



**PERFORMANCE AUDIT REPORT
ON
EFFECTIVENESS OF WATER SUPPLY
AND SANITATION PROGRAM (WSSP)
IN PROVISION OF MUNICIPAL
SERVICES IN
DISTRICT DERA ISMAIL KHAN**

AUDIT YEAR 2020-21

AUDITOR GENERAL OF PAKISTAN

PREFACE

The Auditor General of Pakistan conducts audit in accordance with Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001 and Section 37 of the Khyber Pakhtunkhwa Local Government Act, 2013. The Performance Audit of "Effectiveness of Water Supply and Sanitation Program (WSSP) in Provision of Municipal Services at district level" was carried out accordingly.

The Directorate General Audit, District Governments, Khyber Pakhtunkhwa conducted Performance Audit of "Effectiveness of Water Supply and Sanitation Program (WSSP) in Provision of Municipal Services at district level" in District Dera Ismail Khan during March 2021 for the FY 2019-20 with a view to report significant findings to stakeholders. Audit examined the economy, efficiency and effectiveness aspects of the services for provision of water supply facilities. Audit also assessed on test check basis, whether the management complied with the applicable laws, rules and regulations in providing and managing the services for provision of water supply facilities efficiently and effectively. The Audit report indicates specific actionable measures if taken, will help the management to realize the objectives accordingly.

Most of the observations included in this report were finalized in the light of written replies of the department. However, DAC meeting was not convened despite repeated requests.

The performance audit report is submitted to the Governor Khyber Pakhtunkhwa in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973, for causing it to be laid before the appropriate Legislative/ Executive forum.

Islamabad
Dated:

(Javaid Jehangir)
Auditor General of Pakistan

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	i
EXECUTIVE SUMMARY	ii
Key Audit Findings and Recommendations.....	iii
1. INTRODUCTION.....	1
2. AUDIT OBJECTIVES	2
3. AUDIT SCOPE AND METHODOLOGY	3
4. AUDIT FINDINGS AND RECOMMENDATIONS	4
4.1 Organization and Management	4
4.2 Financial Management	7
4.3 Assets Management.....	9
4.4 Monitoring and Evaluation.....	11
4.5 Compliance with Grant/Loan Covenants	13
4.6 Environment	14
4.7 Overall assessment	15
5. CONCLUSION	17
RECOMMANDATIONS.....	18
ACKNOWLEDGEMENT	19
RESPONSE AND IMPLEMENTATION OF RECOMMENDATIONS.....	20
ANNEXURE.....	23

ABBREVIATIONS AND ACRONYMS

AD	Assistant Director
AGP	Auditor General of Pakistan
BoD	Board of Directors
DAC	Departmental Accounts Committee
DG	Director General
DO	District Officer
INTOSAI	International Organization of Supreme Audit Institutions
KP	Khyber Pakhtunkhwa
KPI	Key Performance Indicators
LGA	Local Government Act
LGE&RDD	Local Government Election & Rural Development Department
MOU	Memorandum of Understanding
NC	Neighborhood Council
PC-1	Planning and Commission Proforma-1
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
VC	Village Council
WSSCB	Water Supply and Sanitation Company Bannu
XEN	Executive Engineer
SAMA	Services and Assets Management Agreement
SECP	Securities & Exchange Commission of Pakistan
TDS	Total Dissolved Salt
UC	Union Council
WSSC	Water Supply and Sanitation Company
WSSP	Water Supply and Sanitation Program

EXECUTIVE SUMMARY

The Director General Audit, District Governments, Khyber Pakhtunkhwa conducted Performance Audit titled “Effectiveness of Water Supply and Sanitation Program (WSSP) in Provision of Municipal Services at District Level in Khyber Pakhtunkhwa selected districts at regional HQ base” during March, 2021. The main objectives of audit were to evaluate planning, designing, construction, operation and maintenance of water supply, sewerage, drainage and solid waste system and allied facilities, examining HR policies especially in context of new hiring and managing, controlling and supervising persons whose services were placed at the disposal of WSSC and performance of the department against intended objectives and overall provision of services with respect to economy, efficiency & effectiveness. The audit was conducted in accordance with INTOSAI Auditing Standards as adopted by the Department of the Auditor General of Pakistan.

Water and Sanitation Services Company, D.I.Khan has been established on 4th April 2017 as a corporate sector company owned by the Khyber Pakhtunkhwa Government. WSSC is governed by Board of Directors (BoD). They formulate the policies for adoption by the company. The company was created as separate entity out of the respective Town Municipal Administrations to deliver integrated water supply, sanitation and solid waste management services through the signing of services and asset management agreements (SAMA) with the respective TMAs in 4 union councils.

Expenditure of the WSSC incurred on water supply in district D.I.Khan is as under:

2019-20	Head of Account	Budget (Rs)	Expenditure (Rs)
Administration	Salary	101,532,300	99,250,000
	Non Salary/Dev	31,250,000	28,920,100
Operational	Salary	45,300,000	44,850,200
	Non Salary/Dev	18,691,000	18,321,200
Total		196,773,300	191,341,500
Receipts (Water rate)		7,532,290	

As far as analytical review is concerned, all the relevant analytical procedures were performed on the financial and non-financial data of audited entity to analyze the affectivity, sustainability and profitability of functional and proposed water supply schemes under WSSC.

Key Audit Findings and Recommendations

Key Audit Findings are as follows:

- i. Non-provision of drinking water up to the international standard.
- ii. Non- initiation of public awareness campaigns about health hygiene practices and preservation of potable water.
- iii. Non-implementation of Key Performance Indicators
- iv. Non-transfer of funds from TMA, D.I.Khan to WSSC, D.I.Khan for municipal services-Rs.111.08 million.
- v. Non-recovery of receipt/ water tax against the services provided by WSSC, D.I.Khan.
- vi. Non- handing / taking of the water supply scheme in the urban 8 Councils of Tehsil D.I.Khan
- vii. Non rehabilitation of existing non-functional tube wells.
- viii. Increase in diseases due to un-hygienic sanitation system and poor quality of drinking water.
- ix. Non-recovery of loan granted to TMA, D.I.Khan-Rs.6.50 million.
- x. Non-availability of standard dumping site for solid waste material.
- xi. Non-installation of sanitation & sewerage water treatment plant

Audit recommends that:

- i. The company should install filtration plants to filters Arsenic particles to clean drinking water.
- ii. Steps to be taken regarding the safe hygiene to initiate public awareness in community about provision of clean drinking water.
- iii. Company should set key performance indicators.
- iv. Allocation of more funds and grants is required for better performance.
- v. Efforts should be made for collection of receipts and taxes.

- vi. The company should take over these tube wells from Public Health Engineering department for Operation & Maintenance.
- vii. Efforts should be expedited for functionalization of tube wells and provision of clean drinking water to the community.
- viii. Coordination of activities between WSSC and line departments i.e DHO, TMA, EPA etc. should be made to control of diseases in the area.
- ix. Grant of loan was granted to TMA, D.I.Khan without getting proper approval from the Board of Directors which needs to be justified.
- x. Efforts should be expedited for establishing of standard dumping plant out of city area.
- xi. Efforts should be expedited for establishing of standard water treatment plant for sanitation water of city.

1. INTRODUCTION

1.1 Background

Access to drinking water is a basic human need and it is the responsibility of the government to ensure its provision to all citizens. Water is a finite and essential resource, the use of which needs to be regulated to avoid wastage and misuse. Water allocation for drinking and other domestic uses like cooking, hygiene, basic sanitation and other domestic uses shall have priority over other uses. Protection of the environment, safeguarding of health and livelihood through integrated management of water resources shall be ensured. The Water and Sanitation Services Company D.I.Khan is responsible for provision of such basic rights to the public of District D.I.Khan.

Water and Sanitation Services Company D.I.Khan: WSSC established as a corporate sector company by Government of Khyber Pakhtunkhwa, has made Services and Asset Management Agreement (SAMA) with TMAs which shifted function of water supply from TMA to the company. WSSC is governed by Board of Directors (BOD) which formulates policies for the company. Currently, majority of finances are provided by the government and company's own generated revenues only contributes to 18-20% of its budget. WSSC is providing services to population in 8 Urban Councils. WSSC physically took over the water and sanitation sectors from TMAs in D.I.Khan on September 2017. WSSC provides drinking water to areas falling under its jurisdiction but many of these areas are also left un-served due to lack of distribution networks. Though in many areas, people use personal open wells, shallow wells, domestic bore holes and hand pumps etc. to get water for their personal consumption.

1.2 Organizational Structure

WSSC D.I.Khan is managed by the Chief Executive Officer. He is assisted by General Managers HR and Operations, Chief Financial Officer and Chief Internal Audit. All managerial staff is assisted by Assistant Managers.

2. AUDIT OBJECTIVES

Objective of this audit is to find the Effectiveness of WSSC in provision of municipal services in district D.I.Khan. The following were main objectives of audit:

- Evaluate planning, designing, construction, operation and maintenance of water supply, sewerage, drainage and solid waste system and allied facilities.
- Assess effectiveness of M&E framework to manage, control and monitor procedures, processes, facilities, operations, schemes, plans, programs and assets directly or indirectly related to the services.
- Gauge efficiency in expansion, increase, enhancement and improvement in existing organizational capability, new schemes, operations, procedures, making and executing decisions to downsize or discontinue schemes, operations, procedures, processes for the services in line with the provision of the approved budget;
- Examine managing, controlling, maintaining machinery, equipment, tools, plants, vehicles, lands, buildings, structures and other moveable and immovable assets owned managed or controlled previously.
- Examining HR policies especially in context of new hiring and managing, controlling and supervising persons whose services were placed at the disposal of WSSPs.
- Evaluating budget, its execution and reporting operating procedures and their compliance with the Government rules and regulations.
- Steps taken to safeguard public health through effective water supply services and reduction, collection, transportation, recycling and disposing of waste water and solid waste in environmentally sound manner.
- Assessing impact of campaigns launched to promote public awareness on the importance of water conservation, waste reduction, resource recovery and comprehensive and efficient performance of the services.

3. AUDIT SCOPE AND METHODOLOGY

3.1 Audit Scope

The Performance Audit covers all the aspects of provision of municipal services by the WSSC i.e. planning, control and monitoring both for outsourced and department funds. Audit covers the period of 2019-20.

3.2 Audit Methodology

The audit was conducted in accordance with International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards as adopted by the Department of the Auditor General of Pakistan. Besides this, conditions mentioned in SAMA, the water supply policy of Khyber Pakhtunkhwa 2015, GFR and standards require comprehensive planning to ensure that an audit of high quality is carried out in an economic, efficient and effective way within the planned time and cost.

The Chief Executive Officer WSSC was visited by the audit team. The objectives of the inspection were to observe physically the functionalities of water supply schemes. A number of officers of WSSC were contacted and interviewed with a view to obtain information as to how they fulfilled their duties.

3.3 Documents Review

Documents reviewed to gain an understanding of Water Supply Schemes are as under:

- a. All relevant laws, rules and regulations on the subject.
- b. The water supply policy of Khyber Pakhtunkhwa 2015.
- c. Services and Assets Management Agreement (SAMA).
- d. Budget, releases and funds utilization.
- e. Record of Solarization of water supply schemes.
- f. Asset management during conversion of water supply schemes from WAPDA to Solarization.

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Organization and Management

4.1.1 Non provision of drinking water upto the international standard.

According to World Health Organization (WHO) guidelines set for measuring the quality of drinking water for human beings, the water having Arsenic particles upto a maximum of 10 micrograms per liter is acceptable for human drinking purpose.

During Performance audit of Effectiveness of Water Supply & Sanitation Program (WSSP) in provision of municipal services D.I. Khan, it was observed that Department only conducted basic tests i.e. Total dissolved Salt (TDS) & Electrical Conductivity (EC) of drinking water of tube wells and the un hygienic particles such as Arsenic level are available above the permissible limit of 10 microgram/litter in drinking water of the area which causes lungs, cancer, skin disorders and cardiovascular diseases while no efforts were made to filter these particles from the drinking water as detail in Annexure-1.

Audit observed that non-provision of clean drinking water upto the international standard occurred due to weak organizational and management control resulting into cause of fatal diseases.

When pointed out in April 2021, the management replied that during 2020-21, the WSSC D.I.Khan has received few complaints regarding water quality testing, it was found that satisfactory level was at medium stage , filtration plants will be installed by the company in order to provide safe clean drinking water.

Request for arranging of DAC meeting was made during the month of April 2021 but due to non-submission of working papers by the department DAC meeting could not be convened till finalization of report.

Audit recommends that the company should install filtration plants to filters Arsenic particles on its supply lines for filtration of the arsenic particles from the water and provision of clean water to the users.

4.1.2 Non-initiation of public awareness campaigns about health hygiene practices and preservation of potable water.

According to Khyber Pakhtunkhwa drinking Water Policy 2015, Para 8.3 (i) mass information, education and communication campaigns shall be developed and implemented to promote water conservation and safe hygiene practices.

During Performance audit of “Effectiveness of Water Supply and Sanitation Programme in provision of municipal services” D.I. Khan, it was observed that quarter concern neither initiate sufficient awareness campaigns for public about health hygiene and preservation of potable water nor any training programs on local level to control drinking water related diseases.

The irregularity occurred due to non-provision of budget, which resulted in non-awareness of the community about safe hygiene.

When pointed out in April 2021, the management replied that without allotment of budget WSSC D.I. Khan conducted 64 awareness campaigns during 2019-20, these campaigns were launched only in 3 UCs due to less allocation of funds, if budget may enhanced the WSSC D.I. Khan will give more output in this regard.

Request for arranging of DAC meeting was made during the month of April 2021 but due to non-submission of working papers by the department DAC meeting could not be convened till finalization of report.

Audit recommends that steps regarding the safe hygiene may be taken to initiate public awareness in community about provision of clean drinking water and safe hygiene practices.

4.1.3 Non-implementation of Key Performance Indicators

According to Clause-13 of Services & Asset Management Agreement (SAMA), the second party shall on the 1st day of June of every financial year, submit a list of mutually agreed key performance indicators to be recorded by the

second party along with the claims for corresponding finance and budgets from the first party for that year.

During Performance audit of “Effectiveness of Water Supply and Sanitation Programme in provision of municipal services” D.I. Khan, it was observed that the Water Supply & Sanitation Company D.I.Khan has not implemented any key performance indicators for water supply, sanitation, solid waste management and hygienic services program.

Non-implementation of key performance indicators occurred due to weak managerial control which resulted into poor performance in delivery of municipal services.

When pointed out in April 2021, the management replied that WSSC D.I.Khan has already established KPIs in water & sanitation sector furthermore in general category four KPIs are also developed by company, however due to lack of coordination and communication these KPIs report not submitted to competent authority for implementation and depth analysis.

Request for arranging of DAC meeting was made during the month of April 2021 but due to non-submission of working papers by the department DAC meeting could not be convened till finalization of report.

Audit recommends implementation of key performance indicators by the company due to which the effectiveness of water supply and sanitation services could be determined.

4.2 Financial Management

4.2.1 Non-transfer of funds from TMA, D.I.Khan to WSSC, D.I.Khan for municipal services-Rs.111.08 million.

According to Clause-10.1 of Services & Asset Management Agreement (SAMA), the amounts budgeted in the annual budget of the First Party for the performance of water supply, sanitation, solid waste management and hygienic services shall be transferred to Second Party on monthly basis after subtraction there from the amount, if any to be retained for residual water and sanitation function agreed by Second Party.

During Performance audit of “Effectiveness of Water Supply and Sanitation Programme in provision of municipal services” D.I. Khan, it was observed that, TMA D.I.Khan (First Party) is bound to provide funds amounting to Rs. 431.08 million to WSSC, D.I.Khan (Second Party) as three years share (2017-18 to 2019-20) for performance of water supply, sanitation, solid waste management and hygiene services as per Clause-10.8 of Services & Asset Management Agreement (SAMA). However, TMA, D.I.Khan transferred a sum of Rs.320 million and thus a sum of Rs.111.08 million is still outstanding against the first Party.

Audit observed that non-transfer of due share to WSSC, D.I.Khan by the TMA, D.I.Khan occurred due to weak financial control resulting in to increase in difficulties in provision of better municipal services.

When pointed out in April 2021, the management replied that due to non-transferring of funds from TMA D.I.Khan, the WSSC is facing financial crunch and WSSC is providing functions with establishment grant. In this regard appeal of WSSC is already submitted and in coordination process in form of reconciliation committee comprised of members of Finance and Local Govt Department.

Request for arranging of DAC meeting was made during the month of April 2021 but due to non-submission of working papers by the department DAC meeting could not be convened till finalization of report.

Audit recommends immediate transfer of funds to enhance the performance of WSSC in provision of municipal services.

4.2.2 Non-recovery of receipt/ water tax against the services provided by WSSC, D.I.Khan.

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

According to Clause-3 (ix) of Services & Asset Management Agreement (SAMA), proposing and determining cost recovery measures for the services provided by on behalf of 2nd party and suggesting actions regarding taxes, fees, user charges, rents etc. in respect of services receiving and appropriating all receipts recovered in respect thereof.

During Performance audit of “Effectiveness of Water Supply and Sanitation Programme in provision of municipal services” D.I. Khan, it was observed that drinking water is being provided from 4 functional tube wells to general public but neither any receipt/Water tax was collected during 2019-20 nor any record/ register showing No. of connections or detail of beneficiaries was maintained.

Audit observed that non-collection of water tax/ receipt occurred due to weak financial control which resulted into loss to WSSC D.I.Khan.

When pointed out in April 2021, the management replied that WSSC is not collecting water tax because. (a) Tehsil Council has already abolished the water tax. (b) Public Health Engg is providing services in Urban UCs instead of Rural UCs (c) Sabill based system (water filtration plant) is used in D.I.Khan city due which tax is not collected.

Request for arranging of DAC meeting was made during the month of April 2021 but due to non-submission of working papers by the department DAC meeting could not be convened till finalization of report.

Audit recommends more efforts for collection of receipts and taxes.

4.3 Assets Management

4.3.1 Non-handing / taking of the WSS in the urban 8 UCs of Tehsil D.I.Khan

According to Clause-3 (i) of Services & Asset Management Agreement (SAMA), the WSSC is responsible entity for planning, designing, construction, operation and maintenance of water supply, sanitation, sewerage, drainage, fluid , solid waste management system , allied municipal services , facility including hygienic and other functions assigned by the Govt.

During Performance audit of “Effectiveness of Water Supply and Sanitation Programme in provision of municipal services” D.I. Khan, it was observed that for supply of drinking water to community by WSSC in Urban area of the District, the company has to take over the control of all existing Water Supply Schemes (WSS) of Public Health Engg department in Eight Union Councils of urban area but no such handing taking was made by the quarter concerned.

Audit observed that non-handing and taking of WSS occurred due weak management assets control which resulted into de-functionalization of company operation and deprivation of the community.

When pointed out in April 2021, the management replied that the company has not taken the control of water supply schemes in 8 UCs due to non-availability of sufficient staff, M&R fund and infrastructure with the company.

Request for arranging of DAC meeting was made during the month of April 2021 but due to non-submission of working papers by the department DAC meeting could not be convened till finalization of report.

Audit recommends that WSSC D.I.Khan should take over these tube wells from Public Health Engg department for Operation & Maintenance for provision of drinking water to the people.

4.3.2 Non-rehabilitation of existing non-functional tube wells.

According to Khyber Pakhtunkhwa drinking Water Policy 2015, Para 6 (i) access to drinking water is basic human right and it is the responsibility of the Government to ensure its provision to all citizens.

During Performance audit of “Effectiveness of Water Supply and Sanitation Programme in provision of municipal services” D.I. Khan, it was observed that 05 No of existing water supply schemes were non-functional and no efforts were made to rehabilitate these tube wells as detailed below:

Department	Total No. of T/wells	Non-functional T/wells
WSSC D.I.Khan	09	05
Total	09	05

Audit observed that failure to functionalize tube wells occurred due to weak assets managerial controls, resulted into depriving of the community from basic clean drinking water facility.

When pointed out in April 2021, the management replied that the KP Government has been requested several times to provide funds for rehabilitation/repair of the non-functional tube wells However currently municipal services program with mutual consent of Local Government department and WSSC D.I.Khan are doing efforts in this regard.

Request for arranging of DAC meeting was made during the month of April 2021 but due to non-submission of working papers by the department DAC meeting could not be convened till finalization of report.

Audit recommends expediting the efforts for functionalization of tube wells and provision of clean drinking water to the community.

4.4 Monitoring and Evaluation

4.4.1 Increase in diseases due to un-hygienic sanitation system and poor quality of drinking water.

According to Clause-3 (vii) of Services & Asset Management Agreement (SAMA), the WSSC is responsible for taking all such steps as are deemed necessary and expedient for effective management of the services in order to safeguard public health. To ensure that municipal services effectively managed and solid waste is reduced collected, stored, transported, recycled or disposed-off in environment friendly manner and promoting safety standard in relation to such waste.

During performance audit of “Effectiveness of Water Supply and Sanitation Programme in provision of municipal services” D.I. Khan, it was observed that due to un-hygienic and poor quality of water supply and sanitation system in D.I.Khan, the No. of patients of diseases were increased which is an alarming situation for public health as per data provided by District Health Officer, D.I.Khan. Moreover there is no coordination between WSSC and Health department for controlling these diseases.

S.No.	Name of Disease	Patients in 2017	Patients in 2018	Patients in 2019	Patients in 2020
1.	Diarrhea	20,616	25,577	25,774	26,668
2.	Scabies	4,772	5,184	5,387	6,714
3.	Dermatitis	1,532	1,970	2,242	1,907
4.	Malaria	2,631	1,989	1,009	1,105
Total		29,551	34,720	34,412	36,394

Un-hygienic sanitation system and poor quality of drinking water occurred due to poor performance by the WSSC which resulted into increased number of diseased patient in the locality thus causing harm instead of benefit to the community at large.

When pointed out in April 2021, the management replied that competent forum should be established in order to tackle the issues regarding betterment of environment. The WSSC made the efforts in this regard planted 7300 trees during

FY 2020-21, seventy nine time dengue campaign spreading of lime stone upto 320 packs (50 kg each).In the light of above efforts and their effects will be more fruitful if line departments i.e DHO, TMA, EPA etc provide supportive and cooperative role in the betterment of environment.

Request for arranging of DAC meeting was made during the month of April 2021 but due to non-submission of working papers by the department DAC meeting could not be convened till finalization of report.

Audit recommends coordination of activities between WSSC and line departments i.e. DHO, TMA, EPA etc. should be made to control diseases in the area.

4.5 Compliance with Grant/Loan Covenants

4.5.1 Non-recovery of loan granted to TMA, D.I.Khan-Rs.6.50 million

According to Para-9 of GFR Vol-I, no authority may incur any expenditure until the expenditure has been sanctioned by an authority to which power has been duly delegated in this behalf and the expenditure has been provided in the authorized grants and appropriations for the year.

During performance audit of “Effectiveness of Water Supply and Sanitation Programme in provision of municipal services” D.I. Khan, it was observed that Chief Executive Officer WSSC, D.I.Khan granted a sum of Rs.6,500,000 as loan to TMA, D.I.Khan vide Cheque No.32827347 dated 13-7-2018 during 2018-19 without getting any approval from the Board of Directors. It was noticed that the said amount was not yet paid by the TMA, D.I.Khan despite a lapse of more than two years.

Audit observed that non-recovery of loan occurred due to non-Compliance with Grant/Loan Covenants which resulted into increase in difficulties in provision of better municipal services.

When pointed out in April 2021, the management replied that the company management is making efforts by involving Finance Department KP for at source deduction and transfer of company share along with outstanding amounts from the first party.

Request for arranging of DAC meeting was made during the month of April 2021 but due to non-submission of working papers by the department DAC meeting could not be convened till finalization of report.

As such loan was granted to TMA, D.I.Khan without getting proper approval from the Board of Directors which audit recommends to be obtained.

4.6 Environment

4.6.1 Non-availability of standard dumping sites for solid waste material

According to Clause-3 (vii) of Services & Asset Management Agreement (SAMA), the WSSC is responsible for taking all such steps as are deemed necessary and expedient for effective management of the services in order to safeguard public health. To ensure that municipal services effectively managed and solid waste is reduced collected, stored, transported, recycled or disposed-off in environment friendly manner and promoting safety standard in relation to such waste.

During Performance Audit of “ Effectiveness of Water Supply and Sanitation Programme in provision of municipal services” D.I. Khan, it was observed that entire solid waste material of D.I.Khan city is being dumped in an open land adjacent to city area without proper recycling/ disposing and without following public health and environmental safety measures. Moreover, WSSC, D.I.Khan failed to establish proper solid waste collection point in the city area.

Audit observed that non-availability of standard dumping site for solid waste material occurred due to lack of planning and designing of sanitation & sewerage program which may affect the environment and public health.

When pointed out in April 2021, the management replied that allocation of dump site for WSSC D.I.Khan is already initiated by the District Govt on the direction of CM KP, in this regard PC-I is prepared and pending at the end of consultants. However existing dumping plant is not sufficient for solid waste material as four departments use this area for dumping i.e WSSC, TMA, Cantonment Board and AD Local Govt D.I.Khan.

Request for arranging of DAC meeting was made during the month of April 2021 but due to non-submission of working papers by the department DAC meeting could not be convened till finalization of report.

As there is no standard dumping plant for proper recycling/ disposing which is highly risky for public health and environment. Audit recommends expediting the efforts for establishing of standard dumping plant out of city area.

4.6.2 Non-installation of sanitation & sewerage water treatment plant

According to Clause-3 (i) of Services & Asset Management Agreement (SAMA), the WSSC is responsible entity for planning, designing, construction, operation and maintenance of water supply, sanitation, sewerage, drainage, fluid , solid waste management system , allied municipal services , facility including hygienic and other functions assigned by the Govt.

During performance audit of “Effectiveness of Water Supply and Sanitation Programme in provision of municipal services” D.I. Khan, it was observed that main sewerage pipe line of D.I.Khan city is directly being fallen into Indus River without processing before in any sanitation & sewerage water treatment plant which have harmful effects on aquatic life, environment as well as on water of river to be used by animals and human beings.

Audit observed that non-installation of water treatment plant occurred due to lack of planning and designing of sanitation and sewerage program which may affect the environment and public health.

When pointed out in April 2021, the management replied that the Govt of Khyber Pakhtunkhwa has proposed a scheme for construction of water treatment plant near Indus River to release the clean water in river after treatment which will helpful for controlling water related diseases in area.

Request for arranging of DAC meeting was made during the month of April 2021 but due to non-submission of working papers by the department DAC meeting could not be convened till finalization of report.

Audit recommends for immediate installation of sewerage water treatment plant.

4.7 Overall Assessment

The overall performance of WSSC, D.I.Khan in Effectiveness of water supply & sanitation program (WSSPs) in provision of municipal services at District level in Khyber Pakhtunkhwa District D.I.Khan was not upto the mark due to poor planning, assets management and absence of master plans of water supply and sanitation program for the area under its jurisdiction. The objective criteria for rating the company role in provision of municipal services are as under:-

- i. **Relevance:** The overall process of provision of municipal services was in line with the Government Policy.
- ii. **Efficacy:** WSSC was unable to achieve the basic objectives and purposes to overcome the shortage of municipal services of water supply & sanitation in different areas of the D.I.Khan.
- iii. **Efficiency:** The management of WSSC DI Khan struggled to overcome the lack of municipal services within appropriate budget provision and given time line.
- iv. **Economy:** The Company failed in provision of municipal services in the provided budget.
- v. **Effectiveness:** The overall performance was not satisfactory and targeted municipal services have not been successfully achieved.
- vi. **Compliance with Rules & Regulations:** In most of the cases the rules and regulations were followed as per policy of Government of Khyber Pakhtunkhwa and agreement signed between company and Government.
- vii. **Performance Rating:** The overall performance of the WSSC role in provision of municipal services was not satisfactory.
- viii. **Risk Rating:** The risk rating of the WSSC regarding provision of municipal services was medium.

5. CONCLUSION

The overall conclusion of performance audit of “WSSC Role in Effectiveness of water supply & sanitation program (WSSPs) in provision of municipal services at District level in Khyber Pakhtunkhwa District D.I.Khan” is as under:-

5.1 Key issues for future: The main issue hampered the performance of WSSC in provision of municipal services is lack of planning, funds and weak assets management and non-coordination of activities with line departments.

5.2 Lesson Identified: In view of the observations, it is concluded that WSSC D.I.Khan failed in provision of municipal services economically, efficiently and effectively. The failure to non provision of municipal services was occurred due to ill planning, inappropriate allocation of funds and weak assets management. The ill planning, mismanagement, weak internal controls, weak monitoring for provision of services resulted in dumps of garbage, poor sanitation, non-availability of water treatment plants. It is recommended that the deficiencies pointed out in the report may be kept in mind while planning for the provision of municipal services in future.

RECOMMENDATIONS

Based on audit findings and outcome of the audit exit meeting, the audit has formulated the following recommendations which are intended not only to add value to current system and practices, to enhance efficiency and effectiveness in the management and administration of the company but additionally to add relevant agency in preparation of PC I, contract documents and planning in future, although the list of recommendations is not exhaustive and company should strive towards achieving the common goal of municipal service delivery in the most economical, efficient and effective manner:

1. The company should install filtration plants to filters Arsenic particles for provision of clean water to the users.
2. Steps regarding the safe hygiene to be taken to initiate public awareness in community about provision of clean drinking water.
3. As no key performance indicators were implemented by the company due to which the effectiveness of water supply and sanitation services could not be determined.
4. Allocation of more funds and grants is required for better performance.
5. Efforts should be made for collection of receipts and taxes.
6. The company should take over these tube wells from Public Health Engg department for Operation & Maintenance for provision of drinking water to the people.
7. Efforts should be expedited for functionalization of tube wells and provision of clean drinking water to the community.
8. Coordination of activities between WSSC and line departments i.e DHO, TMA, EPA etc. should be made to control of diseases in the area.
9. Grant of loan was granted to TMA, D.I.Khan without getting proper approval from the Board of Directors which needs to be justified.
10. Efforts should be expedited for establishing of standard dumping plant out of city area.
11. Efforts should be expedited for establishing of standard water treatment plant for sanitation water of city.

ACKNOWLEDGEMENT

We wish to express our appreciation to the management of WSSC D.I.Khan in D.I.Khan for the assistance and cooperation with the auditors during this Performance Audit of Effectiveness of Water Supply & Sanitation Program (WSSPs) in provision of municipal services” to the residents of D.I.Khan.

RESPONSE AND IMPLEMENTATION OF RECOMMENDATIONS

Para No	Recommendations	Accepted Yes/No	Implementation date	Client Comments
1	The company should install filtration plants to filters Arsenic particles on its supply lines for filtration of the arsenic particles from the water and provision of clean water to the users.	Yes	Nil	During 2020-21, the WSSC DIKhan has received few complaints regarding water quality testing, it was found that satisfactory level was at medium stage , filtration plants will be installed by the company in order to provide safe clean drinking water
2	Coordination of activities between WSSC and line departments i.e DHO, TMA, EPA etc should be made to control of diseases in the area.	Yes	Nil	The competent forum should be established in order to tackle the issues regarding betterment of environment. The WSSC made the efforts in this regard planted 7300 trees during FY 2020-21, seventy nine time dengue campaign spreading of lime stone upto 320 packs (50 kg each).In the light of above efforts and their effects will be more fruitful if line departments i.e DHO, TMA, EPA etc provide supportive and cooperative role in the betterment of environment.
3	Steps regarding the safe hygiene be taken to initiate public awareness in community about provision of clean drinking water and safe hygiene practices.	Yes	Nil	Without allotment of budget WSSC DIKhan conducted 64 awareness campaigns during 2019-20, these campaigns were launched only in 3 UCs due to less allocation of funds, if budget may enhanced the WSSC DIKhan will give more output in this regard.
4	As no key performance indicators were implemented by the company due to which the effectiveness of water supply and sanitation services could not be determined.			The WSSC D.I.Khan has already established KPIs in water & sanitation sector furthermore in general category four KPIs are also developed by company, however due to lack of coordination and communication these KPIs

				report not submitted to competent authority for implementation and depth analysis.
5	The performance of WSSC in provision of municipal services is badly effecting due to less allocation and non-availability of funds for water supply and sanitation purpose.	Yes	Nil	Due to non-transferring of funds from TMA D.I.Khan , the WSSC is facing financial crunch and WSSC is providing functions with establishment grant. In this regard appeal of WSSC is already submitted and in coordination process in form of reconciliation committee comprised of members of Finance and Local Govt Department.
6	As such loan was granted to TMA, D.I.Khan without getting proper approval from the Board of Directors which needs to be justified.	Yes	Nil	The company management is making efforts by involving Finance Department KP for at source deduction and transfer of company share along with outstanding amounts from the first party.
7	The performance of WSSC in provision of municipal services is effecting due to non-collection of water tax. Audit recommends more efforts for collection of receipts and taxes.	Yes	Nil	The WSSC is not collecting water tax because i) Tehsil Council has already abolished the water tax ii) Public Health Engg is providing services in Urban Councils instead of Rural UCs iii) Sabill based system (water filtration plant) is used in D.I.Khan city due which tax is not collected.
8	As there is no standard dumping plant for proper recycling/ disposing which is highly risky for public health and environment. Audit recommends to expedite the efforts for establishing of standard dumping plant out of city area..		Nil	The allocation of dump site for WSSC D.I.Khan is already initiated by the District Govt on the direction of CM KP, in this regard PC-I is prepared and pending at the end of consultants. However existing dumping plant is not sufficient for solid waste material as four departments use this area for dumping i.e WSSC, TMA,

				Cantonment Board and AD Local Govt D.I.Khan.
9	As the sanitation water is directly falling in sweet water of river since long which is harmful for public health and quality of under-ground water used for drinking purpose by public.	Yes	Nil	The Govt of Khyber Pakhtunkhwa has proposed a scheme for construction of water treatment plant near Indus River to release the clean water in river after treatment which will helpful for controlling water related diseases in area.
10	Audit recommends that WSSC DIKhan should take over these tube wells from Public Health Engg department for Operation & Maintenance for provision of drinking water to the people.	Yes	Nil	The company has not taken the control of water supply schemes in 8 UCs due to non-availability of sufficient staff , M&R fund and infrastructure with the company.
11	Audit recommends expediting the efforts for functionalization of tube wells and provision of clean drinking water to the community.	Yes	Nil	The KP Government has been requested several times to provide funds for rehabilitation/ repair of the non-functional tube wells However currently Municipal Services Program with mutual consent of Local Govt department and WSSC DIKhan are doing efforts in this regard.

ANNEXURE

Annex-1

Detail showing non provision of drinking water at international standard

S. No	Name of Scheme	Arsenic level (microgram / liter)
1	WSS Aba shheed Hindan & Sikandar, Tehsil D.I.Khan	11.78
2	WSS # 03, Commissioner Colony, Tehsil D.I.Khan	25.82
3	WSS # 01, DSG Center Cantt, Tehsil D.I.Khan	32.70
4	WSS # 02, Near DC Office, Tehsil D.I.Khan	38.22
5	WSS # 03, Commissioner Colony , Tehsil D.I.Khan	56.18
6	WSS Kachi Paid Khan, Tehsil D.I.Khan	12.11
7	WSS Gara Hayat, Gara Baksha, Parova	14.80
8	WSS Mahra to Chirribor, Parova	23.70
9	WSS Rasheed, Parova	13.71
10	WSS Makkar, Parova	45.06
11	WSS Parova, Parova	35.75
12	WSS Ramak Phase-I, Parova	16.01
13	WSS Lunda Sharif, Parova	11.17
14	WSS Naiwela Gara Ashiq, Parova	18.53
15	WSS Wanda Madat to Rodi Khel, Paharpur	10.52
16	WSS Panyala to Paharpur	52.25