



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

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AP	Advance Para
ADP	Annual Development Programme
CPWA code	Central Public Works Account code
CPWD code	Central Public Works Department Code
CSR	Composite Schedule of Rate
DAC	Departmental Accounts Committee
DCO	District Coordination Officer
DG	Director General
DDO	Drawing and Disbursing Officer
DHQ	District Headquarter
EDO	Executive District Officer
E&SE	Elementary and Secondary Education
F&P	Finance and Planning
FIR	First Incident Report
GFR	General Financial Rules
IPSAS	International Public Sector Accounting Standard
MS	Medical Superintendent
MB	Measurement Book
NBP	National Bank of Pakistan
PAO	Principal Accounting Officer
PAC	Public Accounts Committee
PC-I	Planning Commission Proforma I
PTC	Parent Teacher Council
RDA	Regional Directorate of Audit
RHC	Rural Health Center
TS	Technical Sanction
TE	Transfer Entry
W&S	Works and Services
WS&S	Water Supply and Sanitation

Preface

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

The report is based on audit of the accounts of various offices of District Government, Nowshera for the financial years 2008-09, 2010- 11 and 2011-12. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2012-13 on test check basis with a view to reporting significant findings to the relevant stakeholders.

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

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

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

Islamabad

Dated:

(Muhammad Akhtar Buland Rana)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General District Governments Audit, Khyber Pakhtunkhwa carries out the audit of 25 District Governments. Regional Directorate of Audit (RDA) Peshawar, on behalf of the DG District Governments Audit, Khyber Pakhtunkhwa carries out the audit of one City District Government and two District Governments namely Peshawar, Charsadda and Nowshera, respectively. The Regional Directorate has a human resource of 12 officers and staff, a total of 3636 man days. The annual budget amounted to Rs6.470 million. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of programmes/ projects.

District Government, Nowshera conducts its operations under Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended). It comprises one Principal Accounting Officer (PAO) covering seven groups of offices i.e. Finance & Planning, Revenue, Works & Services, Education, Health, Community Development & Agriculture. Financial provisions of the Ordinance describe the Government as District Local Fund and Public Account for which Annual Budget Statement is authorized by the District Nazim/Administrator in the form of budgetary grants as per Government of Khyber Pakhtunkhwa, Local Government and Rural Development Department Notification No. SO(E-I)E &AD/0-49/2010 dated 20th February 2010.

Administratively, District Nowshera comprises only one Tehsil i-e Nowshera. District Administration comprises Zilla Nazim/District Administrator and District Coordination Officer.

a. Audit Objectives

Audit was conducted to ensure that:

1. Moneys shown as expenditure in the accounts were authorized for the purpose for which they were spent.
2. Expenditure incurred was in conformity with the law, rules and regulations framed to regulate the procedure for expending the public money.
3. Every item of expenditure was incurred with the approval of the competent authority in the Government for expending the public money.

4. Public money was not wasted.
5. The assessment, collection and account 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 in the audited formations ranged between 20% to 30%.

c. Expenditure audited

Total expenditure of the District Government Nowshera for the financial year 2011-12, was Rs3,027.346 million covering one PAO and 136 formations. Out of this Regional Directorate of Audit (RDA) Peshawar audited an expenditure of Rs605.469 million, which in terms of percentage, is 20% of auditable expenditure. Five formations were planned in Audit Plan and 100% achievement against the planned activities was made.

d. Receipts audited

The receipts of District Government Nowshera for the financial year 2011-12, were Rs9.409 million. Out of this, RDA Peshawar audited receipts of Rs2.54 million which, in terms of percentage, is 27% of auditable receipts.

e. Recoveries at the instance of audit

Recovery of Rs111.785 million was pointed out during the audit. However, recovery of Rs1.055 million was effected till the finalization of this report. Out of the total recoveries, Rs30.340 million was not in the notice of the executive before audit.

f. Desk Audit

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

g. Changes in Rules, Practices and Systems

On pointation of audit, 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.

h. The key audit findings of the report:

- i. Non production of record was noted in one case amounting to Rs46.267 million¹.
- ii. Irregularities/ non-compliance was noted in three cases amounting to Rs45.946 million².
- iii. Internal control weaknesses were noted in nine cases amounting to Rs115.183 million³.

¹ Para 1.2.1.1

² Para 1.2.2.1 to 1.2.2.3

³ Para 1.2.3.1 to 1.2.3.9

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

Recommendations

- i. Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money.
- ii. Strenuous efforts need to be made by the departments to recover long outstanding dues on account of water charges.
- iii. All sectors of District Government need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc to ensure that reported lapses are preempted and fair value for money is obtained from public spending.
- iv. Inquiries need to be held to fix responsibility for losses, irregular payments and wasteful expenditure.
- v. Deduction of taxes on supplies and contracts needs to be ensured.
- vi. Unspent balances/lapsed deposits need to be deposited into treasury.
- vii. Decisions taken in the DAC meetings need to be implemented.

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rs in million)

S.No	Description	No.	Budget
1	Total Entities (PAO) in Audit Jurisdiction	01	3,036.755
2	Total formations in audit jurisdiction	136	3,036.755
3	Total Entities(PAO) Audited	01	608.009
4	Total formations Audited	05	608.009
5	Audit & Inspection Reports	05	608.009
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

Table 2: Audit observation Classified by Categories

(Rs in million)

S.No.	Description	Amount Placed under Audit Observation
1.	Unsound asset management	1.544
2.	Weak financial management	-
3.	Weak Internal controls relating to financial management	113.639
4.	Others	92.213
Total		207.396

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	65.32	161.89	2.54	375.719	608.009	427.200
2.	Amount Placed under Audit Observation /Irregularities of Audit	39.213	8.316	1.544	158.323	207.396*	211.807
3.	Recoveries Pointed Out at the instance of Audit	-	3.929	1.544	106.312	111.785	92.738
4.	Recoveries Accepted /Established at the instance of Audit	-	3.929	1.544	105.09	110.563	2.267
5.	Recoveries Realized at the instance of Audit	-	-	0.439	0.616	1.055	0.498

***The amount placed under audit observation pertains to 2010-11 and 2011-12.**

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	45.946
2.	Report cases of fraud, embezzlement, thefts and misuse of public resources.	0
3.	Accounting Errors (accounting policy departure from NAM ¹² , 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.	113.639
5.	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	-
6.	Non-production of record	46.267
7.	Others, including cases of accidents, negligence etc.	1.544
Total		207.396

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

CHAPTER-1

1.1 District Government Nowshera

1.1.1 Introduction of Departments

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

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

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

1.1.2 Brief comments on Budget and Expenditure (variance analysis)

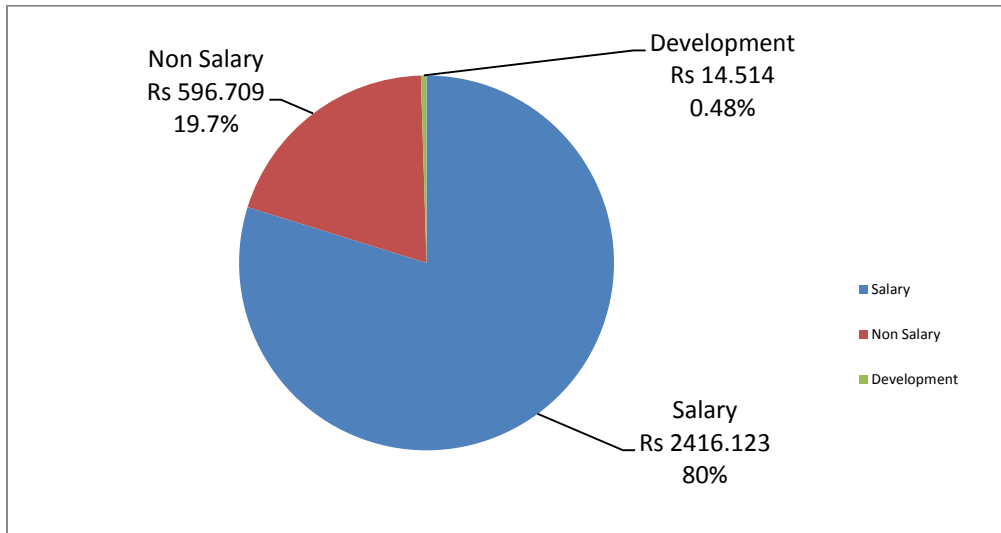
(Rs in million)

2011-12	Budget	Expenditure	Excess/ Saving
Salary	2,490.895	2,416.123	(74.772)
Non-salary	615.54	596.709	(18.831)
Developmental	14.98	14.514	(0.466)
Total	3,121.415	3,027.346	(94.069)

A budget of Rs3,121.415 million was allocated, against which an expenditure of Rs3,027.346 million incurred by the District Government, Nowshera with a saving of Rs94,069 million during 2011-12.

EXPENDITURE 2011-12

(Rs in million)



Detail is given at Annex-B

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

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

S #	Audit Year	PAC/ZAC meeting convened/ Not convened
1	2002-03	ZAC Convened
2	2003-04	Not convened
3	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

1.2 AUDIT PARAS

1.2.2 Non Production of Record

1.2.2.1 Non production of record –Rs46.267 million

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

Deputy District Officer (Female) Primary (E&SE), Nowshera did not produce the following auditable record for Audit during 2010-11. Detail at Annex-C.

1. Pay & Allowances disbursed through Circle incharge Rs38,857,823.
2. Petty Repairs and Class room consumables expenditure amounting to Rs7,410,000.

Audit observed that non production of record occurred due to non compliance of rules, which resulted in non-verification of record.

When reported in April 2012, Management stated that the said record would be collected from the concerned school and shall be produced within week time. No record produced till finalization of this report.

DAC in its meeting held on 13-12-2012, directed the department to produce the complete record to audit within fifteen days. No progress was intimated till finalization of this Report

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

AP No. 166 (2010-11)

1.2.3 Irregularity/Non compliance

1.2.3.1 Unauthorized payment -Rs4.387 million

According to Para 10 of GFR Vol-I, every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety.

Executive Engineer, Public Health Engineering Department Nowshera paid Rs4,387,813 during the year 2010-11 to the contractors under various schemes in absence of all the pre-audit documents i.e. tenders documents, call deposits, agreements, PC-I/Cost estimate and TS despite the directions of Chief Engineer for fulfilling the codal requirements before all such payments, which was not done.

Audit observed that expenditure without fulfillment of codal formalities occurred due to non compliance of Government rules, which resulted in unauthorized payment.

When reported in August 2010, Management stated that matter regarding destruction of record/office building due to heavy floods was reported to the higher-ups of all departments concerned.

DAC in its meeting held on 26-11-2012 directed the department to obtain the record from DAO/AG office and produce to Audit for verification within a week. No progress was intimated to Audit till finalization of this Report.

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

AP No. 53 (2010-11)

1.2.3.2 Irregular advance drawl -Rs37.359 million

According to Rule 290 of the Central Treasury Rules Volume-I, it is not permissible to draw money from Government Treasury in anticipation of demand merely to avoid lapse of Fund.

EDO Health Nowshera, drew Rs37,359,262 in advance from treasury by making fake entries in the stock register on account of purchase of various equipments for health institutions during the year 2011-12. The suppliers, however, failed to supply the equipments till the date of audit dated i.e 24-07-2012. Detail as under:

S.No	ADP No	Institutions	Amount (Rs in million)
1	Scheme # 121 Category C Hospital Pabbi (Umbrella) 2011-12	Pabbi Hospital	27.708
2	Scheme # 203 RHC Phase-II (Umbrella) 2011-12	RHC Pirpai	4.825
3	Scheme # 203 RHC Phase-II (Umbrella) 2011-12	RHC Akbar Pura	4.825
Total			37.358

Audit observed that advance drawl occurred due to weak internal control, which resulted in loss to government.

When reported in July 2012, Management stated that the scheme was approved at very belated stage. So, there was no other option except to utilize the funds as per directives of the higher authorities. However the equipments/instruments are supplied gradually and the payment should be made after fulfilling all codal formalities. The reply was not convincing as the amount was not utilized but kept irregularly in the designated bank account.

DAC in its meeting held on 13.12.2012 directed to complete the supply within one month. No progress was intimated till the finalization of this Report.

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

AP No. 21 (2011-12)

1.2.3.3 Unauthorized re-appropriation from disaster preparedness and relief fund –Rs4.2 million

According to Delegation of Powers (Power of re-appropriation rules 2001) the Executive District officer being category II officer is not empowered to re-appropriate funds.

EDO Finance Nowshera unauthorizedly re-appropriated Rs4,200,000 from disaster preparedness and relief fund to contingency heads during 2011-12. Detail as under:

From head of account	Department	To head of account	Amount (Rs)
A 03921-Unforseen exp for disaster preparedness and relief	District Administration	A03805-TA	50,000
		A03901-Stationery	40,000
		A0902-Printing	70,000
		A03905-Newspaper	8,000
		A03970-Others	150,000
		Ao0601-Purchase of equipment	300,000
		A09701-Furniture	1,982,000
		A09501-Transport purchase of vehicle	1600,000
Total			4,200,000

Audit observed that unauthorized re-appropriation occurred due to weak internal control, which resulted in unauthorized allocation.

When reported in April 2012, Management stated that re-appropriation was made on the instruction of budget development committee. The reply was not convincing as the budget development committee has not been empowered to re-appropriate funds.

Requests for the convening of DAC meeting were made on 28-05-2012, 14-09-2012, 15-11-2012, 27-11-2012 and 30-11-2012. DAC meeting was not convened till finalization of this Report.

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

AP No. 120 (2010-11)

1.2.4 Internal Control Weaknesses

1.2.4.1 Non recovery of water charges -Rs97.374 million

According to Para 8 and 26 GFR Vol-I, it is the duty of the administrative department to see that the dues of the Government are correctly and promptly assessed collected and paid into Treasury.

Executive Engineer Public Health Engineering, Nowshera did not recover long outstanding water charges amounting to Rs97,374,770 from consumers which upto June 2012. Detail at Annex-D.

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

When reported in September 2012, Management stated that detail reply would be given after verification of record. No reply was intimated till finalization of the report

Requests for the DAC meeting were made on 14-09-2012, 15-11-2012, 27-11-2012 and 30-11-2012. DAC meeting was not convened till finalization of this report.

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

AP No. 40 (2011-12)

1.2.4.2 Non recovery of long outstanding loan –Rs7.716 million

According to Para 26 of GFR Vol –I, it is the duty of the departmental controlling officer to see that all sums due to Government are regularly and promptly realized and credited in the public account

During scrutiny of the accounts record of the District Officer Cooperative Societies Nowshera in the year 2008-09, it was observed that loans amounting to Rs7,716,621 including markup was found outstanding against defaulters since long. Detail at Annex –E.

Audit observed that non recovery of loans occurred due to weak internal control, which resulted in loss to government.

When reported in September 2009, Management stated that efforts were being made to recover the outstanding loan. It is mentioned that magistracy powers had been withdrawn from the department so the department cannot force the defaulters.

DAC in its meeting held on 27.1.2010 directed to make recovery besides fixing responsibility. No progress was intimated till finalization of this Report.

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

AP No. 130 (2009-10)

1.2.4.3 Loss to Government -Rs 1.854 million

According to Para 23 GFR Vol-1, 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 either on his part or on the part of his subordinate staff.

EDO (Health) Nowshera purchased various equipments amounting to Rs1,854,480 vide ADP No 248 for operation theatre, blood bank and other units of Civil Hospital Akora Kahattak during 2006-07 but were not installed and lying non functional for four years.

Audit observed that non-installation of equipments occurred due to weak internal control, which resulted in blockage of government funds.

When reported in July 2010, Management stated that due to non sanctioning of concerned specialties the equipments could not be installed and utilized in time.

DAC in its meeting held 13.12.2012 decided that DCO Nowshera will conduct inquiry within one month. No progress was intimated till finalization of this Report.

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

AP No. 6 (2010-11)

1.2.4.4 Overpayment to contractors -Rs1.788 million

According to CSR 2009, rate for item No. 03-06-b “earth filling in lawns” is Rs93.60 per M³.

Executive Engineer Works & Services Division, Nowshera overpaid an amount of Rs1,788,533 to various contractors against the various schemes under the item of work “Earth filling in lawns”. According to CSR 2009, the rate of earth filling in lawns (03-06-b) is Rs93.60 per M³ whereas the local office paid higher rate. Detail at Annex-F.

Audit observed that overpayment occurred due to weak internal control, which resulted in loss to Government.

When reported in November 2012, Management stated that word ‘Earth filling in lawn’ had been erroneously written in the MBs and vouchers hence no higher rates have been paid. Reply was not valid as overpayment occurred due to allowing higher rates.

DAC in its meeting held on 13-12-2012, directed the department to verify the rate analysis of item No.03-06-b of CSR 2009 from Audit within a week time, if the matter is not settled mutually then a joint fact finding inquiry should be conducted. No progress was intimated to Audit till finalization of Report.

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

AP No. 86 (2011-12)

1.2.4.5 Non deposit of Bank Profit -Rs1.544 million

According to Regulation 1 of Annexure A to Para 38 of GFR Vol-I, The departmental authorities are primarily responsible to see that all revenues or other debts due to Government, which have to be brought to account, are correctly and promptly assessed, realized and credited to Public account.

District Coordination Officer, Nowshera did not credit profit of Rs1,544,919 into Government treasury, which was accrued during 2011-12 on account of 90% Zilla tax share and flood funds. Detail as under:

S.No	Nature of Account	Bank/Account No	Profit (Rs)
1	National Income Daily Account	NBP Cantt branch NSR-NIDA 1-9	1,488,119
2	Profit and Loss Sharing Account	UBL Aziz Bhatti Road Nowshera Branch 099-0013-1	56,800
Total			1,544,919

Audit observed that non deposit of profit into government treasury occurred due to weak internal control.

When reported in September 2012, Management stated that proper head of account under which the profit is deposited into Government Treasury may be intimated. The reply was not convincing as it was the responsibility of the DDO to credit the bank profit into relevant head of account.

DAC in its meeting held on 13-12-2012, directed to deposit the profit into Government Treasury within a week time. No progress was intimated till finalization of the Report.

Audit recommends fixing responsibility on the person(s) at fault and deposit of profit into Government treasury under intimation to Audit.

AP No. 56 (2011-12)

1.2.4.6 Missing Vehicle–Rs1.544 million

According to Para 23 GFR Vol-1, 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 either on his part or on the part of his subordinate staff.

During audit of the accounts records of the Executive Engineer Public Health Engineering, Nowshera for the year 2011-12, it was noticed that Single Cab Pickup bearing registration No: AA-1701, Chassis No: KUN-15-R-9401296, Model 2011, in possession of Ex-SDO, was missing since 14-09-2011. The local office neither recovered the vehicle nor lodged FIR.

Audit observed that vehicle was missing due to weak internal control, which resulted in loss to Government.

When reported in September 2012, Management stated that detail reply would be given after verification of record. No reply was intimated till finalization of the report

Requests for the convening of DAC meeting were made on 14-09-2012, 15-11-2012, 27-11-2012 and 30-11-2012. DAC meeting was not convened till finalization of this Report.

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

AP No.41 (2011-12)

1.2.4.7 Overpayment to contractors –Rs1.093 million

Para 220 &221 of CPWD Code provides that “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.”

Executive Engineer Works & Services Department Nowshera overpaid an amount of Rs1,093,326 than the approved CSR Rates 2009 to contractors against the various schemes for the items of work “Sand filling as under floor” and “S/F of Polydex H/pressure including testing charges” during 2011-12. In addition, testing charges of Rs 131,400 for the item was claimed separately whereas testing charges are included in the item. Detail at Annex-G.

Audit observed that overpayment occurred due to weak internal control, which resulted in loss to government.

When reported in November 2012, Management stated that detail reply would be furnished after verification of record. No reply was furnished till finalization of report.

Request for convening of DAC meeting was made on 30-11-12. DAC meeting could not be convened till finalization of this Report.

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

AP No 71, 85 (2011-12)

1.2.4.8 Excess payment of steel than technically sanctioned –Rs1.048 million

Para 220 &221 of CPWD Code provides that “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.”

Executive engineer works and services Nowshera during 2008-09 allowed excess payment of Rs1,048,533 than technically sanctioned on account of excess utilization of 26.8 ton steel in an item of work Fabrication of mild steel, in a work ‘’ construction of District secretariat’’ Sub head ‘’District Assembly Hall’’. Detail as under:

Item of work	TS quantity (Ton)	Paid Quantity (Ton)	Excess (Ton)	Rate per Ton (Rs)	Amount (Rs)
Fabrication of mild steel	65.4	92.20	26.8	27,996	750,293
Add 39.75% above					298,241
Total					1,048,533

Audit observed that excess payment was made due to weak internal control, which resulted in loss to Government.

When reported in August 2012, Management stated that detail reply would be furnished after verification of record. No reply was furnished till finalization of report.

Requests for DAC meeting were made on 27-02-2012 and 15-11-2012. DAC meeting was not convened till finalization of this Report.

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

AP No. 72 (2008-09)

1.2.4.9 Overpayment due to allowing advance increments -Rs1.222 million

According to Government of Khyber Pakhtunkhwa Finance department letter No KC/FD(SR-1)2-123/2011 dated 13-10-2011, no arrear would be admissible on account of advance increment prior to 13-10-2011.

Deputy District Officer Male (E&SE) Nowshera during 2010-11 overpaid arrears of Rs1,221,642 as advance increments on acquiring higher qualification to primary school teachers prior to 13.10.2011 in violation of Finance department directives. Detail at Annex -H

Audit observed that overpayment occurred due to weak internal control, which resulted in loss to government.

When reported in April 2012, Management stated that detail reply would be given after verification of record.

Requests for the convening of DAC meeting were made on 5-06-2012, 14-09-2012, 15-11-2012, 27-11-2012 and 30-11-2012. DAC meeting was not convened till finalization of this Report.

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

AP No. 144 (2010-11)

ANNEXURES

Annex- A

Detail of MFDAC Paras

(Amount in Rupees)

S. No	AP No	Department	Title of Para	Nature of observation	Amount
1	1	MS DHQ	Non supply of medicines and non imposition of penalty	Violation of rules	1,928,000
2	2	MS DHQ	Irregular retention of fund	Violation of rules	7,814,000
3	9	MS DHQ	Unauthorized payment of Non-Practicing Allowance	Violation of rules	468,000
4	12	MS DHQ	Un-authorized payment of salary	Violation of rules	2,735,000
5	13	MS DHQ	Excess expenditure over budget allotment under the head electricity charges	Violation of rules	130,000
6	14	MS DHQ	Irregular payment without the actual work done	Violation of rules	192,000
7	15	MS DHQ	Irregular withdrawal on account of repair of furniture	Violation of rules	107,000
8	16	MS DHQ	Irregular purchase of Machinery and Equipment	Violation of rules	199,000
9	17	MS DHQ	Improper maintenance of cash book	Violation of rules	
10	18	MS DHQ	Excess drawl of posts	Overpayment	756,000
11	19	MS DHQ	Non reconciliation of expenditure and receipt statements	Violation of rules	
12	22	EDO(Health)	Non/ late supply of medicines and non-imposition of penalty	Violation of rules	1,008,000
13	24	EDO(Health)	Un-authorized payment of salary	Violation of rules	349,000
14	27	EDO(Health)	Irregular retention of fund	Violation of rules	56,173,000
15	34	EDO(Health)	Non- retention of guarantee	Misappropriation	4,508,000
16	36	PHE	Suspicious payment of Electricity Charges.	Misappropriation	25,575,000
17	37	PHE	Irregular expenditure on M&R of Tube Wells	Violation of rules	6,697,000
18	43	PHE	Overpayment due to excess quantity of steel	Overpayment	870,000
19	45	PHE	Non- crediting of Government revenue	Violation of rules	922,000
20	46	PHE	Overpayment due to allowing excess rate and quantity	Overpayment	85,000

21	48	PHE	Overpayment due to non deduction of compaction cost	Overpayment	525,000
22	49	PHE	Overpayment to DFO	Overpayment	120,000
23	51	PHE	Unauthorized expenditure without Technical Sanctions	Violation of rules	61,730,000
24	53	PHE	Overpayment due to excess quantity of boring	Overpayment	65,000
25	54	DCO	Unauthorized withdrawal	Violation of rules	2,447,000
26	55	DCO	Irregular payment for compensation of death/ injuries	Violation of rules	300,000
27	58	DCO	Unauthorized payment of Bonus	Violation of rules	799,000
28	59	DCO	Doubtful payment	Violation of rules	10,000
29	60	DCO	Irregular withdrawal on account of entertainment charges	Violation of rules	60,000
30	61	DCO	Loss due to unnecessary expenditure on purchase of motor cycles	Violation of rules	57,000
31	62	DCO	Wasteful expenditure on account of purchase of motor cycles	Violation of rules	255,000
32	63	DCO	Doubtful expenditure on account of repair of vehicle	Misappropriation	107,000
33	87	WORKS	Un-authorized payment	Violation of rules	30,043,000
34	81	WORKS	Misappropriation of Steel	Misappropriation	420,000
35	82	WORKS	Over payment by allowing higher rates	Over payment	116,000
36	83	WORKS	Over payment by allowing higher rates and non-deduction of income tax	Over payment	303,000
37	79	WORKS	Misappropriation of Steel	Misappropriation	748,000
38	78	WORKS	Unauthorized payment	Violation of rules	147,000
39	80	WORKS	Unauthorized payment	Violation of rules	746,000

**EDO Wise Expenditure Summary
District Nowshera 2011-12**

(Amount in Rupees)

S. No	Name of Office	Salary	Non salary	Total	% of Total Expenditure
1	District Coordination Officer	212096736	53688647.47	265785384	8.78
2	EDO Finance & Planning	12168306.19	3080197.808	15248504	.50
3	EDO Revenue	19571667.4	4954231.598	24525899	.81
4	EDO Works & Services	129192570.7	32702881.3	161895452	5.35
5	EDO Education	1567347377	396747080.3	1964094457	64.88
6	EDO Health	366796537.2	92848246.27	459644784	15.18
7	Social Welfare/ Community Development	42578771.89	10778085.11	53356857	1.76
8	EDO Agriculture	54487967.48	13792693.52	68280661	2.255
	Total Current Expenditure			3,012,831,997	99.52
	Total Developmental Expenditure			14,514,000	.47
	Total Expenditure			3,027,345,997	100%

Detail of Non production of record

S. No	Month and year	Pay and Allowances (Rs)
1	July 2010	5,696,823
2	August 2010	4,229,456
3	September 2010	5,430,978
4	October 2010	3,787,330
5	November 2010	3,427,102
6	December 2010	2,939,929
7	January 2011	2,730,138
8	February 2011	2,655,397
9	March 2011	2,461,721
10	April 2011	104,930
11	May 2011	2,457,792
12	June 2011	2,936,227
Sub Total		38,857,823
13	Amount of petty repair paid to Dy: DO Female	5,010,000
14	Amount of CRC paid to Dy: DO Female	2,400,000
Total		46,267,823

Detail of non recovery of water user charges

S.No	Name of W.S Scheme	Total Arrear upto 30/06/12 (Rs)
1	Maira Akora	888,755
2	Lala Zar Shaidu	402,060
3	Surya Khel	470,700
4	Issa Khel Badrashi	910,170
5	Alkwait Badrashi	991,800
6	Jalozi NO. 1	463,640
7	Main Issa	1,444,740
8	Mohib Banda	99,780
9	Jan Abad Pirpai	1,589,830
10	Pir Piai NO.1	5,008,784
11	Pir Piai NO. 2	1,806,883
12	Eidga Badrashi	1,151,100
13	Medina Col: Badrashi	385,560
14	Lalabad Pirpai	656,563
15	Amankot	1,207,460
16	Jalzo NO. 2	282,910
17	Dagi Banda NO.1	928,138
18	Khan Sher	583,335
19	Zao Banda	505,838
20	Wattar	1,528,470
21	Shabara	1,289,672
22	Zara Maina	423,440
23	Walai	1,089,900
24	Mishaq	1,270,904
25	Assori Payan	2,204,190
26	Dagi Banda NO.2	1,952,712
27	Ahmad Nagar	1,083,730
28	Kandar	1,987,920
29	Asam Zai	2,541,530
30	Toor Landi	649,760
31	Jalozi NO.4	26,266
32	Kutarpan	1,262,200
33	Pir Sabaq	1,772,840
34	Kanwari	2,036,780
35	Mughal Kai	1,440,410
36	Gharib Pura	913,061
37	Aman Ghar	3,718,440
38	Aza Khel Bala NO.2	1,565,341
39	Ghandehri	1,255,294
40	Misri Banda	2,484,720

41	Nandrak	1,497,100
42	Tangi Khattak	638,820
43	Namal Payan	1,094,900
44	Khair Abad	3,388,650
45	Bara Khel	193,130
46	Shaidu	690,060
47	Shah Kot Payan/Bala	1,711,420
48	Inzari	2,881,870
49	Rashaki NO.1	1,676,560
50	Badrashi NO.1	4,140,500
51	Jenazga Badrashi	2,706,600
52	Khweshki Bala NO.1	2,975,430
53	Khaisari Lakari	730,520
54	Khweshki Bala-2	995,741
55	Sale Khana	3,800,630
56	Phari Katti Khel	303,240
57	Jabba Thar	461,330
58	Dag Ismail Khel NO.2	913,620
59	Dag Ismail Khel NO.3	281,514
60	Palosai	362,520
61	Bahader Khel	271,320
62	Rashki NO.2	599,640
63	Bara Banda NO.2 Pirpiai	1,180,440
64	Piroiai Station Korona	344,420
65	Manki Sharif NO.2	449,160
66	Manki Sharif NO.3	424,080
67	Aza Khel Payan NO. 2	3,506,760
68	Dheri Kati Khel NO. 2	123,385
69	Kotli Kalan	3,400,466
70	Zando Banda	1,232,598
71	Bara Banda NO. 1	973,100
72	Spin Kani Cherat	114,000
73	Ayub Abad	314,720
74	Dag Ismail Khel NO.1	580,440
75	Hamza Rashaki	2,880
76	Marhati Banda	16,200
77	Jabi Nizampur	37,440
78	Zaidi Colony	83,940
Total		97,374,770

FPCB Ltd Nowshera Branch
Summary of default cooperatives loans of Nowshera Branch as on 30.06.2009

S. No	Principal Loan	Mark-up	Total
1	110234.54	236206.43	346444.97
2	107289.30	9310.77	116600.07
3	253494	202083.46	455577.46
4	231013.44	170915.23	401928.67
5	110769.41	18953.99	129723.40
6	597775	50601	648376
7	298265	6444	304709
8	81664	Nil	81664
9	203812	32012.04	235824.04
10	161619.50	84315	245934.50
11	33400	65837	99237
12	Nil	20027	20027
13	25476.13	1364.27	26840.40
14	44410.63	4987.53	49398.16
15	107119.25	23617.30	130736.55
16	8000	285.60	8285.60
Total	2,374,346.20	926,960.62	3,301,306.82

FPCB Ltd Pabbi Branch

Summary of default cooperatives loans of Pabbi Branch as on 30.06.2009

S. No	Principal Loan	Mark-up	Total
1	201390.80	941599.67	1142990.47
2	399376.34	240473.40	639849.74
3	25930	Nil	25930
4	18612	Nil	18612
5	233965	23000	256965
6	177850	27956.93	205806.93
7	35039.33	26955.73	61995.06
8	1930385.57	84559.24	2014944.81
9	10780	Nil	10780
10	33330.21	4110.75	37440.96
Total	3,066,659.25	1,348,655.72	4,415,314.97
Grand Total			7,716,621.79

Annex –F

Detail of Overpayment

S.No	Name of Work	Name of contractor	Voucher #	Rate Paid	Rate	Difference	Quantity	Amount
			Date	(Rs)	admissible			
1	Re-Const of Govt Colleges in KPK damaged due to flood (G.C Boys pabbi)	Seven star	87-B II	302.49	93.60	208.89	2055.32	429335
			28/06/12					
Deduct 14% below								369,228
2	Etab of 200 Pry school (B&G) in KPK (GPS Banda sheikh ismail)	M/S Salman ahmed	61-B II	404.16	93.60	310.56	400.87	124,494
			25/06/12					
Deduct 30% below								87,146
3	Etab of 15 Nos BHU's in KPK (Zare maine)	M/S Mohammad Ajmal	103-B I	404.16	93.60	310.56	3840.26	1,192,632
			22/06/12					
Deduct 18.10% below								976,765
4	Up-Grad OF 150 High schools to Higher secondary in KPK (GGHS Akbarpura)	M/S Naseer Khan	92-B	337.10	93.60	243.5	225.50	54,910
			21/06/12					
Add 20% above								65,892
5	Balance civil works & purchase of equipments in diff hosp in KPK (Emergency satellite hosp Development work)	Seven star	59-BI	219.87	93.60	126.27	2102.2	265,445
			15/06/12					
Deduct 18 % below								217,665
6	Up-Grad OF 150 middle schools to Higher level in KPK (GGHS Akbarpura)	M/S Haji Fida	76-BI	404	93.60	310.4	267.55	83,048
			19/06/12					
Deduct 13.50% below								71,837
Grand Total								1,788,533

Detail of Overpayment

S.No	Name of Work	Name of contractor	Voucher#	Rate Paid (Rs)	Rate admissible (Rs)	Difference (Rs)	Quantity executed	Amount Overpaid (Rs)
			Date					
1	U/G of 100 MS To HS (B&G) on need basis (GMS Sewai)	M/S Liaqat ali	69-B II	712.91	418.91	294	35.33	10,387
			28/06/12					
Deduct 20.20% below								8,288
2	Const of boundary wall & guard room at C&W store Azakhel	M/S Madina	64-B II	712.91	418.91	294	17.883	5,258
			25/06/12					
Deduct 15.15% below								4,461
3	U/G of 100 Pry school to middle (B&G) on need basis (GGPS Kurvi)	M/S Kuza Banda Trend Engineering	53-B II	712.91	418.91	294	58.86	17,305
			22/06/12					
Deduct 16.51% below								14,448
4	U/G of 150 Pry school to middle (B&G) on need basis (GGPS charpani)	M/S Mohammad Ajmal	40-B II	712.91	418.91	2	64.28	18,898
			21/06/12					
Deduct 13.30% below								16,385
5	Rep & Rehb and const of 122 Girls school flood effected in KPK (GGHSS Akora Khattak)	M/S Haji Mohammad saeed	34-B II	712.91	418.91	294	44.16	12,983
			21/06/12					
Add 10% above								14,281
6	Const of 200 primary school in KPK (GGPS Chowki drab)	M/S Waheed khan	25-B II	712.91	418.91	294	33.10	9,731
			19/06/12					
Add 20% above								11,677
7	Rep & Rehb of Govt colleges in KPK Damaged due to flood (GGDC Pabbi)	M/S Seven star	167-B I	712.91	418.91	2	1398	411,012
			25/06/12					
Deduct 18% below								337,030
8	U/G of 150 high school to higher secondary level (GHS Misri Banda)	M/S Sajjad Ahmed	144-B I	712.91	418.91	294	63.14	18,563
			22/06/12					
Add 20% above								22,276

9	Balance civil works & purchase of equipment in diff hosp in KPK (Emergency satellite hosp Pabbi Type III Residnc	M/S Khan & sons	126-B I	712.91	418.91	294	83.69	24,605
			22/06/12					
Deduct 15% below								20,915
10	Up-Gradation of 150 middle schools to high level (GHS Zanda Banda)	M/S Sher Ali	112-B	712.91	418.91	294	19.25	5,660
			22/06/12					
Add 20% above								6,792
11	Balance civil works & purchase of equipment in diff hosp in KPK (Emergency satellite hosp Nursing flats)	M/S Rahim khan	107-B I	712.91	418.91	294	27.83	8,182
			22/06/12					
Deduct 14.60% below								6,988
12	Estab of 15 Nos BHU's in KPK (Zare maine)	M/S Mohammad Ajmal	103-B I	712.91	418.91	294	457.29	134,443
			22/06/12					
Deduct 18.10% below								110,109
13	Estab of 15 Nos BHU's in KPK (Zare maine)	M/S Mohammad Ajmal	103-B I	712.91	418.91	294	215.88	63,469
			22/06/12					
Deduct 18.10% below								51,981
14	Estab of 15 Nos BHU's in KPK (Zare maine)	M/S Mohammad Ajmal	103-B I	712.91	418.91	294	96.83	28,468
			22/06/12					
Deduct 18.10% below								23,315
15	Estab of 15 Nos BHU's in KPK (Zare maine)	M/S Mohammad Ajmal	103-B I	712.91	418.91	294	242.96	71,430
			22/06/12					
Deduct 18.10% below								58,500
16	Special repair of all residential/non residential bldg(Const of class IV quarters C&W)	M/S Dad Mohammad	101-B I	712.91	418.91	294	31.60	9,290
			21/06/12					
Deduct 10% below								8,360
17	Up-Gradation of 100 middle schools to high level (GMS Tarkha)	M/S Khadim shah	29-B	712.91	418.91	294	45.15	13,275
			12/06/12					

	Add 20% above							15,930
18	U/G of 150 Pry school to middle (GGPS Mian Essa)	Fazal Ullah	24-B	712.91	418.91	294	33	9,702
			26/10/12					
	At Par							9,702
19	U/G of 150 Pry school to middle (GGPS Batakzai)	M/S Seven Stars	72-B	712.91	418.91	294	71.2	20,932
			25/10/11					
	Deduct 15% below							17,792
20	Const of MNCH school (MNCH Prog)	M/S Khan	10-B	712.91	418.91	294	111.14	32,675
			14/10/11					
	Deduct 30% below							22,872
21	Const of 1000 Addtl C/Rooms in Pry, Middle & High schools (GHS Marhatt Banda)	M/S Waheed Khan	20-BII	712.91	418.91	294	197.31	58,010
			31/10/11					
22	Special repair of all residential/non residential bldg(Const of office Block C&W)	M/S Khan Bahadar	1-B	712.91	418.91	294	91.79	26,986
			12/12/11					
	Deduct 10% below							24,288
23	Up-Gradation of 150 middle schools to high level (GGMS Sadat abad)	M/S Haji Fida	2-B	712.91	418.91	294	33.89	9,964
			06/09/11					
	Deduct 13.50% below							8,619
24	Up-Gradation of 100 middle schools to high level (GGMS Hasan Khel Misri Banda)	M/S Sajjad Ahmed	13-B	712.91	418.91	294	104.24	30,647
			19/10/11					
	Deduct .50% below							30,494
	Grand Total							903,513

Detail of Overpayment

S. No	Name	Designation	Amount (Rs)
1	Khadim Hussain	Primary School Teacher	34,016
2	Umar Ali Khan	Primary School Teacher	21,678
3	Iftikhar Ali Khan	Primary School Teacher	35,734
4	Muhammad Hayat	Primary School Teacher	31,484
5	Adnan Yousaf	Primary School Teacher	27,174
6	Muhammad Ali Johar	Primary School Teacher	31,394
7	Shah Jahan	Primary School Teacher	33,961
8	Muhammad Israr	Primary School Teacher	30,134
9	Rahman Shah	Primary School Teacher	38,548
10	Mian Muhammad Alam Shah	Primary School Teacher	38,186
11	Mian Shah Jehan	Primary School Teacher	35,079
12	Muhammad Khan	Primary School Teacher	19,870
13	Khan Wali	Primary School Teacher	60,691
14	Asad Ullah	Primary School Teacher	32,842
15	Iltaf Khan	Primary School Teacher	38,241
16	Farhad Ali	Primary School Teacher	48,132
17	Mukhtiar Ud din	Primary School Teacher	39,416
18	Wazir Zada	Primary School Teacher	60,092
19	Fazli Rabbani	Primary School Teacher	42,942
20	Najmal Hassan	Primary School Teacher	26,474
21	Roohul Amin	Primary School Teacher	29,155
22	Raham Zaman	Primary School Teacher	20,375
23	AurangZeb	Primary School Teacher	34,122
24	Nusrat Khan	Primary School Teacher	36,441
25	Fazal Malik	Primary School Teacher	36,132
26	Muhammad Shafi	Primary School Teacher	40,209
27	Zahoor Ahmad	Primary School Teacher	15,183
28	Asghar Khan	Primary School Teacher	29,502
29	Mir Ahmad Khan	Primary School Teacher	45,593
30	Zair-Ullah Khan	Primary School Teacher	43,435
31	Abdul Wali Khan	Primary School Teacher	18,116
32	Shamshad Ahmad	Primary School Teacher	26,881
33	Ihsan Ur Rahman	Primary School Teacher	41,347
34	Asghar Ali Khan	Primary School Teacher	44,383
35	Hazrat Ali	Primary School Teacher	33,680
Total			1,221,642