



**PERFORMANCE AUDIT REPORT
ON THE ACCOUNTS OF
KHYBER PAKHTUNKHWA INFORMATION
TECHNOLOGY BOARD PESHAWAR
SCIENCE & TECHNOLOGY AND INFORMATION
TECHNOLOGY DEPARTMENT
GOVERNMENT OF KHYBER PAKHTUNKHWA**

AUDIT YEAR 2021-22

AUDITOR-GENERAL OF PAKISTAN

SERVING THE NATION BY PROMOTING ACCOUNTABILITY, TRANSPARENCY AND
GOOD GOVERNANCE IN THE MANAGEMENT AND USE OF PUBLIC RESOURCES

FOR THE CITIZENS OF PAKISTAN

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 require the Auditor-General of Pakistan to conduct audit of the accounts of the Province and the accounts of any authority or body established by or under the Act of the provincial assembly. The performance audit of the "Khyber Pakhtunkhwa Information Technology Board" for the Financial Years 2016-17 to 2020-21 was carried out accordingly.

The Director-General Audit Khyber Pakhtunkhwa conducted performance audit of the Khyber Pakhtunkhwa Information Technology Board during May 2022 for the period 2016-17 to 2020-21 with a view to report significant findings to stakeholders. Audit examined the economy, efficiency and effectiveness of the board. In addition, auditors also assessed, on a test check basis, whether the management complied with applicable laws, rules and regulations in managing the board. The Audit Report suggests specific measures which, if taken, will help the management realize the objectives of the board. All the observations included in this report have been finalized in the light of discussion in DAC meeting held on 28-12-2022

The Audit Report is submitted to the Governor of Khyber Pakhtunkhwa in pursuance of the Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before the Provincial Assembly of Khyber Pakhtunkhwa.

Islamabad:
Dated:

(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS.....	I
EXECUTIVE SUMMARY.....	1
1. INTRODUCTION.....	3
2. AUDIT OBJECTIVES	4
3. AUDIT SCOPE AND METHODOLOGY.....	4
4. AUDIT FINDINGS AND RECOMMENDATIONS.....	4
4.1 Organization and Management.....	4
4.2 Procurement and Contract Management.....	9
4.3 Monitoring & Evaluation.....	13
4.4 Compliance with rules.....	19
4.5 Overall Assessment	30
5. CONCLUSION.....	31
ACKNOWLEDGEMENT	32
ANNEXURES.....	33

ABBREVIATIONS AND ACRONYMS

ACCA	Association of Chartered Certified Accountant
ACMA	Associate Chartered Management Accountant
AD	Assistant Director
ADP	Annual Development Program
AG	Accountant General
BA	Bachelor of Arts
BHU	Basic Health Unit
BPO	Business Process Outsourcing
BPS	Basic Pay Scale
BS	Bachelor of Science
CA	Chartered Accountant
CERC	Cyber Emergency Response Center
CFC	Citizen Facilitation Center
CGPA	Cumulative Grade Point Average
CIA	Certified Internal Auditor
CISA	Certified Information System Auditor
CPA	Certified Public Accountants
CV	Curriculum Vitae
DAI	Digital Adoption Index
DD	Deputy Director
DESI	Digital Economy and Society Index
DOI	Digital Opportunity Index
DSI	Digital Skills Index
EDBI	Ease of Doing Business Index
EGDI	Electronic Government Development Index
EOBI	Employee Old Age Benefit Institution

FY	Financial Year
GCI	Global Competitive Index
GFR	General Financial Rules
GOVT	Government
HCI	Human Capital Index
HEC	Higher Education Commission
HR	Human Resources
HSSC	Higher Secondary School Certificate
ICT	Information and Communication Technology
INTOSAI	International Organization of Supreme Audit Institutions
ICMA	Institute of Cost and Management Accountants
IDI	ICT Development Index
IT	Information Technology
iOS	iPhone Operating System
JV	Journal Voucher
KM	Kilo Meter
KP	Khyber Pakhtunkhwa
KPI	Key Performance Indicator
KPITB	Khyber Pakhtunkhwa Information Technology Board
KPPRA	Khyber Pakhtunkhwa Public Procurement Regulatory Authority
KPPSC	Khyber Pakhtunkhwa Public Service Commission
LLB	Bachelor of Laws
MA	Master of Arts
MD	Managing Director
MS	Master of Science
MTO	Management Trainee Officer
NRI	Network Readiness Index

OSI	Online Service Index
PIA	Pakistan International Airline
PKR	Pakistani Rupee
POL	Petroleum, Oil and Lubricant
SBD	Standard Bidding Documents
SOP	Standard of Operating Procedures
SSC	Secondary School Certificate
ST	Science and Technology
ST&IT	Science technology and information technology
TOR	Term of References
UET	University of Engineering and Technology
UK	United Kingdom
UN	United Nations
WEF	With Effect From

EXECUTIVE SUMMARY

The Directorate-General Audit Khyber Pakhtunkhwa conducted performance audit of “Khyber Pakhtunkhwa Information Technology Board (KPITB)” in May, 2022 for the Financial Years 2016-17 to 2020-21. The main objectives of the audit were to assess whether the Khyber Pakhtunkhwa Information Technology Board achieved its objectives economically, efficiently and effectively. The audit was conducted in accordance with the INTOSAI Auditing Standards.

Khyber Pakhtunkhwa Information Technology Board is an initiative of Science Technology and Information Technology Department of the Government of Khyber Pakhtunkhwa. It is a public sector autonomous organization established under an Act of the Khyber Pakhtunkhwa Assembly in May 2011 for the promotion of Information Technology, Information Technology enabled services and Information Technology enabled education for the public and private sector of the Province of the Khyber Pakhtunkhwa.

The vision of KPIT Board is to bring a systematic digital transformation in Khyber Pakhtunkhwa by leveraging Information and Communication Technologies for job creation, connectivity, empowerment and inclusive economic growth. In order to realize the vision Khyber Pakhtunkhwa Information Technology Board has adopted the best practices that have led many countries to a successful transformation by working on four main pillars of the digital policy i.e. Digital Economy, Digital Access, Digital Skills, and Digital Governance. Under each pillar, multiple projects of different magnitudes and scales were implemented and executed across the province.

The performance audit observed a plethora of serious issues in KPIT Board. Amongst them, ineffectiveness of the Board has been a major concern for the audit. It has failed to achieve many of the objectives set for it in its legislation. These include implementation and promotion of IT, establishment of call centers and IT centric provision of services, education in public and private sector, undertaking of research on the IT sector for the purpose of fast track, sustainable development of KP Information Technology Industry; development and execution of marketing plan to help local software firms to establish their software development facilities in the Province; failure in collaboration with Universities for selecting and supporting IT Savvy Brains; establishment of payment gateway and digitalization of government departments. Besides sluggish performance of the Board, merit in appointments of Managing Director (MD), Deputy Directors (DD), Assistant Directors (AD) and other staff was compromised.

Key Audit Findings:

- Poor performance regarding digitalization of government departments
- Non-effectiveness of the IT parks and non-implementation of KP Integrated Payment Gateway Application
- Non-conducting of Feasibility Study for the “Durshal” project
- Doubtful expenditure on account of HRA - Rs. 6.139 million

- Non-achievement of KPIs by the Managing Director
- Non-forfeiture of Performance Security - Rs. 2.658 million
- Doubtful selection of consultant costing - Rs. 9.747 million
- Mis-procurement and conflict of interest - Rs. 250 million
- Wasteful expenditure on the projects due to non-achievement of project objectives
- Irregular appointment of Managing Director, Directors, Deputy Directors, Assistant Directors and other officers
- Misclassification of Rs.3.995 million and unauthorized payment on account of space rent/utilities/cost of internet of Rs. 749,724/-
- Loss to government due to excess/unauthorized consumption of POL of Rs.1.486 million and misuse of resources

Recommendations:

- Public sector departments may be digitized, ensuring transparency and efficiency in decisions
- The process of collaboration with universities may be expedited in order to attract talent and achieve excellence in the field of IT industry
- The implementation of payment gateway system may be expedited in order to fulfill and promote objective of digitization of the economy
- There is a need to extend help to the struggling and newly developed software firms for which elaborate mechanism may be established
- The projects undertaken by the Board may also be expedited so that their benefits may be reaped at earliest
- The Government should revisit appointments in KPITB on purely merit basis
- Conduct joint inquiries for different issues highlighted so that the persons at fault may be held responsible for violation of rules and regulations and non-effectiveness of the Board

1. INTRODUCTION

Khyber Pakhtunkhwa Information Technology Board (KPITB) is an autonomous body of the department of Science & Technology and Information Technology, which was established on 2nd October 2002 and is responsible for Science and technology and Information Technology. The Government of Khyber Pakhtunkhwa established a public sector autonomous organization under an Act of the Khyber Pakhtunkhwa Assembly in May 2011 named as Khyber Pakhtunkhwa Information Technology Board for the promotion of Information Technology, Information Technology enabled services and Information Technology enabled education for public and private sector of the Province of the Khyber Pakhtunkhwa.

The income and expenditure of the KPITB for the last five years was as follow:

Rs. in million			
Sr.No	Financial Year	Income	Expenditure
01	2016-17	53.83	134.71
02	2017-18	41.46	270.77
03	2018-19	29.78	298.11
04	2019-20	56.96	295.38
05	2020-21	6.56	254.104

1.1 KPITB Objectives

According to the KPITB Act of 2011, the KPITB shall provide the following:

1. **Digital Access** to ensure that all areas of KP are provided with affordable, reliable internet connectivity.
2. **Digital Governance** to work on the capacity building of government agencies to use ICTs to improve service delivery, and accountability, with better citizen engagement.
3. **Digital Skills** to materialize equitable digital inclusion by improving the quality of education through content and technological resources.
4. **Digital Economy** to promote the development of the digital economy as a tool to contribute to the country's economy.

1.2 Vision of KPITB

KPIT Board has vision of systematic digital transformation in Khyber Pakhtunkhwa by leveraging information and communication technologies for job creation, connectivity, empowerment and inclusive economic growth.

2. AUDIT OBJECTIVES

Performance audit was conducted with the following objectives:

- To assess reasons for low rank of Pakistan in Network Readiness Index (NRI), Electronic Government Development Index (EGDI), Digital Skills Index (DSI) and Ease of Doing Business Index (EDBI).
- To assess whether computerization of different departments has been done.
- To see whether KPITB has developed a mechanism to register all freelancers in KP.
- To assess the status and reliability of all projects implemented by KPITB.
- To assess the performance of KPITB projects against intended objectives.
- To see whether inputs for the projects i.e. procurements & hiring etc. have been economically done.
- To determine whether the completed projects of KPITB achieved their objectives efficiently and effectively.
- To see the outcome of the completed projects of KPITB.

3. AUDIT SCOPE AND METHODOLOGY

Transactions / expenditure pertaining to financial years 2016-17 to 2020-21 were audited. The principal methods used for collection of data and evidence were ‘file review’, ‘physical verification’ and ‘dialogue with different officials of the organization’. Afterwards, the findings of audit were substantiated by conducting analysis of budgetary provisions, different sections of KPITB Act 2011, expenditure incurred on operational activities, PC-1 of different projects that subsequently facilitated the identification of high-risk areas.

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Organization and Management

4.1.1 Poor performance regarding digitalization of government departments

According to Section 7 of the KPITB Act 2011 amended with section 5(t) of KPITB Act 2018, which states that without prejudice to the generality of the fore-going sub-section, the Board shall plan, execute, monitor, evaluate and regulate electronic governance and mobile governance of government departments. Read with Sr. No.01 of KPIs set for the post of MD,

- At least 30 services (i.e. 6 per year) should be digitized and should be bundled all of these on Mobile super-application on android and iOS. This should be part of establishment of Citizen Facilitation Centers across the province.
- At least 10 Government departments (i.e. 2 per year) should become paperless Ideally begin with KPITB and S&T/IT, Chief Minister Secretariat, Planning & Development Department, Finance and then others. Digital transformation be in line with the performance Indicators set in Khyber Pakhtunkhwa Good Governance Strategy, 2019.

During performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that the mandate to digitize government departments was given to KPITB vide amendment made in its Act in 2018 and the same was also mentioned as one of the Key Performance Indicator for the Post of MD. However, after amendments in KPITB Act 2018, there were only a few government organizations digitized till date of Audit I.e. May, 2022 as detailed below;

1. Police
2. Local Government (Online Building NoC Approval Platform)
3. Higher Education Department (Online Admission System)
4. Post Graduate Medical Institute
5. Minerals Department
6. Irrigation Department
7. Health Department
8. Benevolent Fund
9. Assasay Program & Assami Programs
10. KP Official Web Portal

As per KPIs set for the post of MD At least 30 services (i.e. 6 per year) were required to be digitized, however, due to lack of interest of the management only 10 services were digitized in the last 05 years. Huge number of government departments were not digitized which is needed to attain higher E-Government Development Index (EGDI). No serious efforts were made for paperless environment in government departments even KPITB itself dependent on paper work.

Furthermore, the KPITB should have developed an Employee Monitoring Software i.e. e-attendance system, leave management to record attendance and leave accounts of employees, electronically in database in order to detect ghost employees. Organizations with large human resource like Police Department could have got greater utility.

The lapse occurred due to non-implementation of Section 7 of KPITB Act 2011.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the management was directed to provide updated status of digitalization to audit. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.95/2021-22

4.1.2 Non-effectiveness of Information Technology Parks

According to section 7(e) of KPITB Act 2011, the Board was required to plan, develop and establish “Software Technology Parks” and Information Technology Parks in the Province with the following objectives:

- To mainstream ICT based Entrepreneurship in KP
- To create job opportunities across KP in ICT Industry
- To train the youth of KP on the new developments in the ICT market
- To aid in the economy of KP through ICT Industry

According to Sr. No. 02 of the KPIs set for the post of Managing Director,

- Increase number of registered IT companies by 30% every. Increase number of non-KP companies setting up shop by 20% each year.
- Increase IT exports from KP by 25% every year.

During Performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that Rs.39.920 million were spent on the subsidies to the IT companies. However, the objectives were not achieved for which IT parks had been established. Audit observed the following;

- 57 IT companies were registered in IT Park Peshawar by 2015. Instead of increase in the number of companies, by 2021 the number of companies decreased to 26. Similarly, in IT park Abbottabad, 16 companies were registered by 2015 and no increase was visible by 2021.
- The number of employees was 426 by 2015 in IT Park Peshawar, which decreased to 285 by 2021.
- The revenue of these companies decreased from Rs.575.537 million (2017) to Rs.289.027 million (2021).

Due to lack of interest of the management instead of increasing the IT companies by 30% every year the No of IT companies in the IT parks were decreased. Furthermore, no efforts were made by the management for the IT exports from KP as it is clearly mentioned in the KPIs for the post of Managing Director to increase IT exports from KP by 25% every year.

The lapse occurred due to weak internal controls.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the management was directed to share updated status of the IT Parks with audit for verification. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.97/2021-22

4.1.3 Non-Implementation of KP Integrated Payment Gateway Application

According to section-5(u) of the KPITB Amended Act, 2018 KPITB shall promote, establish, monitor, evaluate and regulate electronic payments, electronic payment gateways and electronic payment service providers in the province.

During Performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that KPITB Technical Team has developed an Integrated Payment Gateway application and was in the final stages of deployment and contracts were finalized with 1-Link, telecommunication companies and others. Had the payment gateway application been implemented by giving facilities to government and private companies, it would have been a major source of revenue for the KPITB and Provincial Government in the form of commission per transaction. Even the Excise department outsourced the digital payment gateway from, Evamp & Saanga company instead of using the gateway developed by KPITB. There are number of government departments as well as private firms which could use the payment gateway and generated revenue for the KPITB.

The lapse occurred due to non-adherence to the provisions of the Act.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the management was directed to provide agreements, NOC and the related progress to audit for verification. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.98/2021-22

4.1.4 Non-conducting of Feasibility Study for the Project “Durshal” - Rs. 516 million

According to Ministry of Planning and Commission D.O letter of Even No. dated 14" January, 2011, letter No. 20(1)/PIA-I/PC/2015 dated 19 November, 2015 and letter No.2/38/PIP/PC/2017-18 15 August, 2017, the Planning Commission has reviewed the instructions regarding the requirements, scope and level of Feasibility Study for development projects. In order to simplify and fast track development process, the following framework will be followed for the conduct of Feasibility Study. For future projects.

The requirement of PC-II shall be mandatory for:

- a. Infrastructure projects costing Rs.500 million or above and
- b. All other projects where infrastructure component is equal to or more than 30% the total project cost.
- c. Projects falling in above two categories shall require a feasibility study undertaken through PC-II which must include at least technical reference design and bill of quantities, etc.

During Performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that the management approved a PC-1, for the project “Durshal” at the total cost of Rs.516 million from their own allocated fund provided by the KP government starting from January 2017 to June 2019. The project aimed to provide Technology-Based entrepreneurship in Khyber Pakhtunkhwa. It was required to expedite many startups to revolutionize into flourished businesses. It envisioned the digital transformation of Khyber Pakhtunkhwa by establishing a network of startup incubators and community spaces to facilitate the youth of Khyber Pakhtunkhwa with tech opportunities to empower them with training and enable them to get creative with innovative ideas and launch new businesses. The project was extended to June 2023. However, no feasibility study was conducted for the project to check whether the project is viable or not. Starting of such a huge project without conducting the feasibility study is a serious lapse on the part of management.

The lapse occurred due non-observance of rules and regulation.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the management was directed to provide the updated status of the progress made by DURSHAL to audit for verification. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.100/2021-22

4.1.5 Contradiction in BPS structure of KPITB and government of KP

According to table of page 1048 to 1050 of Budget Book of Government of KP, BPS structure of various scales is as follow:

Position	BPS
Director General	20
Director	19
Deputy Director	18
Assistant Director	17
Office Assistant/ Computer Operator	16

During Performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that the BPS scales of KPITB were not in line with KP government. Details as given below:

Sr. No	Position	BPS Scales in KPITB	BPS Scales as per KP Government
01	Director and equivalent position	21	19
02	Joint Director and equivalent position	20	19
03	Deputy Director and equivalent position	19	18
04	Assistant Director and equivalent position	18	17
05	Senior Officer and equivalent position	16	16
05	Assistant, computer operator, receptionist, technical post or equivalent	14-15	16

Audit is of the view that as the KP Government regularly provides fund to the KPITB, therefore the BPS structure of the KPITB must be in line with BPS structure of KP Government. However, the BPS structure of KPITB was different from the BPS Structure of the KP Government. Furthermore, the contradiction in the BPS structure will also bear extra monetary burden on KPITB, which has a huge budgetary deficit.

The lapse occurred due to non-observance of rules of government.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the para was marked for verification of record i.e detailed justification of BPS structure in KPITB. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.80/2021-22

4.2 Procurement and Contract Management

4.2.1 Non-achievement of KPIs

According to Section 3.3 of the contract agreement, upon successful delivery of KPIs during the probation period, employment of MD shall be confirmed in writing by the Board. Read with section 3.4 the Board may terminate your employment on one-month prior notice or payment of one-month gross salary in lieu thereof, in case of none or partial delivery of KPIs.

During Performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that Managing Director was appointed with pay package of Rs. 1,015,000/- per month. However, he could not achieve the targets provided in KPIs set for the post. Details are below:

- Creation of 12,500 new jobs for IT graduates (2,500 per year) to be verified from the data of EOBI & Social Security.
- At least 30 services (i.e. 6 per year) should be digitized and should be on a mobile super-application on Android & iOS and should be part of CFCs across the province.
- Enhance affordable internet access by 30% every year to disconnected parts of KP through effective lobbying with the Federal Government and USF.
- Ensuring 30% of digitization projects made in KP every year.
- Increase the number of IT companies by 30% every year.
- Increase the number of non-KP companies set up of shop in KP by 20% each year.
- Increase IT exports from KP by 25% every year.
- Increase digital payments use in the province by 30% every year.
- Match every rupee from the government of KP with at least one rupee from outside KP. Non-availability of funds should not be a plea for non-delivery of KPIs.
- Expand KP Cyber Emergency Response Center to ensure Cyber Security of all digital assets of KP.
- Attract investments from the domestic and international industry to grow Business Process Outsourcing Facility Work Around by 100% every year.

No documentary evidence was available on record regarding achievement of the above mentioned KPIs by the MD. Audit therefore, held that the MD failed to achieve the KPIs set for his first year of employment and therefore, his contract was liable to termination in accordance with Section 5.4 of his contract agreement. However, undue favor was given by the Board in the form of extension of contract agreement for the 2nd period, ignoring formal performance evaluation, the terms and conditions of the contract agreement and KPIs set forth for the post.

The lapse occurred due to violation of employment contract.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the para marked for verification of record within 15 days i.e. the Board may evaluate the updated performance of the MD and share with audit. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends action to determine fate of the employment contract of MD as he was unable to achieve the KPIs.

PDP No.75 / 2021-22

4.2.2 Non-forfeiture of performance security - Rs. 2.658 million

According to Section-2 of the contract agreement signed on 30th March 2021 for consultancy services of the Gen Web Services, the consultant shall complete all deliverables within 03 months up to 30th June 2021. Read with section 3.9.3 that if the consultant failed to

complete all of the deliverable the Procuring Entity will have the right to forfeit performance security. As per section 2.1 of the special condition of the contract agreement, the effective date of contract will be from 1st April 2021 to 30th June 2021.

During Performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that an agreement was signed with the consultant with total cost of Rs. 26.658 million under the project "Youth Employment Program Phase-11" for provision of IT services and trainings of youth in advanced digital skills needed to gain employment on multiple tech platforms. The consultant agreed in the contract agreement to complete all the deliverables up to 30 June-2021. However, the consultant failed to complete all deliverables on time and contract agreement was extended up to 20-10-2021. But till the date of audit i.e. May-2022 the consultant had not completed the required deliverables as per the agreed work schedule. The local office did not forfeit performance security of Rs.2.658 million as per contract agreement and gave undue favor to consultant.

The lapse occurred due to weak internal controls.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein it was directed to provide work completion certificate and renewed performance guarantee for verification. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.82/2021-22

4.2.3 Doubtful selection of consultant & mis-procurement - Rs. 259.747 million

According to section 24 of the KPPRA, the procuring entity shall not hire a consultant for an assignment in which there is possibility of conflict of interest. If a consultant has been engaged by the procuring entity to provide goods or works for a project, it shall be disqualified from providing consulting services for the same project. Similarly, consultant should not be hired for any assignment which by its nature, may be in conflict with another assignment of the consultant.

According to 37 (7) of KP Public Procurement of Goods, Works and Services Rules, 2014, the bids, technical or financial as the case may be, shall be opened at the prescribed time provided in the solicitation documents in the presence of the procurement committee and the bidders who choose to be present.

During Performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that contract for consultancy services for employable digital skills training for the youth of merged areas of

Khyber Pakhtunkhwa was awarded to M/s Tech Valley Pvt. Ltd; JV M/S DEMO; JV M/S Data Point Pvt. Ltd at a total cost of Rs.9.747 million

On further scrutiny of the contract agreement, it was revealed that the project director Dr. Shahbaz Khan of the consultancy firm was Ex-Managing Director of the KPITB who had served on the Board from 16 July 2016 to 16 July 2020. Audit held that the awarding consultancy contract to the firm whose project director was ex-MD of the KPITB was a violation of the rule *ibid*.

Similarly, an ADP Scheme “Establishment of Pilot Citizen Facilitation Center (CFC) in Peshawar” valuing Rs. 250 million, was advertised in the newspapers with bids opening date of August 16, 2021 at 3:00 PM. The MD KPITB did not open the bids. The MD and procurement section were informed of the said violation of law by the Director Projects. The said incidence of the MD was also brought into the notice of the Procurement Committee during its 47th meeting dated: Sep 03, 2021 by the Legal Advisor of KPITB.

It is worth mentioning that Advisory Group for Information Technology, notified by the ST&IT Department includes two companies, namely, Sybrid and Evamp & Saanga as the members of the “Advisory Group” for Information Technology which had also applied for the aforesaid project with bids opening date of August 16, 2021.

Audit is of the view that the project was delayed due to not opening of bids on scheduled date without any reason as the subject procurement was of high priority. Furthermore, there was also conflict of interest as the same person(s) who were members in the advisory group to accelerate the digital transformation process of KP also took participated in the bidding.

The lapse occurred due to non-observance of rules and regulations.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the management was directed to provide details of the service provided by the consultant to justify that there was no conflict of interest. Also, the Management directed to provide detail of the whole process i.e tendering, re-tendering, approval from Board etc. in proper order to analyze the facts. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.87 & 89/2021-22

4.3 Monitoring and Evaluation

4.3.1 Wasteful expenditure due to non-achievement of project objectives - Rs. 15.242 million

According to PC-I of Khyber Pakhtunkhwa Telemedicine Project, the project will provide medical facilities specifically in Family Medicine, Pediatrics and Gynecology & Obstetrics in the remote districts of KP.

According to section 4 (b) of contract agreement, Comsats Internet Services shall be held liable for all the losses or damages and shortcoming in deliverance etc. suffered by the Procuring Entity as a result of misconduct and inadequate services in performing the consulting services as following:

- Establishment of five (05) Telemedicine clinics across the rural areas of Khyber Pakhtunkhwa
- Optimum usage of available resources through ICT intervention for impairing standard/uniform health services
- Timely management of patients through a cost-effective solution
- Improving communications between health service providers separated by distance.
- Contributing to medical education and clinical research
- Public awareness campaign
- Disaster management
- Disease surveillance and program tracking

During performance audit of the Khyber Pakhtunkhwa Information Technology Board for the financial years 2016-17 to 2020-21, it was noticed that estimated cost of the project was Rs. 102.500 million from August-2017 to June 2020. However, it was observed that the project was closed in June 2019 and a sum of Rs. 15.242 million had been incurred till closing of the project.

Audit observed the following:

1. The contract for consultancy services was given to Comsats Internet Services on single quotation without adopting the open tender system.
2. The project was executed in 03 districts i.e. Swabi, Mardan and Mansehra which are developed instead of 05 remote districts. The project should have been implemented in merged districts.
3. During discussions it was replied that selection of districts was made by the Health Department. Audit opines that as it was the project of KPITB therefore, criteria/TORs for selection of districts i.e. number of Hospital and Health Centers in the Districts, distance of telemedicine centers from hospitals and number of populations per hospital in the selected districts should have been prepared and communicated to Health Department KP, which was not done.
4. As per PC-I, telemedicine services were required to be provided in the Family medicine, Pediatrics and Gynecology & Obstetrics. However, monitoring reports

showed that Pediatrics and Gynecology & Obstetrics had not been provided medicine till September 2018.

5. From September 2018 till January 2019, telemedicine project provided all the three healthcare facilities i.e. Family Medicine, Pediatrics and Gynecology & Obstetrics. However, it was noticed that a total of 2890 patients were treated. Out of which 1782 patients were treated before September 2018 and 1108 were treated during September to Jan 2019. After analyzing the monitoring report, it was noted that average monthly inflow of patients treated in telemedicine centers merely increased from 76 to 91 in BHU Swabi and 17 to 19 in Mardan while there was no increase in the average inflow of patients in Mansehra.

Audit is of the view that after operationalizing the other two healthcare facilities i.e. Pediatrics and Gynecology & Obstetrics, the patients flow should have been increased remarkably but the increase in the inflow was unsubstantial.

Moreover, no action was taken against the consultant for non-provision of services as mentioned in the monitoring report. Whereabouts of assets of closed project were also not available on record.

The lapse occurred due to poor planning and weak internal controls.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the management was directed that fact finding inquiry may be conducted within 60 days to bring out the whole facts with proper recommendations. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.102/2021-22

4.3.2 Wasteful expenditure on “International Internship Program”- Rs.22.679 million

According to Section 8 of the approved PC-I of International Internship Program, development of technical skills of 250 ICT graduates (50 during 2017-18 and 200 during 2018-19) through internship in ICT industry in China/Taiwan for a period of 06 months. Read with Section 14 project outcomes, supporting ICT graduates from KP to utilize the resources and expertise of China/Taiwan ICT industry to enhance their skill set. Ensuring that at least 50% of the selected internees participating in the program get full time employment on ICT sector in Pakistan/Abroad, within 01 year of completion of the internship program.

During Performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that the Board approved a PC-1, “International Internship Program” at the total cost of Rs.266.31 million from fund

provided by the KP government. The program started from September-2017 to December 2019. An expenditure of Rs.22.679 million was incurred on the project till 2019-20 as per details given below:

Amount in Rs.

Sr. No	F-Y	Amount
01	2017-18	1,139,634
02	2018-19	11,480,624
03	2019-20	10,058,802
	Total	22,679,060

Audit observed the following:

- Program was started without any market analysis/survey to check whether the program was viable or not.
- No learning management system was developed for program to collect the attendance, feedback, progress, status updates and issues of interns.
- Duration of internship was reduced from 06 months to 03 months which adversely affected the skill development perspective as 03 months were not enough to get equipped with sufficient skills to enable the internees to secure a position in market.
- Only 05-day training was arranged for Chinese language which was not sufficient.
- Focal person from aboard was required to be hired in order to facilitate the internees.
- The selection of internees was not as per internee's area of expertise and interest who faced issues as identified in monitoring report.
- One of the initiatives was to provide internship in hardware sector. However, no internee was got engaged in hardware.
- Some of internees were deployed in China accelerator, a company which was not a tech startup; it's an accelerator program only.
- Some of the internees were deployed in the companies whose software only works in China.
- At Scan Trust some of internees worked on 2D and 3D design which helped them to learn design trends of China but they were not acquiring technical skills as per their qualification.
- One of the objectives was that 50% of the selected trainees would get jobs either abroad or in Pakistan but the trainees were offered jobs in China who did not join due to one or other reason.

The lapse occurred due to starting a project without any survey/market analysis.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the management was directed to provide feasibility of the project to audit for verification. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.103/2021-22

4.3.3 Wasteful expenditure due to non-achievement of target set in PC-I - Rs.27.478 million

According to para 07 of the approved PC-1 of KP youth employment program phase-II, the objectives of the project were;

- To empower youth with employable digital skills to gainfully employ them.
- To benefit around 37900 unemployed and under-employed youth in the province by providing a range of basic, intermediate and advance level skill in IT and linking them with employment opportunities.
- To create a larger base IT worker in the province, who can be tapped as the market develops.

Similarly, the outcomes of the project as per clause 12 of PC-I was;

- At least 70% of the trainees successfully learn digital skills, pass the final exam and get certified.
- At least 40% of the trainees successfully get employed within one year of the training.

During Performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that the Board approved a PC-1, "KP Youth Employment Program phase-II" at the total cost of Rs.391.748 million from their own allocated fund provided by the KP government for period of 02 years starting from July,2017 to June,2019. An expenditure of Rs.27.478 million was incurred till 2020-21. It was astonishing that the project was revised nine times till the date of audit i.e May 2022, but still the project did not achieve its objectives and out of 37900 only 10,210 youth were trained. The target of 40% trainees getting employed within one year was also not achieved. Despite revision of project for nine times the non-achievement of objectives was a question mark on the capabilities of project management.

The lapse occurred due to non-observance of PC-I

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the management was directed to provide record i.e LMS showing 70% attendance and 40% employment to audit for verification. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.105/2021-22

4.3.4 Wasteful expenditure due to non-obtaining of projects objectives by spending Rs. 31.688 million

According to Section 13 of the approved PC-1 of KP Cyber Emergency Response Center, the KP IT Board shall avail the services of an independent monitoring agency to monitor and evaluate the following performance project indicators.

- Number of persons trained in the domain of cyber security.
- Number of organizations requesting cyber security advisory services
- Number of candidates seeking cyber security trainings and certifications at KP CERC
- Gap analysis of the recruited trainee's batch
- Number of jobs created as a result of awareness campaign

Similarly, following will be outcomes of the project as defined in Section 14 of the PC-1;

- Introduction of cyber security as a field of research and study.
- Standardization of relevant institutions & organizations in compliance with the proposed certifications.
- KP CERC shall evolve into long-term program after becoming functional through potential revenue generation by offering cyber security consultancy/ advisory & cyber security related skills development to government departments and other relevant organizations.
- KP CERC will become a tool for creating jobs each year in government sector & other relevant organizations.

During Performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that KPITB approved a PC-1, KP Cyber Emergency Response Center at the total cost of Rs.79.3 million from their own allocated fund provided by the KP government for the period of three year starting from 2017-18 to 2019-20. PC-1 of the project was revised twice till 2021-22 due to non-completion of activities in due course of time. The basic goal of the project was to enable and empower Khyber Pakhtunkhwa in cyber security and its affiliated domains through awareness, trainings and technical assistance for mitigating the risks associated with digital transformation in order to ensure safe cyber space for the citizens. Keeping in view the risk and vulnerability to cyber-attacks in modern days, the timely completion of the project was essential. An expenditure of Rs. 31,688,310/- was incurred till the financial year 2020-21. However, neither any independent monitoring was carried out nor the objectives of the PC-1 were achieved.

Audit held that in absence of proper monitoring mechanism of the project's activities, the management would not be in a position to obtain the objectives mentioned in the approved PC-1.

The lapse occurred due to non-observance rules and regulations.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the management was directed to provide final assessment report submitted to P&D and independent report to audit for verification. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.106/2021-22

4.3.5 Wasteful expenditure on automation of recruitment process of KPPSC project - Rs. 1.953 million

According to clause 12 of the approved PC-1 of KPPSC, a formal monitoring and evaluation report shall be submitted after six months of development of solution. For monitoring and evaluation proposed KPI for the project shall include the following.

- Number of candidates the software can accommodate in single test at a time.
- Number of tests that can be conducted through the software at a time.
- Evaluation of the system functionality through conduction of functionality test.
- Evaluation of automated recruitment process to be determined though feedback from candidates at the end of test.
- Growth in the number of candidates appearing after implementation of automated recruitment process in relevance to number of candidates appeared in previous years though conventional system.

Similarly, following will be outcomes of the project as defined in clause 14 of the PC-1; at least 80% of candidate should show the satisfaction and accept the implementation of automated recruitment process though the survey taken at the end of test.

During Performance Audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that Rs. 1,953,387/- were spent on the project Automation of Khyber Pakhtunkhwa Public Service Commission as per details given below:

Sr.No	Year	Amount (in Rs.)
1	2017-18	498,387
2	2018-19	1,455,000
	Total	1,953,387

Further verification of record revealed that the project was closed at the end of FY 2018-19 but till the date of audit i.e. 05/2022, no independent monitoring was carried out by the KPITB in order to check that whether the project achieved its objectives or not.

The lapse occurred due to weak internal controls.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the management was directed to provide final assessment report submitted to P&D and independent report to audit for verification. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.108/2021-22

4.4 Compliance with rules

4.4.1 Loss to public exchequer due to irregular appointment of Managing Director Rs. 19.285 million

According to para 1 of the advertisement dated 24-06-2020 for the post of Managing Director, candidate must be a person of eminence in information technology with at least 10 years of post-qualification experience including 5 years in senior management position with medium or large public or private organization or entrepreneurial setups in IT showing career progression in senior corporate management and leadership with focus on governance projects planning and execution, people and strategic management.

According to para 6 of the advertisement dated 24-06-2022 for the post of Managing Director, candidate must have graduate degree (16 years of education including 4 years' university education, throughout first division) in IT, computer sciences, or related engineering discipline from reputed and accredited institution.

According to para (8) (e) of 6 of KPITB Act 2011, the search and scrutiny committee for the appointment of MD shall comprise of five members who shall be members of the Board.

During Performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that Managing Director was appointed with pay package of Rs. 1,015,000/- per month w.e.f from 13-10-2020 and Rs. 19,285,000/ was paid till the date of audit i.e May 23, 2022.

The appointment was held illegal because:

- The member at serial No.03 of search and scrutiny committee constituted for the appointment of Managing Director i.e Secretary P&D was not the member of Board which was mandatory by the law. The same was clarified by Law department vide letter No. SO(OP-I)/LD/15-I/2012-Vol-XXI/5120 dated 31-08-2020.
- The membership of the Board member of search and scrutiny committee at serial 04 Dr. Sadaqat Jan, Dean of Faculty of Engineering, UET Mardan had expired on 17 June 2020 and was not renewed whereas the committee had been constituted on 13-08-2020.
- As per evaluation sheet, the selected candidate is ineligible as the selected candidate has done Ph. D in Electrical Engineering from Brunel University London, UK and B.Sc Electrical Engineering from UET Peshawar, whereas required qualification for the said post was 16 years of education including 4 years' university education-throughout first division- in IT, computer sciences, or related engineering discipline. According to HEC, degree in Electrical Engineering is not equivalent to degree in IT or Computer Science.
- As per evaluation sheet, the selected candidate did not have the relevant experience while his name put into the list of the applicants, fulfilling the mandatory criteria of experience for the post.
- Educational and experience certificates were requested in written as well as verbal however, the same was not provided to audit for verification.

The lapse occurred due to violation of KPITB Act.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the para was marked for verification of record. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.74 / 2021-22

4.4.2 Loss to public exchequer due to illegal appointments of Directors & Deputy Directors - Rs. 90.143 million

According to para 1 of advertisement for the post of Director Finance & Accounts dated 04-06-2020, minimum qualification required was at least CA/ACMA/Foreign Equivalent Qualification or Degree in Accounts or Finance or Business Administration with specialization in Accounts or Finance or any other relevant qualification (at least 16 years of education) from recognized university with at least 10 years of overall experience, with at least 05 years post-CA/ACMA/Foreign Equivalent Qualification in a leading public or private sector organization. or at least 10 years, progressively relevant post qualification

experience in a leading public or private sector organization for degree holder in Accounts or Finance or Business Administration with specialization in Accounts or Finance.

According to para 3 of advertisement for the post of Director Legal Affairs dated 04-06-2020, the minimum qualification required was at least LLB from a university/institution recognize by the HEC with 05 years' relevant experience, Professional Certification as appropriate & member of Khyber Pakhtunkhwa bar council.

During Performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that 02 Nos of Directors were appointed on contract basis by the KPITB as per details attached at Annexure-A.1

Audit observed the following deficiencies:

- The Director Finance and Accounts was initially appointed as contingent staff on 12-01-2017 and from 01-11-2017 the service was regularized at the monthly salary of Rs. 440,000/- without any advertisement and proper procedure for initial recruitment. The officer was awarded 20 marks out of 20 for the qualification of CA/ACMA or equivalent foreign degree of 16 years' regular qualification, who obtained the ACCA degree in April 2012 and last date of submission of Job application was 22/12/2016. In this case, the candidate lacked the required experience of 10 years overall and 05 years post CA/ACMA experience, making the candidate ineligible for the said post. Furthermore, there is duplication of experience period mentioned by the officer and supporting experience certificate from ex employer i.e. NW Hospital. The CV shows that the officer had worked as "Finance Manager" from June, 2014 to 22/01/2016 while certificate reflects Senior Manager Finance and Administration.
- Similarly, the Director Legal Affairs was regularized from 01-11-2017 at the monthly salary of Rs. 428,000/- without any advertisement and without adopting proper procedure for initial recruitment.
- In interview of Legal Adviser (nomenclature changed to "Director Legal Affairs" Notification No.2278-82 dated June 04,2020), despite the fact that the candidate had obtained the Secondary School Certificate (SSC) with grade "C" third class, the recruitment committee gave him 10 marks instead of 08 which is in violation of the criteria. Similarly, Higher Secondary School Certificate (HSC) with grade "D" for which he was entitled for 08 marks as per criteria instead of 10 marks. Moreover, there is no evidence available for 5 years' experience in his personal file.
- The relevant educational documents and experience certificates were not verified from the organizations concerned as required under the rules.
- The posts of Director Accounts & Finance and Director Legal Affairs were not approved from the Board.
- The officers were selected in hurry, setting aside all the required norms and rules just to favor the blue eyed.

Similarly, 03 Nos of Deputy Directors were recruited by the KPITB as per details attached at Annexure-A.2

Audit observed the following deficiencies:

- Deputy Director Internal Audit Mr. Kamran Shah did not possess the required qualification i.e. certification in Certified Internal Auditor (CIA) or Certified Information System Auditor (CISA), which was mandatory as per selection criteria for the post of Deputy Director Internal Audit. Therefore, the selected candidate was not eligible for the post and the appointment was made in violation of recruitment criteria *ibid*.
- Deputy Director Operation Mr. Imran Khan had been awarded 30 marks for the job experience @ 03 marks per year, though it was not the relevant experience as evident from his CV attached. Moreover, the employee was regularized from 01-11-2017 as Deputy Director Operation at the monthly salary of Rs. 226,400/- without any advertisement and proper procedure for initial recruitment.
- In case of Deputy Director Technical Mr. Shakirullah, the interview marks were found altered in the individual's marks sheet of committee members, making the process doubtful. Even one of the committee members had clearly written "not recommended", however, the marks given was altered later on. The selected candidate was awarded 4.885 marks for the job experience being the internal employee of the KPITB, however this was neither the approved criteria from the competent forum nor the incumbent was an employee of the Board. The incumbent was also given 05 marks for relevant international job experience, but in reality, no such job experience certificates were found on record.
- The posts of Deputy Directors were not approved from the Board.
- The relevant educational documents and experience certificate were not verified from the organizations concerned as required under the rules.

Audit, therefore, held that the process of short listing and selection was not transparent and resultantly merit had been compromised.

The lapse occurred due to weak internal control.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the para was marked for verification of record within 15 days. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.76 & 77/2021-22

4.4.3 Loss to public exchequer due to illegal appointment of Assistant Directors & other staff - Rs. 78.588 million

According to the advertisement dated 11-12-2016 for the position of Assistant Directors in KPITB, the basic qualification required for the various posts of Assistant Directors was;

- For the post of Assistant Director General Administration & Record Management, the basic qualification was Degree in General Administration or General Management or Business Administration with specialization in General Management from HEC recognized university or any other relevant field (at least 16 years of education) with three years' relevant experience in a leading public or private sector organization.
- For the post of Assistant Director Projects Monitoring the required qualification was Degree in Project Management or Business Administration or Information and Communication Technology or any other relevant field (at least 16 years of education and PMP/PRINCE-2 certified candidates would be given preference with at least 3 years' relevant experience in a leading public or private sector organization.
- For the post of Assistant Director Budget/Budget Officer the required qualification was Degree in Cost Accounting or Budgeting or Financial Management or Business Administration with specialization in Accounting or Finance or any other relevant field (at least 16 years of education or CA/CPA/ACCA/ACMA with three years' relevant experience in a leading public or private sector organization.
- For the post of Assistant Director Events Management, the required qualification was Degree in Event Management or General Management or Marketing Management or Business Administration with specialization in General Management or Marketing or any other relevant field (at least 16 years of education) At least 03 years, progressively relevant experience in a leading public or private sector organization.
- For the post of Assistant Director Accounts / Accounts Officer the basic qualification was CA/ACMA/ACCA qualified with degree in Accounting or Finance or Business Administration with specialization in Accounting or Finance or any other relevant qualification (at least 16 years of education) with three years' relevant experience in a leading public or private sector organization.
- For the post of Assistant Director Procurement, the basic qualification and experience for the post was Degree in Procurement/ Supply Chain/ Logistics or Business Administration with specialization in Procurement Management, Supply Chain Management, Logistics Management or any other relevant field (at least 16 years of education), preference will be given to candidates with additional qualification in law. At least 03 years, progressively relevant post qualification experience in a leading public or private sector organization.

According to Schedule 34 (b) of the Khyber Pakhtunkhwa Information Technology Services Regulations, 2018, applications for the posts shall be invited through wide publicity in print media. The advertisement shall be published in at least two newspapers and through official website. Read with section 38 (4) of the Khyber Pakhtunkhwa Information

Technology Service Regulation, 2018, the contingent appointments shall not confer either any right on the contingent staff in the matter of regular appointment to the same post nor shall the service count towards seniority. Read with section 38 (6) of the Khyber Pakhtunkhwa Information Technology Service Regulation, 2018, the contingent appointment shall only last till the recommendation of the Selection Committee has been received and the Appointing Authority has approved the selection of a candidate for the vacancy or in case of end of the contingent contract, whichever comes earlier. On this, the services of contingent appointee shall be terminated without any notice.

During Performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that 07 Assistant Directors were appointed by the KPITB as per details at Annexure-B.

Audit observed the following;

- Assistant Director General Administration & Record Management Mr. Matiullah Khan, having degree of Master in Business Administration (with Major in Finance) and MS in Project Management did not meet the basic eligibility criteria of qualification for the said post.
- Assistant Director Projects Solicitation and Planning/Assistant Director Projects Monitoring Ms. Nazish Begum obtained the MS degree in project management from Comsats University Islamabad in the year of 2018 as evident from the degree. However, the incumbent was selected for the post in March 2017 by awarding 03 marks for possessing MS degree. The incumbent was also awarded 05 marks for relevant professional international recognized certificate which she did not possess and was given 15 marks for 5-year experience. However, scrutiny of record revealed that the candidate did not possess the relevant experience.
- Assistant Director Budget, Mr. Yasir Shafique, member of ACCA has membership issue. As per ACCA membership rules for ACCA, affiliation of the alumni is mandatory to complete 36 months' Practical experience from ACCA approved employer. However, the incumbent got membership from 08 April 2016. Besides this, as per the professional experience history, the incumbent did not possess any relevant professional experience from ACCA approved employer, which is basic requirement for membership of association. It makes this membership status doubtful. The candidate had shown completion of the mandatory 03 years' Internship program w.e.f 04-04-2014 to 03-04-2017 with the Zarai Taraqati Bank Limited head office Islamabad. However, the management considered the internship period of candidate as job experience, coupled with one-year experience as a key punch operator at District Account Office at Tor Ghar and had given 12 marks for four-year experience. The certificate had no proper issue number and date.
- Assistant Director Event Management, Mr. Fahad Khan had five years' experience as operation manager/ business development manager from the Food Dot Com which was irrelevant and seemed doubtful because of having no issue number and date. On this certificate the candidate was given 15 marks. Moreover, the topper candidate was

ignored, who was having B grade degree in BS and MS, while the selected candidate possessed C grade in BS and with no other higher qualifications.

- Assistant Director Projects Monitoring, Mr. Zia Ur Rehman had Bachelor of Electrical (Telecommunication) Engineering Degree, however, as per selection criteria of the said post a Degree in Project Management or Business Administration or Information and Communication Technology or any other relevant field (at least 16 years of education) PMP/PRINCE-2 certified candidates would be given preference. Therefore, the qualification of incumbent did not fall in the above-mentioned eligibility criteria.
- Assistant Director Accounts Mr. Fazal Mujeeb had CA (Part Qualified) & MA in Economics, however, as per Advertisement, the candidate having degree in CA/ACMA/ACCA qualified/partly qualified with degree in Accounting or Finance is eligible for the said post; hence the incumbent did not fulfill the eligibility criteria for the said post.
- Mr. Imran Khan Assistant Director Procurement obtained MS degree from the University of Abasyan Peshawar in the year 2017, and before this degree; he was MSc holder in Organic Chemistry from the University of Malakand. As per above approved criteria, the management was required to count his job experience from obtaining the relevant degree. However, the incumbent was awarded 35 marks for 07 years' experience @05 marks per year for which the incumbent was not entitled. By doing this, the other relevant and deserving candidates were ignored by violating their own criteria of recruitment. Moreover, the MS degree of incumbent was also seemed doubtful as one of the transcript dated 06-06-2017 revealed that the CGPA required for degree was 2.67 whereas the candidate earned 2.26 meaning that the candidate failed to achieve the required CGPA. Another transcript dated 17-03-2018 which described that the required CGPA was 2.50, whereas the candidate earned 2.84 which meant that the candidate completed the MS degree in 2018 instead of 2017.
- All the posts of Assistant Directors were regularized from 01-11-2017 without any advertisement and proper procedure for initial recruitment.
- The posts of Assistant Directors were not approved from the Board.
- The relevant educational documents and experience certificate were not verified from the organizations concerned as required under the rules.

Furthermore, KPITB had regularized the services of the different staff positions of contingent paid staff in the 7th Board meeting. The management paid an amount of Rs. 30,788,920/- on account of their salaries, which is totally against the regulations of the Board. Details at Annexure-C.

Audit further observed that

- The employees were regularized without any advertisement and proper procedure for initial recruitment, which was required under the rules mentioned above.
- As per rules mentioned-above, the contingent appointment orders were required to be completed and terminated. However, the employees were regularized from the date of 01-11-2017 with no justification.

- One of the candidate Obaidullah was ineligible for the post of finance officer, as the qualification certificate of Bachelor of Arts with Honors from Anglia Ruskin University, BA degree from the University of Peshawar and Intermediate certificate in third divisions.
- Another candidate Mr. Sheheryar Gul was appointed a Graphic Designer on the basis of possessing one-year experience as Graphic Designer & Project Coordinator in the project “Revival of Indigenous Cultural Heritage (RICH)”. However, the experience certificate seemed doubtful as it had no reference number.
- Muhammad Yasin was appointed a Web Developer & Graphic Designer having no proper job experience as the incumbent completed the degree of Computer Software Engineering in the year of 2016.
- In interview of Accountant (nomenclature change to “Senior Accountant”), Mr. Abdullah had obtained the Secondary School Certificate (SSC) with grade “C” Third Class, for which he was entitled for 08 marks as per criteria. However, the committee had given him 10 marks.
- The relevant educational documents and experience certificates were not verified from the organizations concerned as required under the rules.
- The posts of above staff were not approved from the Board.

Audit, therefore, held that the short listing and selection was not based on merit and undue favor was given to the selected candidates.

The lapse occurred due to non-observance of KPITB regulations.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the para was marked for verification of record i.e High court decision and the Board’s decision related to regularization of the employees. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.78 & 79/2021-22

4.4.4 i) Misclassification of Rs. 3.995 million

ii) Unauthorized payment on account of space rent /utilities/cost of internet - Rs. 749,724/-

According to Para-12 of General Financial Rules, a controlling officer must see not only that total expenditure is kept within the limits of authorized allocation but also see that the funds allotted to spending units are expended in the public interest and upon the objects for which the money was provided.

According to approved PC-I of the project “Public Incubators Collaboration Program,” there is no provision of expenditure on account of space rent, utilities and cost of internet.

During Performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that an amount of Rs. 3,995,724/- was paid on account of expenditure of various projects as per details given below;

Amount in Rs.

S No	Project under the which Expenditure incurred	Account Head	Amount	Actual Project
01	Durshal	Stipend of public and private incubators	3,195,000	Public and Private incubator collaboration program
02	Public incubators collaboration program	Space rent	234,641	Private incubator collaboration program
03	Public incubators collaboration program	Utilities	159,120	Private incubator collaboration program
04	Public incubators collaboration program	Cost of internet	51,000	Private incubator collaboration program
05	Public incubators collaboration program	Operation cost	278,580	Private incubator collaboration program
06	Public incubators collaboration program	Branding/Marketing	77,383	Private incubator collaboration program
		Total	3,995,724	

The verification of record revealed that the expenditure was made from irrelevant project’s accounts though proper allocation for each project was available in the approved budget/PC-I

Audit, therefore, held that expenditure from irrelevant project heads is irregular and exaggeration of financial authority delegated. Moreover, there was no provision of expenditure in PC-I for space rent, utilities, cost of internet and branding in the project “Public Incubators Collaboration Program” but expenditure of Rs. 749,724/- was incurred to meet the requirements of other projects which was totally unjustified.

The lapse occurred due to weak internal control.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the management was directed to provide reconciliation to audit for verification. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.84/2021-22

**4.4.5 i) Loss to Govt due to Excess/unauthorized consumption of POL - Rs. 1.486 million
ii) Fictitious drawl on account of POL/ misuse of resources**

According to rule 7(1), 12 and 22 of Transport rules issued vide Services & General Administration Department Notification No. S.O (T)/N.P/S &GAD/97 dated 13.03.1997, Government vehicle shall ordinarily be used for Government duty only. Moreover, the log book of Government vehicles shall be maintained to show the journey performed the purpose of journey, the name of driver and shall be examined and signed by the officer in charge every day at the time the driver is relieved from duty. Moreover, for every Government vehicle the log books will be maintained in Form-A, history sheet in Form-B and petrol account register in Form-C.

According to KPITB services regulation 2018, the POL ceiling of officers is follow;

Pay grade	Monthly entitlement (liters)	Pay grade	Monthly entitlement (liters)
M1	400	M2	250
M3	200	M4	150
M5	120		

During Performance audit of the Khyber Pakhtunkhwa Information Technology Board for the Financial Years 2016-17 to 2020-21, it was observed that POL in excess of the limit/ceiling was shown consumed by the staff. Details attached at Annexure-D. The consumption of POL over and above the ceiling limits by the officers resulted in a loss of Rs. 1,486,167/- to the government.

Audit further observed that:

- for the same and specific journeys different mileages were recorded in the log books.
- Complete details of POL drawn were also not recorded in log books in order to know the actual POL drawn.
- Fleet cards were issued to the employees of grade M1 and M2 for utilization of POL on monthly basis as per prescribed limit. While employees from M3 to M5 the

payment of prescribed limit was paid in pay on monthly basis irrespective of actual utilization and austerity measures.

- Purpose of journey was not recorded in the log books.
- KMs covered by each vehicle were overstated.
- Log books were neither signed by the concerned driver nor verified by the officer concerned.
- The summary at the end of the month was not maintained.
- All the entries were made in same handwriting and with same pen throughout the year.
- Physical verification of Vehicle No AB-1490, AB-2693, AB-2688, AB-2690 and AB-4523 was requested time and again but did not produce them to audit for verification. Audit is of the view that these vehicles might have been used by unauthorized persons.

Vehicle No-2080:

- In F-Y 2019-20 and 2020-21, all tours were from Mardan to Peshawar and Mardan to Islamabad, which is illogical.
- Mardan to Peshawar distance in some journeys were recorded as 265KM and in others as 167 KM and 542 KM. Similarly, distance from Mardan to Peshawar was record as 370 KM in some journeys, while in other the distance was 318 KM.
- Islamabad to Peshawar distance was record as 710 KM in some journeys while in other as 469 KM
- In F-Y 2021-22 the KM record against each tour is totally unjustified as the distance from office to PC hotel is 30 KM from both sides, whereas the KM record in logbook was 141 KM. Similarly, the Distance from KPITB to P & D Department is 29 KM, whereas in logbook it was 180 KM.

Vehicle No-1490

- In F-Y 2019-20 and 2020-21 all tours were from Mardan to Peshawar and Mardan to Islamabad, which is illogical.
- The vehicle was allocated to DD internal audit. The frequent tours from Mardan to Peshawar and Mardan to Islamabad is illogical as the duty of the internal auditor is to prepare plan and conduct audit of affairs of the KPITB and not operational activities as laid down in the job description.
- In F-Y 2020-21, almost all tours are from home to office having no other activities.

Vehicle No-2689

- The distance from KPITB to AG office, P&D and Secretariat was approximately 30 KM. while the same distance covered by the vehicle in most of tours was recorded for AG office as 225 KM, ST&IT 230 KM, P&D 230 KM, Secretariat 232 KM.

- The vehicle was allocated to DD Legal affairs, his frequent tours to AG office and P&D etc. throughout the year is unjustified as he was supposed to deal the legal affairs not accounts and operations of the office.
- All the entries apparently seemed fake as KMs covered were overstated and same was the case with vehicle No-AB-2693 and AB-2690

Audit scrutinized only the logbooks of above vehicle on sample basis, the same might be the position of other vehicles as well.

The lapse occurred due to weak internal controls.

When pointed out in May 2022, the department stated that detailed reply will be furnished after consulting the relevant record.

The DAC was held on 28.12.2022 wherein the management was directed to provide justification of the POL along with log books of the subject vehicles to audit for verification. However, the department failed to produce the record for verification after a lapse of more than one-year.

Audit recommends to provide record for verification at the earliest to decide the fate of the para.

PDP No.85/2021-22

4.5 Overall Assessment

4.5.1 Relevance

KPITB is highly relevant for development and promotion of information technology in the province. It can guide government and non-government sectors through technological transformation and innovations in multiple ways.

4.5.2 Efficacy

Major targets like digitization of departments, increasing IT exports and supporting software firms could not be achieved.

4.5.3 Efficiency

The efficiency of the department was not up to the mark as one of the main objectives of the Board i.e. Digitalization of Government Departments was not achieved.

4.5.4 Economy

The organization has not significantly achieved its targets in different areas like payment gateways, digitization of institutions. Therefore, it can be inferred that the department has not performed well in terms of economy.

4.5.5 Effectiveness

The snail-paced progress of the Board has rendered it toothless in achieving its targets. Failing at different targets has made it unsuccessful and non-effective.

4.5.6 Performance rating of KPITB

Unsatisfactory

4.5.7 Risk Rating of the KPITB

High.

5 CONCLUSIONS

Khyber Pakhtunkhwa Information Technology Board was created in May 2011 for the main purpose of developing and promoting information technology in the province. Its main objectives were to digitize public and private sectors at multiple fronts like introducing payment gateways, paperless system, technological skill development and extending support to software developers. However, it has not been able to achieve its targets like increasing the IT exports; talent hunt through collaboration with universities; digitization of institutions; initiation of research and development programs and up-gradation of the infrastructure and to determine the required human resource capital for IT industry. There was also lack of serious efforts on part of the Board to work with telecom regulators and operators in order to reduce broadband bandwidth tariffs.

On the basis of the audit findings, numerous recommendations are given. These suggestions may add value to the issues highlighted in audit and may act as remedial measures for the problems of institution. They may improve the quality of the management of the Board while improving the efficiency and effectiveness of the organization. These suggestions may also guide and put the department on right track towards achieving its targets and achieving economic efficiency. Some of the most important recommendations for the government are given below;

- The Government should revisit appointments in KPITB and select members and officers on purely merit basis.
- Conduct joint inquiries for different issues highlighted so that the persons at fault may be held responsible for violation of rules and regulations and non-effectiveness of the Board.
- The implementation of payment gateway system may be expedited in order to fulfill its objective of digitization of the economy.
- The projects undertaken by the Board may also be expedited so that its benefits may be reaped at earliest.
- The process of collaboration with universities may also be expedited in order to attract talent and achieve excellence in the field of IT industry at world level.
- The Board may lay emphasis on increasing IT exports through active collaboration with partners and digitized public sector departments for transparency and efficiency.

ACKNOWLEDGEMENT

The audit team appreciates the management and staff of the Board for extending cooperation and support during the course of this audit.

Annexure-A.1

4.4.2 Loss to public exchequer due to illegal appointments of Directors & Deputy Directors - Rs. 90.143 million

Amount in Rs.

Sr.No	Name	Designation	Period	Per Month Salary Rs-	Total
1	Mr. Muhammad Munaim	Contract employee, as Director Accounts & Finance w.e.f 12.01.2017	10 Month	372,230/-	372,2300
		Regular employee, as Director Accounts & Finance	54 Months	440,000/-	23,760,000
2	Mr. Muhammad Asad	Contract employee, as Legal Adviser w.e.f 03.06.2014	41 Months	207,235	8,496,635
		Regular as Director Legal Affairs W.e.f November 2017 Till date	54 Months	428,000	23,112,000
				Total	59,090,935

Annexure-A.2

4.4.2 Loss to public exchequer due to illegal appointments of Directors & Deputy Directors - Rs. 90.143 million

Amount in Rs.

Name	Nature of job	Period	Total period	Monthly salary	Total salary
Kamran Shah	Deputy Director Internal Audit	22.03.2018 till date	49 months	233,000	11,417,000
Imran Khan	Contract employee, as Deputy Director Operation	03-02-2017 to 31-10-2017	09 months	178,910	1,610,190
	Regularized employee, as Deputy Director Operation	01-11-2017 till date	54 Months	226,400	12,225,600
Shakirullah	Regularized employee, as Deputy Director Technical	29-11-2019 till date	29 months	200,000	5,800,000
				Total	31,052,790

4.4.4 Loss to public exchequer due to illegal appointment of Assistant Directors & other staff - Rs. 78.588 million

Amount in Rs.

Sr.No	Name	Nature of job	Period	Total period	Monthly salary	Total
01	Mr.Mathi Ullah Khan	Assistant Director General Administration & Record Management	01-03-2018 till date	40 months	149,445	5,977,800
02	Nazish Begum	Contract employee, as Assistant Director Project Monitoring	08-03-2017 to 31-10-2017	08 months	110,000	880,000
		Regular as Assistant Director Project Monitoring	01-11-2017 till date	44 months	157,223	6,917,812
03	Yasir Shafique	Contract employee, as Assistant Director Budget	08-03-2017 to 31-10-2017	08 months	110000	880,000
		Regular employee, as Assistant Director Budget	01-11-2017 till date	44 months	137,778	6,062,232
04	Muhammad Fahad Khan	Contract employee, as Assistant Director Event Management	08-03-2017 to 31-10-2017	08 months	110000	880,000
		Regular employee, as Assistant Director Event Management	01-11-2017 till date	44 months	141,667	6,233,348
05	Fazal Mujeeb	Contract employee as Assistant Director	08-03-2017 to 31-10-2017	08 months	110,000	880,000
		Regular employee, as Assistant Director Accounts	01-11-2017 till date	44 months	157,223	6,917,812
06	Imran Khan	Regular as Assistant Director Procurement	01-03-2018 till date	40 months	149445	5,977,800
07	Zia-ur-Rahman	Assistant Director Project Solicitation and Planning	01-11-2017 till date	44 months	141,667	6,233,348
					Total	47,840,152

4.4.4 Loss to public exchequer due to illegal appointment of Assistant Directors & other staff - Rs. 78.588 million

Amount in Rs.

S. No.	Name	Service Nature	Designation	Period	Total period	Monthly salary	Total salary
01	Mr.ObaidUllah	Contingent	Recovery officer	15.11.2015 to 15.08.2017	21	34,980	734,580
		On Contract basis	Recovery officer	16.08.2017 to 30.10.2017	3	73,000	219,000
		Regularized	Finance officer	1.11.2017 till date	54	73,000	3,942,000
02	Mr.FahadUllah	Contingent	Assistant Accounts & Admin officer	28.10.2016 to 15.08.2017	9	35,000	315,000
		On contract basis	Assistant Accounts & Admin officer	16.08.2016 to 30.10.2017	3	45,000	135,000
		Regularized	Assistant Accounts & Admin officer	1.11.2017 till date	54	46,250	2,497,500
03	Mr.Mian Taimur Gul	Contingent	MTO	29.05.2017 to 15.08.2017	2	35,000	70,000
		On contract basis	MTO	16.08.2017 to 30.10.2017	4	45,000	180,000
		Regularized	MTO	1.11.2017 till date	54	45000	2,430,000
04	Mr. Shehreyar Gul	Contingent employee	Graphic Designer	01-02-2017 to 30-10-2017	274 days	2,400 per day	657,600
		Regularize	Senior Officer Graphic Designer	01-11-2017 till date	54	110,000/-	5,940,000
05	Mr. Muhammad Yasin	Daily wager as	web developer & graphic designer	28-10-2016 to 30-01-2017	96 days	1590 per day	152,640
		Daily wager	web developer & graphic designer	01-02-2017 to 31-10-2017	274 days	2400 per day	657,600

		Regularize	Senior Officer Digital Marketing	01-11-2017 till date	54	110000	5,940,000
06	Mr. Abdullah	Contract Employee as, Accountant	Accountant	18.02.2012 to 30.10.2017	69	22000	1,518,000
		Regularized	Senior Accountant	01.11.2017 till date	54	100000	5,400,000
						Total	30,788,920

Annexure-D

i) Loss to Govt due to Excess/unauthorized consumption of POL - Rs. 1.486 million

ii) Fictitious drawl on account of POL/ misuse of resources

Amount in Rs.

Sr.No	Vehicle No	FY	Reading at the end of year (Km)	Reading at the start of year	Difference (Km)	Average Mileage (km/Lit)	POL consumed	POL Admissible	Diff * Avg Rate	Amount
1	AB-2690	2019-20	85254	38454	46800	10	4680	3000	1680*100	168,000
		2020-21	131219	85254	45965	10	4596	3000	1596*100	159,600
2	AB-2689	2019-20	78548	30500	48048	10	4804	3000	1804*100	180,400
		2020-21	141640	81071	60569	10	6057	3000	3057*100	305,700
		2021-22	177766	141690	36126	10	3613	2250=(250*9m0nths)	1363*100	136,300
3	AB-1490	2019-20	121643	90871	30772	10	3077	1800	1277*100	127,700
		2020-21	154365	121643	32722	10	3272	1800	1472*100	147,200
		2021-22	173675	154000	19675	10	1967	1500=(150*10)	467*100	467,00
04	AB-2080	2019-20	137797	66107	71690	10	7169	4800	2369*100	236,900
		2020-21	188189	137797	50392	10	5039	4800	239*100	23,900
									Total	1,486,167