



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

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 Bannu 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

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ABBREVIATIONS AND ACRONYMS

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, Bannu 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 Bannu is as under:

2019-20	Head of Account	Budget (Rs)	Expenditure (Rs)
Administration	Salary	37,040,000	10,902,187
	Non Salary/Dev	75,360,000	6,590,192
Operational	Salary	204,720,000	135,237,065
	Non Salary/Dev	64,150,000	58,953,933
Total		381,270,000	211,683,377
Receipts (Water rate)			Rs 11,056,962

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

The key audit findings are as under:

- i. Non-Installation of re-cycling plant at dumping ground for solid waste management.
- ii. Non-operationalization of sewerage system and Sewerage Treatment Plant (STP)
- iii. In-effective recovery system for water charges – Rs 42.691 million
- iv. Loss to WSSC of Rs 7.700 million due to operation of current bank Account instead of PLS–Rs 79.358 million
- v. Non-utilization of developmental fund Rs 20.00 million
- vi. Non-transfer of funds from AD (LGE&RDD) to WSSC, Bannu for Municipal Services-Rs. 2.00 million.
- vii. Non-recovery of loan granted to TMA, Bannu-Rs 0.800 million
- viii. Failure to functionalize water supply schemes and water filtration plant.
- ix. Non-handing / taking of 18 numbers water wells in the urban area of District Bannu.

Audit recommends that:

- i. Efforts should be made for establishing of standard dumping plant for proper recycling/ disposing which is highly risky for public health and environment.
- ii. Operationalized the main sewerage pipe line and installed Sewerage Treatment Plant to release the clean water in river after treatment.
- iii. Ensure proper steps for collection of water tax, collection of receipts and taxes.

- iv. Ensure to take steps regarding conversion of current bank account in to PLS account.
- v. Ensure availability of funds and machinery for sanitation purpose to WSSC.
- vi. Expedite the steps for recovery of due share for effective municipal and sanitation services.
- vii. Ensure proper efforts are required to recover loan from TMA concerned.
- viii. Expedite the efforts for functionalization of tube wells and provision of clean drinking water to the community.
- ix. The WSSC Bannu should take over these water wells from TMA Bannu for Operation & Maintenance for provision of drinking water to the people.

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 Bannu is responsible for provision of such basic rights to the public of District Bannu.

Water and Sanitation Services Company Bannu (WSSC) was 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 TMAs to WSSC. 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 4 Urban Councils. WSSC physically took over the water and sanitation sectors from TMAs in Bannu 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 Bannu 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 Bannu. 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, GFRs 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 were 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.
- g. Progress reports/ Annual performance report.

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Organization & Management

4.1.1 Non-Installation of re-cycling plant at dumping ground for solid waste management.

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 municipal services” Bannu, it was observed that 110 ton solid waste materials were produced on daily basis in Bannu city and further transferred/ dumped in an open land adjacent to city area without proper recycling/ disposing and without following public health and environmental safety measures.

Non-Installation of re-cycling plant for solid waste materials 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 it is estimated that re-cycling plant will require Rs 1500 million to implement the said recommendation. The company has proposed ADP but yet not approved by the competent authority.

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 efforts for establishing standard dumping plant for proper recycling/ disposing which is highly risky for public health and environment.

4.1.2 Non-operationalization of sewerage system and Sewerage Treatment Plant (STP).

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 Program in provision municipal services” Bannu, it was observed that main sewerage pipe line was handed over to WSSC Bannu from Bannu city to Budda Mirabbas (Riaz Park) Mandan along with 04 number sewerage storage to release the clean water in river after treatment which will be helpful for controlling water related diseases in the area but still it was not operationalized. However, it directly fell in Mandan river and used for irrigation purpose without processing in sewerage water treatment plant which has harmful effects on aquatic life, environment as well as for animals and human beings.

Non-operationalized sewerage system and installation of sewerage 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 consultant has been hired by WSSC Peshawar and will be conducting study throughout the province of KPK. This study will be conduct in Bannu too. Hence the work is under process and will be completed in due course of time. However the trunk line at one location near a police station has been damaged by bomb blast which also require repair.

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 operationalizing the main sewerage pipe line and installed Sewerage Treatment Plant to release the clean water in river after treatment.

4.2 Financial Management

4.2.1 In-effective recovery system for water charges – Rs 42.691 million

According to clause 3(ix) of the SAMA agreement executed between TMA and WSSC Bannu, the WSSC Bannu is required to collect fees, taxes and user charges in respect of the services, receiving and appropriating all receipts and recoveries thereof.

According to clause-V (13) of the Memorandum of Association, the company should take such actions as are considered necessary to raise the funds or to promote the efficiency of the company.

During Performance audit of effectiveness of water supply & sanitation program (WSSP) in provision of municipal services Bannu, it was observed that a huge amount of Rs 42,691,340 was outstanding against domestic consumers of water supply schemes. The Company did not initiate concrete efforts to recover the same. As detailed below:

Register No.	Water Rates Arrears (Rs)	Surcharge (Rs)	Total Arrears (Rs)
1	4,375,405	196,323	4,571,729
2	3,505,146	161,225	3,666,371
3	4,292,778	213,322	4,506,100
4	5,693,097	267,719	6,860,816
5	6,425,032	298,028	6,723,060
6	4,814,010	384,625	5,198,635
7	7,035,937	326,840	7,362,777
8	4,497,398	204,455	4,701,853
Total	40,638,803	2,052,537	42,691,340

Audit observed that the water charges could not be realized due to weak financial and managerial control, which resulted in loss to the Company.

When pointed out in April 2021, the management replied those receivables are appearing before inception of the company. The time when the company takes over from TMA Bannu there were Rs. 19.586 million of such receivable recorded after the company's take over Rs. 23.105 million has been recorded further. The company is working on such connections and will write off such receivable with approval of competent authority. The reply is not tenable as

the company was established in 2016-17, and the recovery of the water charges are is still outstanding.

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 recovery of water charges and action against the person(s) at fault.

4.2.2 Loss to WSSC due to non-opening of PLS account- Rs 7.700 million

Finance Department Khyber Pakhtunkhwa Peshawar vide letter No. 2/3-(F/L)/FD/2007-08/vol-IX dated 10.02.2014, has allowed sanction of bank accounts in commercial banks for various departments/autonomous/corporation in KP and directed that such accounts may be converted into PLS mode and profit earned may be deposited into government treasury under the relevant head of account not later than a week when declared by the bank.

During performance audit of “Effectiveness of Water Supply and Sanitation Program in provision municipal services” Bannu, it was observed that Chief Executive Officer WSSC, Bannu retained an amount of Rs 79,357,703 as on 30-06-2020 in current bank accounts instead of PLS as required in the above quoted rules. As detailed below:

S. No	Bank Account No.	Nature of Account	Balance on 30-06-2020 (Rs)
1	CD-12160-00-8	Operation	79,264,406
2	CD- 01021-00-1	Revenue(Deposits of water rates)	93,297
Total			79,357,703

Placement of funds in current bank account occurred due to weak financial controls and violation of rules, which resulted in loss to the Government/Company of Rs 7,700,000.

When pointed out in April 2021, the management replied that our pervious sanctioned bank account by finance department KPK was current account. After the observation by the department of the Auditor General of

Pakistan office of the Director Audit district government in their letter dated 11-12-2020 numbered Audit/DA.BU/C-168/2019-20/1281 the same has now been converted into PLS account.

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 justification besides evidence of conversion in to PLS account.

4.2.3 Non-utilization of developmental fund Rs 20.00 million

Para-95 of GFR Vol-I requires that unspent funds are to be deposited into Government treasury before 30th June of each year.

During Performance audit of WSSC Bannu, it was noticed that Rs20,000,000 was received and Administratively Approved by Deputy Commissioner Bannu for “ Sanitation and solid waste management” under Pak MDGs (Millennium Development Goals) for Community Development Program during 2014-15 vide A.A No. 556-63/PA/F&P/DDC dated 21.05.2015 as per detail breakup are as under :

S. No	Name of Machineries	Estimated Cost
1	Purchase of one Nos Mechanical Sweeper along with Tractor	2,000,000
2	Purchase of one Nos Loader new Holland 640(75HP)	1,750,000
3	Purchase of 5 Nos new Holland Tractors 480(55HP) with trolley complete @ 1,350,000	6,750,000
4	Purchase Hino Dumper double size for Garbage	6,000,000
5	Purchase of Hand curts 100 Nos	500,000
6	Purchase of water tanker i/c vehicle with all accessories	3,000,000
	Total	20,000,000

Audit observed that supply order vide No791-98/MF was issued on dated 27.08.2015 with condition that the supply of said items be made within 90 days, but due to court petition PC-1 revised and Re-Administrative Approval was issued by the Deputy Commissioner Bannu vide A.A No 100209/PA/F&P/DDC dated 08.02.2016. However, neither supply was made after laps of four years nor machineries were handed over to WSSC Bannu due to which general public/

community was deprived as such facilities provided by the government for the purpose of sanitation of the areas.

Non utilization of fund occurred due to non-compliance of rules and regulations.

When pointed out in April 2021, the management replied that the said funds were with TMA Bannu and supply machinery was to be made by TMA Bannu. The company still awaits the purchase and supply of said machinery from TMA Bannu.

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 justification besides provision of said machineries forthwith for sanitation purpose.

4.2.4 Non-transfer of funds from AD (LGE&RDD) to WSSC, Bannu for Municipal Services-Rs. 2.00 million.

According to letter No 2422-7/CEO/2021 dated 07.04.2021 issued by Chief Executive Officer with reference to LGE&RDD Department letter No PO (LG)/ 16-17 dated 01.02.2017 decision was taken under chairmanship of Director General LG, E&RDD along with Chief Minister for collection of garbage by the divisional headquarters (WSSCs) from Neighborhood Council and village Council.

During Performance audit of “Effectiveness of Water Supply and Sanitation Programme in provision municipal services” Bannu, it was observed that AD (LGE&RDD) Bannu is bound to provide funds amounting to Rs. 2,500,000 to WSSC Bannu, as four years share (2016-17 to 2019-20) for collection of garbage by the divisional headquarters Water & Sanitation Services Companies (WSSCs) from Neighborhood Councils and Village Councils. However, AD (LGE&RDD) Bannu transferred a sum of Rs. 500,000 leaving a balance of sum of Rs. 2,000,000 outstanding till date.

Non-transfer of due share to WSSC, Bannu by the AD (LGE&RDD), Bannu occurred due to weak financial controls which resulted in loss to the company.

When pointed out in April 2021, the management replied that the company has communicated this matter to the concerned but no response/ release of fund has yet been made to the company. The company will also want to have additional share of funds to cover for inflation as mentioned in the letter.

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 to release due share forthwith for quick and better services of sanitation.

4.3 Assets Management

4.3.1 Failure to functionalize water supply schemes and water filtration plant.

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 & sanitation program (WSSP) in provision of municipal services Bannu, it was observed that 02 water supply schemes and water filtration plant was non-functional since long. Details are given below:

S.No.	Water supply schemes	Dysfunctional WSS
1	WSS Milad Park-2	01
2	Water Well Muhala Qader khan	01
3	Water Filtration Plant at Library	01
Total		03

Non-functionalization of tube wells occurred due to weak administrative and internal controls which resulted in the community's deprivation from clean drinking water.

When pointed out in April 2021, the management replied that WSS Milad Parj-2. This tube well is not functionalized due to non-availability of electricity. For energization of tube well the company has made a request to PESCO. The company is providing continuous drinking water to this muhalla via other sources. Water filtration plant at library: TMA Bannu has not yet handed over water filtration plant to 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 immediate functionalization of tube wells and provision of water supply to community.

4.4 Monitoring and Evaluation

4.4.1 Non-handing / taking of 18 numbers water wells in the urban area of District Bannu.

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.

According to CEO Letter No1459-7/CEO/2019 dated 04.11.2019, that numerous drinking water wells around 18 number are Non-Functional since long may be hand over to this department for the best interest of general public.

During Performance audit of “Effectiveness of Water Supply and Sanitation Programme in provision municipal services” Bannu, it was observed that 18 number of drinking water wells are Non-functional since long. The CEO, WSSC Bannu sent request several times to the TMO TMA Bannu, vide letter No 1459-7/CEO/2019 dated 04.11.2019 along with three reminders to handover these abundant wells to WSSC Bannu to make these wells operative for the best interest of general public of Bannu city, but was not done.

Non-handing and taking of water wells to WSSC occurred due weak assets management, which resulted into de-functionalization of company operation thus the community was deprived of its benefits.

When pointed out in April 2021, the management replied that as mentioned the CEO has written letters and reminders to TMO TMA Bannu for handing over the said tube wells. The company will welcome the long awaited handing over of such tube wells by TMA Bannu to operate them and facilitate the general public in provision of portable 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 immediately ensure handing/taking of tube wells to WSSC in large public interest.

4.5 Compliance with Grant/Loan Covenants

4.5.1 Non-recovery of loan granted to TMA, Bannu-Rs 0.800 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 Program in provision municipal services” Bannu, it was observed that Chief Executive Officer WSSC, Bannu granted loan to TMA of Rs. 800,000 vide cheque number 26535580 dated 13.03.2017 in favour/on account of electricity bills, but was not yet returned after lapse of more than three years.

Non-recovery of loan occurred due to weak financial mis-management.

When pointed out in April 2021, the management replied that the company has now included the Rs.0.800 million loans in reconciliation of budget heads for the financial year 2020-21, which is under progress with TMA Bannu. The company is hopeful that the amount will be recovered this year from TMA Bannu.

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 recovery of loan under intimation to audit.

4.6 Overall Assessment

The overall performance of WSSC, Bannu in Effectiveness of water supply & sanitation program (WSSPs) in provision of municipal services at District level in Khyber Pakhtunkhwa District Bannu was not up to 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 Bannu.
- iii. **Efficiency:** The management of WSSC Bannu 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 satisfactory but 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 assessment as made after the audit findings regarding the performance of “WSSC Role in Effectiveness of water supply & sanitation program (WSSPs) in provision of municipal services at District level in Khyber Pakhtunkhwa District Bannu” 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 funds, planning 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 Bannu 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. Efforts should be made for establishing of standard dumping plant for proper recycling/ disposing which is highly risky for public health and environment.
2. Operationalizing the main sewerage pipe line and installed Sewerage Treatment Plant to release the clean water in river after treatment.
3. Ensuring proper steps for collection of water tax, collection of receipts and taxes.
4. Ensuring to take steps regarding conversion of current bank account in to PLS account.
5. Ensuring availability of funds and machinery for sanitation purpose to WSSC.
6. Expediting the steps for recovery of due share for effective municipal and sanitation services.
7. Ensuring proper efforts to recover loan from TMA concerned.
8. Expediting the efforts for functionalization of tube wells and provision of clean drinking water to the community.
9. The WSSC Bannu should take over these water wells from TMA Bannu for Operation & Maintenance for provision of drinking water to the people.

ACKNOWLEDGEMENT

We wish to express our appreciation to the management of WSSC Bannu for the assistance and cooperation with the auditors during this Performance Audit.

RESPONSE AND IMPLEMENTATION OF RECOMMENDATIONS				
Para No	Recommendations	Accepted Yes/No	Implementation date	Client Comments
1	The company should expedite the efforts to established standard dumping plant for proper recycling/ disposing off which is highly risky for public health and environment.	Yes	Nil	It is estimated that re-cycling plant will require Rs 1500 million to implement the said recommendation. The company has proposed ADP but yet not approved by the competent authority.
2	The company should operationalize the main sewerage pipe line and installed Sewerage Treatment Plant to release the clean water in river after treatment.	Yes	Nil	Consultant has been hired by WSSC Peshawar and will be conducting study throughout the province of KPK. This study will be conduct in Bannu too. Hence the work is under process and will be completed in due course of time. However the trunk line at one location near a police station has been damaged by bomb blast which also require repair.
3	The performance of WSSC in provision of municipal services is effecting due to less-collection of water charges. Audit recommends more efforts for collection of receipts and taxes.	Yes	Nil	Those receivables are appearing before inception of the company. The time when the company takes over from TMA Bannu there were Rs. 19.586 million of such receivable recorded after the company's take over Rs. 23.105 million has been recorded further. The company is working on such connections and will write off such receivable with approval of competent authority. The reply is not tenable as the company has established in 2016-17, and the recovery of the water charges are is still outstanding.
4	Audit recommends that WSSC Bannu provide evidence regarding conversion of bank account in to PLS.			Our pervious sanctioned bank account by finance department KPK was current account. After the observation by the department of the Auditor General of Pakistan office of the Director Audit district government in their letter dated 11-12-2020 numbered Audit/DA.BU/C-168/2019-20/1281 the same has now been converted into PLS account.
5	The performance of WSSC in provision of municipal services is badly effecting due to less allocation and non-availability of required machineries to provide better services regarding water	Yes	Nil	The said funds were with TMA Bannu and supply machineries was to be made by TMA Bannu, but this office request several times and still awaits the purchase and supply of said machinery from TMA Bannu.

	supply and sanitation purpose.			
6	The performance of WSSC in provision of municipal services is badly effecting due to non availability of sufficient fund. Audit recommends to release due share forthwith for quick and better services of sanitation.	Yes	Nil	The company has communicated this matter to the concerned but no response/ release of fund has yet been made to the company. The company will also want to have additional share of funds to cover for inflation as mentioned in the letter.
7	As such loan was granted to TMA Bannu, without getting proper approval from the Board of Directors which needs to be justified besides recovery of loan.	Yes	Nil	The company has now included the Rs.0.800 million loans in reconciliation of budget heads for the financial year 2020-21, which is under progress with TMA Bannu. The company is hopeful that the amount will be recovered this year from TMA Bannu.
8	The WSSC Bannu should immediately functionalize the non-functional tube wells for provision of drinking water to the people.		Nil	WSS Milad Park-2. This tube well is not functionalized due to non energization. For energization of tube well the company has made a request to PESCO. Water well at Muhala Qader Khan: the company is providing continuous drinking water to this muhalla via other sources. Water filtration plant at library: TMA Bannu has not yet handed over water filtration plant at library to the company.
9	Audit recommends opening the water wells and handover to WSSC Bannu to operate and facilitate general public in provision of portable drinking water.	Yes	Nil	As mentioned the CEO has written letters and reminders to TMO TMA Bannu for handing over the said tube wells. The company will welcome the long awaited handing over of such tube wells by TMA Bannu to operate them and facilitate the general public in provision of portable drinking water.