	2,224.062	1.9526	9.333	2,236.690	4,386.414
3	Recoveries Pointed Out at the instance of Audit	1.34	35.009	1.952	3.413	41.714	586.908
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-
5	Recoveries Realized at the instance of Audit	--	-	--	-	-	-

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

S.No	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations, principle of propriety and probity in public operation	2,234.66
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	0
3	Accounting Errors (accounting policy departure from NAM ⁴ , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	0
4	Quantification of weaknesses of internal control systems.	0
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	2.025
6	Non-production of record	0
7	Others, including cases of accidents, negligence etc.	0
Total		2,236.690

⁴ The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are IPSAS(Cash) compliant.

CHAPTER 1

1.1.1 District Government Mardan

1.1.1 Introduction

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

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

Under Section 29(k) of the Khyber Pakhtunkhwa LGO 2001, Executive District Officer (EDO) acts as Departmental Accounting Officer for his respective group of offices and he is responsible to the District Accounts Committee of the Zilla Council. All departments perform functions / activities under provisions of LGO, 2001, Khyber Pakhtunkhwa District Government Rules of Business, 2001 and provisions of Local Government Act 2012.

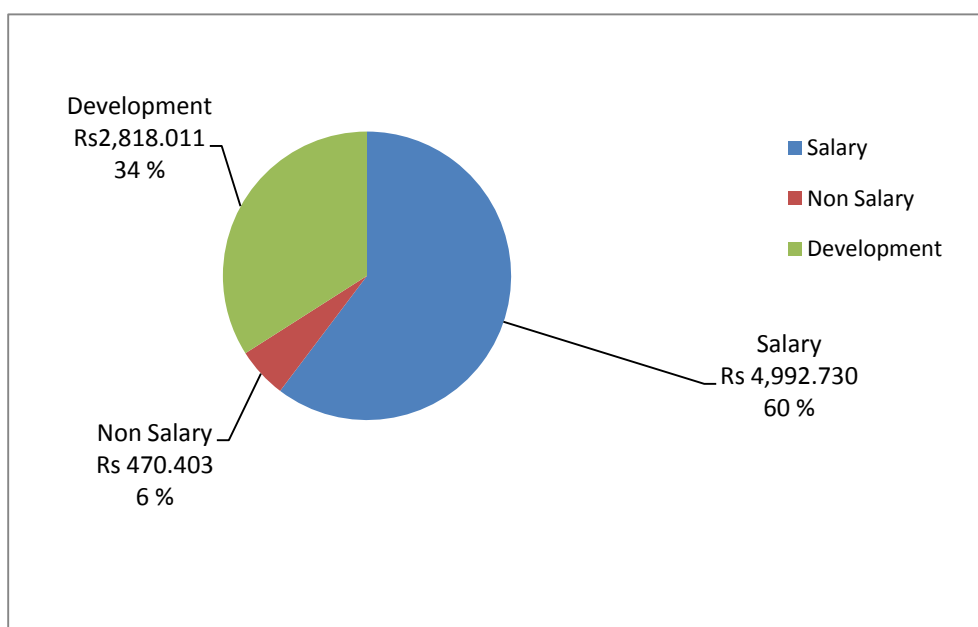
1.1.2 Brief Comments on Budget and Expenditure (Variance Analysis)

(Rs in million)

2012-13	Budget	Expenditure	Saving/Excess	%age Excess/Saving
Salary	5,104.81	4,992.730	112.08	2.195
Non-salary	480.60	470.403	10.20	2.122
Developmental	2,877.39	2,818.011	59.38	2.063
Total	8,462.804	8,281.144	181.660	6.380

EXPENDITURE 2012-13

Rs in million



Detail is given at annexure-B

1.1.3 Compliance with PAC/ZAC directives

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

S. No	Audit Year	PAC/ZAC meeting convened /Not convened
1	2002-03	Convened
2	2003-04	Not convened
3	2004-05	Not convened
4	2005-06	Not convened
5	2006-07	Not convened
6	2007-08	Not convened
7	2008-09	Not convened
8	2009-10	Not convened
9	2010-11	Not convened
10	2011-12	Not convened
11	2012-13	Not convened

1.2 AUDIT PARAS

1.2.1 Fraud/Misappropriation

1.2.1.1 Misappropriation on account of P.O.L-Rs2.025 million

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

Medical Superintendent, District Headquarter Hospital Mardan incurred expenditure of Rs7,840,194 on account of POL of Generators and ambulances during 2012-13. However, it was observed that P.O.L was drawn in excess of the permissible mileage per gallon, which tantamount towards misappropriation of Govt funds to the tune of Rs 2,025,132. Detail is given at Annex-C.

Audit observed that irregularity occurred due to negligence and weak internal controls

When reported in August 2013, Management stated that record will be checked in detail and if any loss to Govt is found then recovery will be made with intimation to audit.

Request for convening of DAC meeting was made in August, 2013. DAC was not conducted till finalization of this report.

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

AP 50 (2012-13)

1.2.2 Non-production of record

1.2.2.1 Non-production of record

Section 14 (3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provides that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

During audit for the year 2012-13 the following offices failed to produce record for verification:-

S.No	Name of office	Nature of record
1	Medical superintendent Mardan	Record of CT Scan, Gynae ward and physiotherapy.
2	DCO Mardan	i. Deputy Commissioner Mardan made payments under CMD, TKP and Tobacco Cess during 2012-13 but no computerized record/data of the schemes were produced to audit for scrutiny. ii. Reconciliation statement for the month of June, 2013 iii. Arms License record. iv. Government Residential accommodation record of the district.
3	DOR&E Mardan	Land acquisition and compensation record to audit for the year 2012-13.

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

When reported in July & August 2013, Management of the M.S DHQ Mardan stated that the record would be produced however; the DCO management did not respond to the audit observation.

Request for the convening of DAC meeting was made to DCO Mardan & EDO (Health) Mardan on 18-07-2013 and 29-08-2013 respectively. However, DAC was not held till finalization of this report.

Audit suggests disciplinary action against the person(s) at fault for non production of record.

AP 63, 18 & AP 20 (2012-13)

1.2.3 Irregularity/ Non compliance

1.2.3.1 Unauthorized advance payment on account of Chief Minister Directives fund-Rs 597.943 million

According to the Finance Department Letter NO.SAO(DEV-1)FD/6-50/2005-06/SPL Package/Transfer, dated 18-09-2006, the DCO's were declared as DDO's for Chief Minister Directive funds for payment made on schemes other than Works & Services/drinking water supply and sanitation as per following procedure.

- i. The respective executing agency other than Works and Services/Drinking Water & Sanitation Departments will submit the contractor's bill along with all relevant documents required for audit purpose to the District Coordination Officer for arranging payments.
- ii. The District Coordination Officer will scrutinize the bill for payment and submit to the District Accounts Office on simple receipt with all relevant documents for issuance of cheques.

District Coordination Officer Mardan during the financial year 2012-13 paid Rs 597, 943,000 to various Project Leaders for the repair of Masajids/Madrassas in District Mardan out of Chief Minister Directive's fund. Detail at Annex-D. Audit noticed the following irregularities.

1. Full payments were made in Advance through cheque to Project Leaders without work done and pre audit. Cash Book was not maintained. Relevant record of the schemes was not available.
2. Physical progress of the civil works was not available till date of Audit.

Audit was of the view that irregular withdrawal of money occurred due to poor financial management.

When reported in July 2013, Management did not give any reply.

Request for the convening of DAC meeting was made on 18-07-13. DAC meeting could not be convened till finalization of this report.

Audit suggests deposit of the money into Government treasury and action against the person(s) at fault.

AP 15 (2012-13)

1.2.3.2 Unauthorized withdrawal- Rs 1.340 million

Rule 379 of Federal Treasury Rules Volume 1 prohibits the withdrawal of money from Government Treasury in advance of the supply received.

Medical Superintendent District headquarter Hospital Mardan withdrew Rs1,340,901 on account of supply of machinery & equipments during the financial year 2012-13. However, neither the items were purchased nor the money was deposited in the Government treasury. Detail is given below:

S.No	Name of Firm	DD No & date	Amount (Rs)
1	M/S Continental enterprises Peshawar	935440 dated 4-6-13	295,287
2	M/S Sudais Associates Peshawar	935441 dated 4-6-13	70,998
3	M/S Zaman Medicose Mardan	080345, dated10-6-13,080398 dated 24-6-13, 080489 dated 4-6-13	974,616
Total			1,340,901

Audit was of the view that unauthorized withdrawal of money occurred due to poor financial management.

When reported in August 2013, management stated that the purchase of equipment was under process while payment had not been made.

Reply was not tenable as funds cannot be drawn from treasury in advance.

Request for the convening of DAC meeting was made on 29-08-13. DAC meeting could not be convened till finalization of this report.

Audit suggests deposit of the money into Government treasury and action against the person(s) at fault.

AP 53 (2012-13)

1.2.3.3 Loss due to non deduction of Income Tax, Self Help and Security from CMD payments-Rs 35.009 million

According to the Finance Department Letter NO.SAO(DEV-1)FD/6-50/2005-06/SPL Package/Transfer, dated 18-09-2006. The DCO's were declared as DDO's for CMD funds for payment made on schemes other than Works & Services/drinking water supply and sanitation as per following procedure.

- i. The respective executing agency other than Works and Services/Drinking Water & Sanitation Departments will submit the contractor's bill along with all relevant documents required for audit purpose to the District Coordination Officer for arranging payments.
- ii. The District Coordination Officer will scrutinize the bill for payment and submit to the District Accounts Office on simple receipt with all relevant documents for issuance of cheques.

District Coordination Officer Mardan paid Rs236,550,000 to various project leaders out of Chief Minister Directive fund on account of Repair/construction of Masajid in District Mardan during the financial year 2012-13. However, deduction for Income Tax, Security and Self Help as required under the rules and Project Committee formation guidelines were not deducted from these payments which resulted in loss to Govt. Detail is below:

Total Payment	6% Income Tax	0.8% Self Help	8% Security	Total
236,550,000	14,193,000	1,892,000	18,924,000	35,009,000

Audit was of the view that loss to Govt occurred due to poor financial management.

When reported in July 2013, Management did not reply.

Request for the convening of DAC meeting was made on 18-07-13. DAC meeting could not be convened till finalization of this report.

Audit suggests deposit of the money into Government treasury and action against the person(s) at fault.

AP 01 (2012-13)

1.2.3.4 Unauthentic payment on account of Polio Campaign- Rs3.800 million

The Head of an office is personally responsible for the amount drawn on a bill signed by him or on his behalf until he has obtained a legally valid acknowledgement on the office copy of the bill (Treasury Rules 283).

District Coordination Officer Mardan drew Rs 3,800,000 during the financial year 2012-13 vide cheque number 0350218 dated 18-07-2012 on account of Polio Campaign for further disbursement to EDO (Health) and District Support Manager (PPHI) Mardan. Actual payee receipts of the payments were not available on record to authenticate the payment

Audit was of the view that unauthentic payment occurred due to poor financial management.

When reported in July 2013, Management did not give any reply.

Request for the convening of DAC meeting was made on 18-07-2013. DAC meeting could not be convened till finalization of this report.

Audit suggests authentication of the payment under the rules and action against the person(s) at fault for non compliance.

AP 03 (2012-13)

1.2.4 Internal Control Weaknesses

1.2.4.1 Irregular lump sum payment to executing agencies out of CMD funds-Rs1, 591.110 million

According to Tameer Sarhad Program guidelines issued by Government of NWFP, DCO will release funds to the executing Agency / TMA, on case to case basis and will be responsible for its implementation, monitoring and physical inspection and that 15% final payment will be made to Project leaders/contractors after completion certificate by the executing agency and physical verification by the DCO.

District Coordination Officer Mardan drew Rs 1,591,110,900 under Chief Minister Directive fund out of District Account IV on simple receipts and paid in lump sum to Communication and Works Department Mardan and Public Health Departments instead of 85% on case to case basis and 15% after provision of completion report certificate by the executing agency followed by physical inspection by the DCO which was effective way of monitoring. Details at Annex-E.

Audit was of the view that irregular withdrawal of money occurred due to poor financial management.

When reported in July 2013, Management did not give any reply.

Request for the convening of DAC meeting was made on 18-07-13. DAC meeting could not be convened till finalization of this report.

Audit suggests deposit of the money into Government treasury and action against the person(s) at fault.

AP 17 (2012-13)

1.2.4.2 Non supply of medicines-Rs2.120 million

Para 379 of FTR prohibits the drawl of money from government treasury in anticipation of the work done.

The Executive District Officer Health Mardan drew Rs 2,120,320 from Govt treasury on account of purchase of medicines during the financial year 2012-13.

However, the medicines were not supplied till date of audit despite withdrawal of funds from Govt treasury. Detail is below

S.NO	Name of firm	Amount (Rs)
1	Stanily hayatabad	306,000
2	Jawa Lahore	415,916
3	Geofman Karachi	11,820
4	Pharma wise	227,270
5	Rekho Pharma Lahore	250,508
6	Barrett Karachi	153,700
7	Global Islamabad	269,820
8	Elite Lahore	65,892
9	Santé Karachi	35,700
10	Rakashi Poshi Hayatabad	223,600
11	Hafiz Gujranwala	160,094
Total		2,120,320

Audit was of the view that non supply of medicines occurred due to poor financial management.

When reported in August 2013, Management stated that Drug Testing Laboratory reports are awaited & payment will be made after standard quality report of medicines.

Request for the convening of DAC meeting was made on 29-08-13. DAC meeting could not be convened till finalization of this report.

Audit suggests deposit of the money into Government treasury and action against the person(s) at fault.

AP 42 (2012-13)

1.2.4.3 Loss due to re auctioning and non accepting the next bid- Rs1.952 million

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

The Executive District Officer Health Mardan advertised the auction of building of “Eye, ENT and Operation theater Male and Female DHQ Hospital Mardan” during the year 2012-13. The auction was held on 26-12-2012. The highest bid of Rs2,320,000 was offered by Mr. Khadim Hussain S/O Yousam Din resident of Gujar Ghari Mardan against the reserved price of Rs 572,153. An amount equal Rs1,725,000 i.e 3/4th of the bid amount was not obtained from the successful bidder at the spot as required under the NIT therefore, the bidder got the opportunity to escape leaving the call deposit forfeited in favor of Govt. However, instead of awarding the auction to the next lowest bidder with offer rate of Rs 2,300,000 it was re-auctioned on 07-01-2013 showing Mr Asad Ali Guli Bagh Mardan with the offer bid of Rs700,000. Therefore, Government sustained a loss of Rs1,952,000 due to non award of auction to the bidder at the auction held dated 26-12-2013. Detail is below.

S.No	Bid date	Amount (Rs)	Sales Tax Income Tax (Rs)	Income Tax(Rs)	Total (Rs)
1	Bid rate received on Auction held on 26-12-12	2,300,000	368,000	138,000	506,000
2	Bid rate received on Auction held on 07-01-13	700,000	112,000	42,000	154,000
Difference		1,600,000	256,000	96,000	352,000

Audit was of the view that loss to Govt occurred due to poor financial management.

When reported in August 2013, Management stated that the 2nd lowest bidder was informed to deposit 3/4th of the total sale value of the Package-1, but no response was received till the next auction date. The reply was not convincing as security of the second lowest bidder was released later on.

Request for the convening of DAC meeting was made on 03-09-13. DAC meeting could not be convened till finalization of this report.

Audit suggests deposit of the money into Government treasury and action against the person(s) at fault.

AP 44 (2012-13)

1.2.4.4 Overpayment on account of honoraria-Rs1.388 million

According to the Govt of Khyber Pakhtunkhwa Finance Department letter No. DO(PFC-ii)/FD/5-16/2011-12/Mardan dated Peshawar 28-01-13, the Deputy Commissioner is competent to accord sanction for the grant of honoraria equal to one month pay.

The Executive District Officer Finance & Planning Mardan overpaid Rs1,388,777 to various Government officers/officials on account of Honoraria during 2012-13 payment in excess of one month pay. Sanction of the competent authority was also not obtained. Detail at Annex-F.

Admissible (One month pay) (Rs)	Actually drawn (Rs)	Difference (Rs)
421,883	1,810,661	1,388,777

Audit was of the view that overpayment of on account of honoraria occurred due to poor financial management.

When reported in August 2013, Management stated that the amount was drawn in three installments on the direction of Chief Minister KPK, Finance Department.

Request for the convening of DAC meeting was made on 20-08-13. DAC meeting could not be convened till finalization of this report.

Audit suggests deposit of the money into Government treasury and action against the person(s) at fault.

AP 32 (2012-13)

ANNEXURE

Annex-A

Detail of MFDAC Paras (Rs in million)

S No	AP No	Department	Gist of Para	Amount
1	2.	DCO Mardan	inadmissible payment on repair of transformer out of Tameer-e-KPK fund Rs. 4.00 million	4.00
2	5.	-do-	Un-authorized payment on account of street lights Rs. 2.548 million	2.548
3	6.	-do-	Un-authorized payment on account of purchase of crockery for Yateem Khana Rs. 854,000/-	0.854
4	7.	-do-	Unjustified / irregular expenditure Rs. 623,000 non-deduction of sales tax & income tax Rs. 37,380	0.660
5	8.	-do-	Factious expenditure on account of entertainment Rs. 500,000/-	0.500
6	9.	-do-	Misclassification & irregular expenditure Rs. 500,000/-	0.500
7	10.	-do-	Overpayment on account of conveyance allowances non-deduction of 5% repair charges Rs. 84,403/-	0.084
8	11.	-do-	Unjustified payment on account of traveling allowance-Rs43,400	0.043
9	12.	-do-	Misclassification of expenditures-Rs65,000	0.065
10	13.	-do-	Blockage of government funds Rs. 319,000 misappropriation of Rs160,000	0.479
11	14.	-do-	Non maintenance of cash book/record Rs. 2.700 million	2.700
12	19.	-do-	Unauthorized payment of utility bill of the Commissioner House from government funds-Rs289,210	0.289
13	21.	DOR Mardan	Irregular purchase of furniture plant & machinery Rs. 2.582 million	2.582
14	22.	-do-	Loss due to non-deduction of government taxes Rs. 116.121 million	0.116
15	23.	-do-	Un-authorized payment of Sui gas chargers Rs. 183,890	0.183
16	24	DO Finance Mardan	Excess allocation then revised budget Rs. 389.075 million	389.075
17	25	-do-	Unauthorized lump sum provision in budget Rs. 180.381million	180.381
18	26	-do-	Irregular release of conveyance allowance Rs.111.400 million.	111.400
19	27	-do-	Non-release of AOM&R roads funds Rs. 20.576 million	20.576

20	28	-do-	Non-release of CCBs civil defence disaster share Rs. 18.099 million	18.099
21	29	-do-	Unauthorized release of funds from district ADP for time purchase if ineptitudes Rs. 2.00 million	2.00
22	30	-do-	Unauthorized release of additional grants Rs. 1.598 million	1.598
23	31	-do-	Unauthorized release of additional grants Rs. 1.546 million	1.546
24	33	-do-	Double drawl on account of bonus Rs. 741,000 million	0.741
25	34	-do-	Unauthorized release of computer allowance Rs. 193,300 million	0.193
26	35	DO Planning Mardan	Non-monitoring of developmental schemes Rs. 67.038 million	67.038
27	36	-do-	Irregular approval of PC-I causing overpayment Rs. 1.266 million	1.266
28	37	-do-	Overpayment on account of honorarium Rs. 572939	0.572
29	38	-do-	Double drawl on account of bonus Rs. 433,344	0.433
30	39	-do-	Overpayment due to allowing excess steel Rs. 316,986	0.316
31	40	EDO Health Mardan	Non supply of medicines-Rs163,344	0.163
32	41	-do-	Expenditures on substandard medicines and non imposition of penalty-Rs191,504	0.191
33	43	-do-	Non recovery of House Rent and conveyance allowance-Rs341, 340	0.341
34	45	-do-	Loss due to non forfeiture of Call Deposit-Rs300,000	0.300
35	46	-do-	Blockage of Government fund due to Non functional medical equipments-Rs753,965	0.753
36	47	-do-	Overpayment on account of pay and allowances-Rs372,762	0.372
37	49	-do-	Non deposit of auction receipts-Rs11.936 million	11.936
38	51	-do-	Non conducting of DTL tests of medicines-Rs10.00 million	10.00
39	52	-do-	Short deposit of receipts-Rs1.587 million	1.587
40	54	-do-	Mis appropriation on account of contingency-Rs1.100 million	1.100
41	55	-do-	Irregular expenditures on Local Purchase of medicines-Rs676,000	0.676

42	56	-do-	Un-authorized payment of Non Practicing Allowances-Rs384,000	0.384
43	57	-do-	Un-authorized withdrawal of pay & allowances-Rs452,940	0.452
44	58	-do-	Irregular drawl of funds on account of medicines -Rs342,598	0.342
45	59	-do-	Mis appropriation on account of Repair of vehicle -Rs258,000	0.258
46	60	-do-	Loss due to non replacement of short expiry and un necessary purchase of medicines-Rs105,400	0.105
47	61	-do-	Non-imposition of penalty and non recovery of ultra sound receipts-Rs72,250	0.072
48	62	-do-	Non deduction of Income Tax from Doctors share Rs62,968	0.062
Total				839.931

**EDO wise Expenditure Summary
District Mardan 2012-13**

S. No	Description	Expenditure			
		Salary (Rs)	Non Salary (Rs)	Total (Rs)	Percentage
1	DCO	199,060,652	29,765,163	228,825,815	2.76%
2	EDO Agriculture	113,549,086	20,337,271.60	133,886,358	1.61%
3	EDO Community Development	111,279,818	24,069,954.40	135,349,772	1.63%
4	EDO Education	3,758,758,427	290,297,378.00	4,049,055,805	48.89%
5	EDO (Finance & Planning)	20,129,126	4,532,281.60	24,661,408	0.297%
6	EDO (Health)	470,059,832	107,514,958	577,574,790	6.97%
7	EDO (Revenue)	99,311,005	4,827,751.20	104,138,756	1.25%
8	EDO (Woks & Services)	220,582,054	9,395,513.60	229,977,568	2.77%
Total Current Expenditure		4,992,730,000	470,403,000	5,463,133,000	65.9%
Percentage		60%	6%	65.97%	
Developmental Expenditure				2,818,011,000	34.02%
Grand Total				8,281,144,255	100

Annex-C

Detail of misappropriation-Rs 2.075 million

Sr. No	Vehicle No/Generator (KV)	Meter Reading as on 1-7-12	Meter Reading as on 30-6-13	Total Km/Hours	Sanctioned MPG Km/Hour	Rate of POL (Avg)	Amount Paid	Amount Admissible	Mis appropriation
1	Generator 150 KV	5464	6777	1313	15 ltr P/hr	105	3,220,285	2,067,975	1,152,310
2	Generator 50 KV	61	1377	1316	7 ltr P/hr	--do--	1,500,845	967,260	533,585
Total Gross Over Payment									1,685,895
Less Oil Change= Total Hours/oil change after70 hours*rate(2629/70*2200=)									82,685
Total Net Over Payment of Generators (A)									1,603,210
Vehicle/Ambulances									
3	A 1405	199121	226257	27136	8	--do--	447,779	356,160	91,619
4	A 1413	203253	246277	43024	8	--do--	754,442	564,690	189,752
5	A 1470	69185	93897	24712	7	--do--	430,902	370,680	60,222
6	A 1471	91142	146422	55280	8	--do--	870,518	725,550	144,968
7	A 1472	79285	107214	27929	6	--do--	493,671	488,758	4913
9	A 2768	Parked/out of order/not driven				--do--	25,583	0	25,583
10	A 2238	265461	267708	2247	8	--do--	41,203	29,491	11,711
11	A 1297	Parked/out of order/not driven				--do--	21,960	0	21,960
Gross Over Payment							3,181,927	2,575,571	550,728
Less Oil Change= Total Km/oil change after3500*rate(180328/3500*2200=)									128,806
Total Net Over Payment of Vehicles.(B)									421,922
Grand Total A+B									2,025,132

Detail of Advance payment to Project leaders for repair of Masajids

S.No	Constituency	Rs in million
1	PK23	224.35
2	PK24	118.10
3	PK25	56.30
4	PK26	33.50
5	PK27	63.918
6	PK28	38.00
7	PK29	30.20
8	PK30	33.375
Total		597.743

Detail of Lump Sum Payment Made to Various Departments under CMD by the DCO Mardan during 2012-13.

C&W Roads			
S.No	Ref No	Date	Amount
1	9668-72	13-8-12	2,548,000
2	9648-52	13-8-12	1,950,000
3	9653-57	13-8-12	57,185,000
4	8948-52	25-7-12	6,000,000
5	23057-6	14-11-12	13,653,000
6	22470-74	23-10-12	7,212,000
7	22475-79	23-10-12	1,773,000
8	23836-40	11/12/2012	12,015,000
9	2564-68	17-1-13	20,048,000
10	2404-07	10/1/2013	75,179,000
11	760-64	13-3-13	2,200,000
12	2194-98	12/2/2013	3,207,000
13	2596-2600	5/3/2013	10,272,000
14	3936-39	29-4-13	4,826,000
15	3620-23	16-4-13	15,540,000
16	1253-57	12/4/2013	10,796,000
17	4124-27	13-5-13	12,332,000
18	4253-56	23-5-13	5,566,000
TOTAL			262,302,000

PHE			
S.No	Ref No	Date	Amount
1	22480-84	23-10-12	67,841,000
2	9663-67	13-8-12	5,825,000
3	9658-62	13-8-12	215,000,000
4	11871-75	12/10/2012	5,300,200
5	23047-51	14-12-12	4,994,000
6	23600-04	4/12/2012	6,619,000
7	24406-10	27-12-12	1,511,000
8	2470-74	14-1-13	212,500,000
9	24274-78	26-12-12	125,000,000
10	24465-69	31-12-12	242,710,000

11	2199-2204	12/2/2013	1,000,000
12	2963-67	4/2/2013	5,683,000
13	2645-49	6/3/2013	15,000,000
TOTAL			908,983,200
PESCO			
S.No	Ref No	Date	Amount
1	10071	31-8-12	30,000,000
2	10348	6/9/2012	760,200
3	22548-49	30-10-12	2,499,000
4	22548-49	30-10-12	1,298,000
5	23158	19-11-12	2,529,000
6	22702-03	5/11/2012	20,000,000
7	23159	19-11-12	200,000
8	23888	12/12/2012	15,345,000
9	37	2/1/2013	74,697,000
10	7749-54	31-12-12	12,053,000
11	7683-88	31-12-12	1,626,000
12	7713-18	31-12-12	990,000
13	7775-80	31-12-12	1,639,000
14	2465	14-1-13	16,308,000
15	2651	7/3/2013	681,000
16	1310-15	6/3/2013	480,000
17	1464-69	12/3/2013	1,200,000
18	1212-17	1/3/2013	681,000
TOTAL			182,986,200

C&W Buildings			
S.No	Ref No	Date	Amount (Rs)
1	9673-77	13-8-12	10,764,000
2	9739-43	15-8-12	26,252,000
3	10175-79	4/9/2012	14,926,000
4	22398-402	23-10-12	1,300,000
5	12267-71	19-10-12	1,646,000
6	11866-70	12/10/2012	21,328,000
7	22875-79	8/11/2012	2,147,000
8	23053-565	14-11-12	12,309,000
9	23966-69	18-12-12	22,919,000
10	23605-09	4/11/2012	2,273,000
11	23725-29	10/12/2012	9,145,000
12	2408-12	10/1/2013	46,811,000
13	2362-68	19-2-13	36,643,000
14	2543-47	1/3/2013	10,916,000
15	2539-42	1/3/2013	5,838,000
16	2601-05	5/2/2013	3,183,000
17	2534-38	28-2-13	4,557,000
18	3624-27	16-4-13	1,150,500
19	2258-61	12/3/2013	2,732,000
TOTAL			236,839,500
Grand Total			1,591,110,900

Annex-F

S.No	Name	Designation	Amount (Rs)
1	Zaka ullah khatak	DC	80,000
2	Hafiz Muhammad usman	DO F&P	89,218
3	Muhammad Sajid	DO Planning	88,474
4	Sartaj Khan	PO	72,458
5	Muhammad Iqbal	TO	72,458
6	Khurshed ahmed	Programmer	41,446
7	Muhammad Asim	Assistant Programmer	34,093
8	Jehanzeb	PA to EDO	53,217
9	Jehan said	Assistant	43,473
10	Farooq Sahah	Assistant	43,918
11	Wilayat Ali	Assistant	39,499
12	Shamas Gul	Assistant	39,960
13	Hazrat Sher	Assistant	36,237
14	Sartaj	Assistant	34,727
15	Musaddiq Hussain	Assistant	24,874
16	Irfan ullah	Assistant	36,697
17	Imtiaz Khan	DCA	27,498
18	Asghar Ali	DCA	26,697
19	Ibrahim Khan	CO	25,888
20	Shahab Khan	CO	25,888
21	Tahir Qamar	Sub Eng	38,532
22	Iftakhir Khan	Junior clerk	29,615
23	Shad Muhammad	Junior clerk	28,984
24	Fazal Badshah	Junior clerk	29,615
25	Muhammad ali	Junior clerk	28,984
26	Tufail Ahmad	Junior clerk	29,615
27	Mir Zaman	Junior clerk	25,045
28	Zaheer Khan	Junior clerk	25,034
29	Anwar Shed	Driver	25,594
30	Zahiq Khan	Driver	13,646
31	Liaqat Ali	N/Q	21,591
32	Zahoor Ahmad	N/Q	17,005
33	Sajjad	N/Q	14,787
34	Mohabat Shah	N/Q	19,157
35	Khan Sher	N/Q	14,584
36	Immad	N/Q	14,584
37	Muhammad Asif	N/Q	19,218
38	Shakeel ur rehman	N/Q	18,561
39	Hashim Ali	Chowkedar	19,595
40	Izzat Gul	Sweeper	18,311
Total			1,388,777