



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

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 Peshawar 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 & Management	4
4.2 Financial Management	12
4.4 Monitoring and Evaluation.....	22
4.5 Sustainability	32
4.6 Environment	35
4.7 Overall assessment	36
5. CONCLUSION	37
RECOMMANDATIONS	38
ACKNOWLEDGEMENT	40
RESPONSE AND IMPLEMENTATION OF RECOMMENDATIONS.....	41

ABBREVIATIONS AND ACRONYMS

AGP	Auditor General of Pakistan
AOM&R	Annual Ordinary Maintenance and Repair
BoD	Board of Directors
DAC	Departmental Accounts Committee
DG	Director General
DHO	District Health Officer
EPA	Environmental Protection Agency
FBR	Federal Board of Revenue
FY	Financial Year
GAAS	Generally Accepted Auditing Standards
GFR	General Financial Rules
INTOSAI	International Organization of Supreme Audit Institutions
KP	Khyber Pakhtunkhwa
LGA	Local Government Act
M&E	Monitoring & Evaluation
PC-I	Planning Commission Proforma-I
PIU	Program Implementation Unit
PMU	Program Monitoring Unit
SAMA	Services and Assets Management Agreement
SECP	Securities & Exchange Commission of Pakistan
STP	Sewerage Treatment Plant
TMA	Tehsil Municipal Administration
UC	Union Council
WHO	World Health Organization
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, Peshawar 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 43 union councils.

Expenditure of the WSSC incurred on water supply in district Peshawar is as under:

2019-20	Head of Account	Budget (Rs)	Expenditure (Rs)
Administration	Salary	220,095,805	225,806,815
	Non Salary/Dev	72,278,076	142,890,070
Operational	Salary	1,959,473,518	1,569,382,060
	Non Salary/Dev	1,354,705,795	1,228,716,028
Total		3,606,553,194	3,166,794,973
Receipts (Water rate)			Rs 456,103,472

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. Improper treatment of sewerage due to Non-functional STPs
- ii. Failure to remove illegal sewerage outlets from the houses along the irrigation canals
- iii. Improper treatment of hospital wastes
- iv. Lack of water filtration plants and chlorination machines
- v. No campaign in community for careful usage of water and better hygiene practices
- vi. Little efforts made to recover water charges worth Rs. 1128.640 million from the end-users
- vii. Loss of Rs. 23.543 million due to estimated billing on burnt/defective electricity meters
- viii. Connection coverage could not be enhanced to cover appreciable population
- ix. Unreasonable Electricity Cost in Zone C & D
- x. Loss of revenue due to lack of recycling plants for solid waste
- xi. Water supply schemes worth Rs. 116.60 million awarded without adopting e-tendering system
- xii. Solid Wastes could not be collected efficiently from Zone A, B and C
- xiii. No arrangements to test water quality in Zone A, B and C
- xiv. Water quality testing laboratories could not be established
- xv. Increase in diseases due to un-hygienic sanitation system and poor quality of drinking water
- xvi. Excessive consumption of water due to fixed water charges and non-installation of water meters especially at service stations, factories and wedding halls
- xvii. Targets set in WASA agreement could not be achieved by WSSP

- xviii. Loss of Rs. 323.249 million due to changing site for acquisition of land for solid waste dumping
- xix. Loss of Rs. 10 million due to payment to FBR during stay period
- xx. Non Vetting of Financial/HR and Procurement Manuals
- xxi. Non recovery of long outstanding dues worth Rs. 978.847 million from various authorities
- xxii. Loss to company due to unnecessary creation of 746 posts
- xxiii. Loss of Rs. 67.807 million due to unnecessary creation of 290 posts of tube wells operators
- xxiv. Loss of Rs. 36.767 million due to unnecessary outsourcing of waste collection despite having indigenous capacity
- xxv. Irregular payment of fuel allowance – Rs. 9.140 million
- xxvi. Irregular payment of Car monetization – Rs. 2.631 million
- xxvii. WSSP could not increase its revenue base and highly dependent on government funds for financial viability
- xxviii. Non-replacement of old rusted pipelines resulting in public health issues
- xxix. Provision of safe drinking water could not be accomplished by WSSP
- xxx. Non-availability of standard dumping site for solid waste

Audit recommends that:

- i. STPs must be functionalized at the earliest for the treatment of sewerage water.
- ii. All illegal sewerage outlets to irrigation canals may be disconnected immediately and proper arrangements/planning may be made to avoid such practices in future.
- iii. For being serious health hazard, appropriate incinerators may be installed in hospitals for disposing off hospital wastes.
- iv. Clean drinking water may be provided through installation of filtration plants at feasible points.
- v. Management should take steps to initiate public awareness in community about safe hygiene practices and careful usage of clean drinking water.
- vi. Management should establish effective recovery system for early recovery of outstanding water charges.

- vii. Management should take step to immediate replacement of burnt meters, installation of preventive tools/measures for keeping the meters safe from burning during abnormal fluctuation of electricity and fixing responsibility on the person(s) at fault.
- viii. Ensure connection coverage to total population and in case of illegal connection, efforts should be made to bring them into the network.
- ix. Electricity charges in Zone C & D may be double checked to bring them at par with the rest of region. Inquiry may also be made to action against the person(s) at fault.
- x. Management should acquire the necessary resources for separation of recyclable items from waste.
- xi. Management should adopt the policies and instructions of the government for adopting the e-bidding system in procurement and fixing responsibility on the person(s) held responsible for the lapse.
- xii. Solid waste collection must be done efficiently in all Zones and quality of water may also be tested from time to time to ensure provision of safe drinking water to dwellers of Zone A, B and C.
- xiii. Efforts must be expedited for establishment of water quality testing laboratories.
- xiv. WSSP must coordinate with DHO, TMA and EPA and other relevant bodies to control incidence of diseases in its jurisdiction.
- xv. Immediate installation of water meters to all water users in general and Car Wash Stations and Wedding Halls in particular.
- xvi. Recovery from all concerned for excessive payments may be made effective at the earliest.
- xvii. WSSP should come up with comprehensive plan to replace the rusted pipelines in the tube wells for safeguarding residents from various diseases.
- xviii. All out efforts must be made to ensure provision of safe drinking water to inhabitants of District Peshawar as per WHO criteria.

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

Water and Sanitation Services Company Peshawar (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 43 Urban Councils. WSSC physically took over the water and sanitation sectors from TMAs in Peshawar on September 2014. 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 Peshawar 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

- 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 Improper treatment of sewerage due to non-functional STPs

According to Clause-3 (vii) of Services & Asset Management Agreement (SAMA), the WSSC is responsible for taking all such steps as 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.

Three STPs (Sewerage Treatment Plants) namely Shahdhand/Gulbahar STP, Warsak Road STP and Charsadda Road STP were completed along with trunk sewer lines under Second Urban Development Project (SUDP) by defunct Physical Planning & Housing ((PP&H) Department. Upon completion these STPs were handed over to Municipal Corporation Peshawar for operation and maintenance; however, WSSP had been entrusted with the responsibility to operate these STPs in 2014. The STPs were non-functional and converted into Anaerobic and facultative ponds which were filled with silt, where vegetative growth could be seen. Some STPs were filled with solid waste and houses were constructed for sanitary workers while sewerage was diverted to drains and canals. Resultantly, drains and canals were converted into cesspool causing alarming health situation in adjacent areas.

Non-functional STPs occurred due to weak administrative control which resulted in improper treatment of sewerage and pollution of rivers and canals.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault and taking concrete steps to make these STPs functional at the earliest.

4.1.2 Failure to remove illegal direct sewerage outlets from the houses into the irrigation canals

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.

Many direct sewerage outlets from the houses were witnessed along the selected reaches of canals i.e in Taj Abad, Umar Gul Road etc. without any treatment resulting in pollution of the canals. No efforts as such were noticed on part of WSSP to plug these sewerage outlets into the irrigation canals and reduce the pollution in these canals.

Failure to remove illegal direct sewerage pipe outlets from houses occurred due to weak internal control which resulted in pollution of canals.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends that all illegal sewerage inlets to irrigation canals may be disconnected immediately and proper arrangements/planning may be made to avoid such practices in future. Moreover, inquiry may also be conducted to find person at fault for fixing of responsibility.

4.1.3 Improper treatment of hospital wastes

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.

WSSP did not help install incinerators in hospitals in its jurisdiction to treat hazardous waste generated by hospitals in appropriate manner.

Improper treatment of hospital wastes occurred due to weak internal control which might have resulted in spread of dangerous diseases in close vicinities.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

For being serious health hazard, Audit recommends that appropriate incinerators may be installed in hospitals for disposing off hospital wastes along with fixing of responsibility at person at fault.

4.1.4 Lack of water filtration plants and chlorination machines

According to SAMA now, therefore, in order to give effect to the policy of the Chief Executive of the Province regarding provision of the state of the art Water & Sanitation services in Peshawar, the Parties mutually agreed as follows: According to 12.2 of the SAMA the second party i.e. WSSP shall ensure bring in

efficiency in water supply, sanitation and waste collection, treatment and disposal and enhance the level of Services delivery.

WSSP did not install sufficient number of water filtration plants and chlorination machines at feasible points to ensure timely provision of clean drinking water to the public. WSSP installed 35 filtration plants with the help of Donors agencies while 491 water supply schemes were without water filtration plants.

Non-provision of sufficient water filtration plants and chlorination machines at feasible points occurred due to weak administrative control which resulted in increase of diseases like diarrhea, dysentery and hepatitis etc.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends that clean drinking water may be provided through installation of filtration plants at feasible points.

4.1.5 No campaign in community for careful usage of water and better hygiene practices

According to clause 3(viii) of the SAMA the second party i.e. WSSP has entrusted the function to promote public awareness on the importance of water conservation, waste reduction, resource recovery and comprehensive and efficient performance of the services and fostering understanding of its importance for conservation, protection and proper use of environment and initiating, carrying out or supporting, by financial means or otherwise, research which, in the opinion of the second Party is relevant to any of the functions envisaged to it.

WSSP did not initiate any public awareness campaign for careful usage of water and adopting better hygiene practices through walks, seminars and/or

workshops. Such practices result in creating sense of ownership among the community members towards water supply schemes and paradigm shift in preservation approach and raising collective social responsibility to safeguard this perishable commodity.

The lapse occurred due to lack of proper vision and future strategy to preserve water resource through campaigns and training of the community for careful usage of water and adoption of hygiene practices.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends to take steps to initiate public awareness in community about safe hygiene practices and careful usage of clean drinking water.

4.1.6 Connection coverage could not be enhanced to cover appreciable population

According to Clause-3(iii) of the Services and Assets Management Agreement (SAMA), WSSP is responsible for expansion, enhancement, and improvement in organizational and operational capacity.

Since inception, WSSP could hardly provide water connection coverage to 39.99% of households and 32.38% of total population as being noticed during the course of Audit in the month of June 2020. In the last 6 years, WSSP did not have any strategy to cover 100% population and devise any policy to restrict illegal house bore water connections.

Non-enhancement of connection coverage occurred due to weak managerial and administrative controls, which resulted in non-provision of the safe drinking water to the majority of population.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends provision the connection coverage to total population and in case of illegal connections, bringing them into the network.

4.1.7 Loss to company due to un-necessary creation of 746 posts

According to clause 9.3 of SAMA agreement the second party may repatriate any person whose services are placed at the disposal of Second Party by the First Party without assigning any reason thereof, in such cases Second Party shall also surrender its post and budgetary allocation made for this post.

During performance audit of WSSP it was observed that TMAs and PDA transferred 3,353 No. existing staff to WSSP for day to day operation of the company in 2014. The WSSP un-necessarily created posts of 338 in January 2015 and 408 in August 2015 and put the company in huge financial burden. Moreover sanction for creation of these posts was taken from the board instead of Finance Department. Moreover at present 721 employee repatriated to PDA/TMAs and 519 newly staff hired, resulted in duplication of payment for same service in TMAs/PDA and WSSP. Details given as under:

S. No	Designation	Year	No of employees
1	Sweepers	2015	144
2	Katta Kolies	2015	194
3	Sweepers	2015	173
4	Katta Kolies	2015	177
5	Drivers	2015	58
	Total		746

Unnecessary creation of posts occurred due to weak financial control, which resulted in loss to the Company.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry and disciplinary action against the person(s) at fault.

4.1.8 Unnecessary creation of 290 tube wells operators posts costing – Rs.67.807 million

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

PHED, PDA and TMAs transferred 511 tube well operators along with tube wells to WSSP for operation of these tube wells. However, WSSP unnecessarily hired additional 290 tube well operators @ Rs. 19,485 per month on the same tube wells and paid Rs. 67,807,800 salary during financial year 2019-20. Audit hold that when TMAs and PHED could operate tube wells on existing strength of tube well operators then what was the purpose of hiring additional 290 tube well operators on the same tube wells. Details of tube wells are as under:

S. No	Zones	No. of Tube Well
1	A	95
2	B	262
3	C	98
4	D	65
Total		520

Unnecessary creation of tube well operator posts occurred due to weak financial control, which resulted in wasteful expenditure.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry and disciplinary action against the person(s) at fault.

4.2 Financial Management

4.2.1 Failure to recover water charges from end users – Rs 960.028 million

According to Para 8 and 26 of the General Financial Rules Volume 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(viii) of the SAMA the second party i.e WSSP has entrusted the function for procuring cost recovery measures for the Services provided by or on behalf of the Second Party and suggesting actions regarding taxes, fees, user charges, surcharges, cesses, rents, rates in respect of the Services, receiving and appropriating all receipts recovered in respect thereof.

WSSP did not recover user charges from the consumers and an amount of Rs.960,028,601 was outstanding against end users during financial year 2019-20.

Outstanding dues could not be recovered due to weak administrative controls which resulted in loss to the public exchequer.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends establishment of effective recovery system for early recovery of outstanding water charges.

4.2.2 Loss due to estimated billing on burnt/defective electricity meters – Rs. 144.00 million

According to clause 3(ii) of the SAMA the second party i.e WSSP has entrusted the responsibility of managing, controlling and monitoring existing procedures, processes, actions, activities, facilities, operations, schemes, plans, programs and assets directly or indirectly related to the services.

WSSP had 175 burnt/defective electricity meters on tube wells under its jurisdiction. These defective meters had caused additional burden of electricity charges of Rs. 144.00 million on the public exchequer as per calculation by WSSP.

Loss occurred due to weak financial and administrative controls which affected the service delivery on one hand and loss to public exchequer on the other hand.

When pointed out in April 2021, Management replied that the PESCO authorities were requested to replace the burnt meters. Reply was not convincing as progress was not intimated till finalization of this report.

Request for convening DAC meeting was made during the month of April 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends immediate replacement of burnt meters, installation of preventive tools/measures for keeping the meters safe from burning during abnormal fluctuation of electricity and fixing responsibility on the person(s) at fault.

4.2.3 Loss of revenue due to lack of recycling plants for solid waste

According to Clause 3(vii) of SAMA agreement “taking all such steps as are deemed necessary and expedient by the second party (WSSP) for effective management of the Services in order to safeguard public health to ensure that water supply services is effectively managed, waste water and solid waste is reduced, collected, stored, transported, recycled, reused or disposed off, in environmentally sound manner and promoting safety standards in relation to such waste and issuing specific directions and entities to arrange services in the manner determined by the second party (WSSP).

WSSP did not made any arrangement to segregate recyclable items from solid waste collected from the city. All over the world, mechanisms were devised to separate solid waste like tin cans, bottles, papers, plastics, card boards and

other biodegradable items from the overall garbage. Through this exercise, the cost solid waste transportation and land fill is reduced but also revenue is generated. Paper makes up 23 percent of municipal solid waste (trash) generated each year, more than any other material. Americans recycled about 68 percent of the paper they used in 2018. This recovered paper is used to make new paper products, saving trees and other natural resources. WSSP also did not carry out environment impact assessment as per section 12 of the Pakistan Environmental Protection Act 1997.

Failure to make any strategy to segregate recyclable items from other municipal solid waste shows lack of technical expertise on part of management, which resulted in loss of revenue and environmental issues.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends that company should come-up with comprehensive plan to separately collect recyclable items from houses and make necessary arrangements with industrial units in vicinity to sell them and create necessary resources to further enhance its operations.

4.2.4 Loss due to changing site for acquisition of land for solid waste dumping – Rs. 323.249 million

According to rules 3(IV), Chapter II of the KPPRA 2014, the lowest offer from the qualified bidder shall be accepted for award of the contract and will be the best evaluated bid.

Para 144 of the General Financial Rules Volume I provides that Open Tender System should be adopted in order to obtain economical and lowest rates. In case of acceptance of higher rates, justification must be recorded on the comparative statement.

The Chief Executive Officer WSSP framed a PC-1 for Rs 174.285 million for the acquisition of land for establishment/development of landfill site for municipal solid waste Peshawar which was administratively approved vide No. PO(LG)PDWP/ADP 2014-15 dated 02-03-2015. The acquisition of land was initiated by the DC Peshawar at Badaber Maryamzai after imposition of section-IV & section 17 of the land acquisition Act, which was most feasible site. However, the site of the project was changed on political interference to Mera surizi Payan with estimated cost of Rs 497.636 million, escalating the cost of the land Rs 323.349 million which resulted in loss to government.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

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

4.2.5 Payment to FBR during stay – Rs. 10.00 million

According to Honorable Appellate Tribunal Inland Revenue Islamabad vide No. MA (Stay) Ext No. 327/PB/2018 dated 27.12.2018 “ as main appeal is pending adjudication before this forum, therefore a stay extension for thirty (30) days against recovery is granted”.

During performance audit of Water & Sanitation Services Peshawar it was revealed that Rs. 10,000,000 was paid to FBR as on 31 December, 2018, whereas the Honorable Appellate Tribunal had granted stay to WSSP against the payment of Rs. 55.00 million as on 28th December 2018. Payment during the stay period was irregular as on one hand the company had paid fees to the lawyer to have stay order from Tribunal and on the other hand paid 10 million rupees to FBR despite Tribunal stay orders on this payment.

Unauthorized payment occurred due to weak financial controls which resulted in loss the company.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends enquiry and fixing responsibility at person at fault.

4.2.6 Non recovery of long outstanding dues from authorities – Rs 978.847 million

According to clause 10.1 of SAMA agreement” Amounts budgeted in the approved annual budget of the First Party for the financial year 2014-15 for the performance of the Services shall be transferred to the Second Party for credit into commercial.

According to Para 8 and 2 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.

During performance audit of WSSP it was observed that long outstanding dues of Rs. 978,846,666 was not recovered from various authorities during the year 2019-20 as per detail given below:

(Rs in million)

S No.	Authority	Outstanding
1	MCP	894.430
2	UTC	51.750
3	PDA	32.667
Total		978.847

Non recovery of loan occurred due to weak financial control which resulted in weak financial position of the entity.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends investigation to determine responsibility and expedite recovery.

4.2.7 Loss due to unnecessary outsourcing of waste collection operations – Rs.36.767million

Para 23 of GFR Vol-I requires that every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part or on the part of his subordinate staff.

During performance audit of the WSSP it was observed, that Rs. 36,767,212 was paid to various contractors on account of “Hiring of Vehicles” for solid waste collection and disposal during financial year 2019-20. Audit observed the following:

1. The outsourcing contract was awarded without any assessment of WSSP collection capacity report.
2. WSSP has already more than 3500 operational staff and more than 300 waste collection vehicles.

Outsourcing contract occurred due to weak internal control, which caused loss to Company.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry and justifications in the matter.

4.2.8 Irregular payment of fuel allowance – Rs. 9.140 million

According to HR manual of WSSP “all employees who are entitle to company vehicle shall be entitled to fuel”. The monthly fuel entitled against different management positions is summarized in the table below:

WSSP Positions	WSSP Proposed Grades	Fuel Entitlement (Liter)
CEO	M-1	400
Deputy CEO /COO	M-2	300
GMs/ Senior GMs	M-3	300
Zonal Managers/Deputy GM	M-4	300
Managers	M-5	200

During performance audit of Water & Sanitation Services Peshawar, it was revealed that the Staff of WSSP was irregularly allowed fuel allowance amounting to Rs. 9,140,979 as cash in salary instead of allowing the actual utilization of POL. Detail given below:

S. No.	Month	Amount (Rs)
1	July 2019	830,452
2	August 2019	833,058
3	Sep 2019	815,838
4	Oct 2019	782,651
5	Nov 2019	784,829
6	Dec 2019	760,315
7	Jan 2020	776,556
8	Feb 2020	844,104
9	March 2020	833,577
10	April 2020	741,771
11	May 2020	593,087
12	June 2020	544,741
Total		9,140,979

Audit observed that POL by paying as allowance was irregular and required to be paid on actual consumption basis.

Unauthorized payment was occurred due to weak internal control which caused loss to Company.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends recovery of fuel allowance from all the concerned staff.

4.2.9 Irregular payment of Car monetization – Rs. 2.631 million

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

During performance audit of Water & Sanitation Services Peshawar it was revealed that the Chief Executive officer irregularly allowed car monetization allowance to the following staff besides allowing fuel allowance resulting in overpayment of Rs. 2,631,908. Details given below:

S.#	Name of officer	Position	Total Fuel Allowance for the year (2018-19)	Total Monetization Allowance for the year (2018-19)	Total Fuel Allowance for the year (2019-20)	Monetization Allowance for the year (2019-20)
1	Syed Zafar Ali Shah	CEO	127,996	255,357	92,204	69,667
2	Zahid Anwar	CIA	123,111	360,000	205,566	270,000
3	Muhammad Kamal Afridi	Manager CLC	123,111	322,500	137,097	180,000
4	Imran Zaman	Project Manager	213,123	219,333	0	0
5	Hassan Ali	Manager Media & Communication	56,180	47,333	0	0
6	Muhammad Ismail	Manager CLC	212,723	219,333	0	0
7	Wajid Ali Khan	Manager Internal Audit	194,710	202,667	256,538	240,000
8	Syed Nasir Shah	Manager Accounts	-	-	174,798	147,097
9	Saqib Nawaz	Manager HR & Admn	-	-	93,762	98,621
Total			1,050,954	1,626,523	959,965	1,005,385

Audit observed that by paying/allowing both fuel allowance and monetization allowance simultaneously the CEO and other staff incurred loss to Company.

Unauthorized payment occurred due to weak internal control which caused loss to Company.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends recovery of car monetization from the concerned.

4.3 Procurement and Contract Management

4.3.1 Ignoring e-tendering system during procurement of goods and services – Rs. 418.78 million

The Government of Khyber Pakhtunkhwa in Local Government Elections and Rural Development Department issued a Notification No. PS/SLG&RDD/Misc/2014 dated 18-07-2014 for e-tendering system implementation by all Local Councils and Local Areas Development Authorities in the province of Khyber Pakhtunkhwa for transparent and fair competition.

WSSP spent Rs. 418.78 million on procurement of water supply and sanitation services without adopting e-tendering system during 2019-20. Government has devised policy and issued instructions for adopting e-tendering system for procurement of water supply schemes but local office ignored this policy resulting in irregular procurement.

Ignoring e-tendering system during procurement of goods and services occurred due to weak financial management which resulted in non-transparent and uneconomical procurement.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends that management should comply with the policies and instructions of the government for adopting the e-bidding system in procurement and fixing responsibility on the person(s) held responsible for the lapse.

4.4 Monitoring and Evaluation

4.4.1 In efficient collection of waste in Zone A, B & C

According to clause 3 (i) of the SAMA, WSSP is exclusively responsible entity for planning, designing, construction and operation and maintenance of water supply, sewerage, drainage and solid waste system and allied facilities in the area of operations.

According to Monitoring and Evaluation Report June, 2020, the zone wise solid waste management is as under:

KPI	Zone A	Zone B	Zone C	Zone D
Unit operating cost waste collected (Rs./kg)	3.94	6.53	5.93	5.99
Solid waste staff/1000 population served (No)	1.066	1.53	1.18	0.55
Collection efficiency (%)	88.22	75.97	59.17	36.85

During performance audit of Effectiveness of water supply and sanitation program in provision of municipal services, audit observed the following:

1. Less staff was deputed to Zone D due to which collection efficiency was lower as compared to other Zones.
2. Despite lower allocation of HR, per unit cost of collection was high as compared to Zone A & B, which reflected that POL cost was unreasonably high in Zone D.

Less allocation of staff in Zone D and higher collection cost per unit occurred due to lack of ineffective measures and actions, which resulted in depriving the general public at large from the better municipal services.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry in case of Zone D and action against the person(s) at fault.

4.4.2 No arrangements made to test water quality in Zone A, B and C

According to clause 3 (i) of the SAMA, WSSP is exclusively responsible entity for planning, designing, construction and operation and maintenance of water supply, sewerage, drainage and solid waste system and allied facilities in the area of operations.

According to Monitoring and Evaluation Report June 2020, the zone wise conducting of different water quality test is as under:

KPI	Zone A	Zone B	Zone C	Zone D
Chemically Unfit Taps (%)	Not Tested	Not Tested	Not Tested	5 samples collected and found fit
Biologically Unfit Taps (%)	Not Tested	Not Tested	Not Tested	5 samples collected and found fit
Water Quality Sampling (%)	Not Tested	Not Tested	Not Tested	0.06

During performance audit of effectiveness of water supply and sanitation programs in provision of municipal services, it was noticed that Chemically unfit taps, Biologically unfit taps and water quality sampling were not carried out in Zone A and C. Since 2015 after its inception, WSSP carried out water tests only in Zone D and excluded Zone A, B and C from such tests, which was reflective of its poor performance and inefficiency.

The lapse occurred due to inaction and weak operational management resulting in uncertain quality of water offered to the residents of Zone A, B and C.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends immediate arrangement of testing of quality of water of Zone A, B and C to ensure provision of safe drinking water to their dwellers and inquiry in the matter to fix responsibility at the person at fault.

4.4.3 Lack of water quality testing laboratories

According to Khyber Pakhtunkhwa drinking Water Policy 2015, Para 7.10 (ii) each organization /department will establish water quality testing laboratories and arrange required staff and equipment to ensure regular water quality monitoring and provision of safe water to the communities.

During performance audit of Effectiveness of water supply and sanitation programs in provision of municipal services, it was observed that water quality testing laboratories were not established by the WSSP in order to provide safe water to the community through its time to time testing.

Non-establishment of water quality testing laboratories occurred due to weak managerial and administrative controls, which resulted in provision of unhygienic water to the community.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends that efforts must be expedited for establishment of water quality testing laboratories.

4.4.4. 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 WSSP 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.

Due to poor quality of drinking water and inefficient sanitation system, number of patients and incidence of diseases increased many fold in district Peshawar as evident from the data provided by District Health Officer, Peshawar. Moreover there was no visible coordination between WSSP and Health department to check this spread of disease through curtailing water borne diseases as mentioned below:

S.No.	Name of Disease	Patients in 2017	Patients in 2018	Patients in 2019	Patients in 2020
1.	Diarrhea	142187	125265	3520	3031
2.	Scabies	22269	18502	13577	18721
3.	Dermatitis	19441	17788	9770	17485
4.	Malaria	10417	5562	90502	89465
Total		194314	167117	117369	128702

The lapse occurred due to un-hygienic sanitation system and poor quality of drinking water resulting in higher incidence of disease.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends that WSSP must coordinate with DHO, TMA and EPA and other relevant bodies to control incidence of diseases in its jurisdiction.

4.4.5 Non-replacement of old rusted pipelines resulting in public health issues

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.

WSSP did not replace old and rusted pipes as evident from the detail given below despite availability and allocation of sufficient budget resources. It resulted in increase of diseases and public health issues.

(Rs in million)

S. No	Title	Cost of the Project	Funding Source	Allocation for 2019-20	Releases	Physical Progress
1	Replacement of old rusted pipe and sanitation system Zone A	8.546	Govt. ADP 170434 one line grant to WSSP	8.546	8.546	65%
2	Replacement of old rusted pipe and sanitation system Zone C	6.704	Govt. ADP 170434 one line grant to WSSP	6.704	6.704	90%
3	Replacement of old rusted pipe and sanitation system Zone D	6.324	Govt. ADP 170434 one line grant to WSSP	6.324	6.324	80%

Non replacement of old rusted pipelines occurred due to weak internal control which resulted in public health issues.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends early replacement of old rusted pipe lines.

4.4.6 Non provision of safe potable water

According to World Health Organization. W.H.O Guidelines for Drinking-Water Quality: First Addendum to the Fourth Edition; World Health Organization: Geneva, Switzerland, 2017, Water consumed by humans must be

free from pathogenic micro-organisms and chemicals that might be harmful to health. Access to potable water is a prerequisite for health, an integral part of fundamental human rights, and effective health protection policies

During performance audit of WSSP it was found that both physio-chemical parameters, pH, and turbidity of water samples (108) collected were below the WHO permissible limits, while deteriorated bacteriological water quality was primarily observed at the household pipe network. The sanitary inspection score survey concluded that the risk to health category was medium to high, which was mainly due to a lack of drainage systems, old rusted water supply pipes, and placement water supply pipes nearby the main drain. The lack of drinking water quality monitoring programs in the study area, the absence of a legal framework, and the poor institutional arrangements for potable water quality issues have exacerbated the situation. Deteriorated potable water quality was observed in the household piped network.

A total of 108 water samples collected across the entire study area were subjected to physio-chemical and biological analyses. Tested parameters included pH, turbidity, temperature, fluoride concentration levels, and bacterial counts (faecal coliforms). Inverse distance weighting (IDW) interpolation in geographic information systems (GIS) was used for spatial analysis. Test results revealed that 48% of water samples had faecal coliforms count (per 100 mL) greater than World Health Organization (WHO) minimum limits, while 31% of samples had fluoride concentrations in excess of the WHO maximum guide values. Spatial distribution mapping was developed for faecal coliforms count and fluoride ion concentration using ArcGIS to highlight the high-risk settlements in the study area. Results showed that around 20% area under faecal coliforms and approximately 33% area based on fluoride concentrations fall under the need for treatment category. The pH and turbidity were found in compliance with WHO desirable limits. The sanitary inspection score significantly depicted that ineffective multi-barrier approaches consequently deteriorated the water quality at the consumer's end. Findings from the present study shall be useful to policymakers for adopting necessary remedial measures before it severely affects public health.

Non provision of safe potable water occurred due to weak administrative control which resulted in public health issues.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends taking proper actions in light of WHO set standards for provision of safe potable water to the residents of Peshawar.

4.4.7 Non-achievement of targets of SAMA by WSSP

According to clause-3 of the contract WSSC is exclusively responsible entity for planning designing construction, operation and maintenance of water supply, sanitation, sewerage, drainage, fluid and solid waste system and allied municipal services, infrastructure, utilities, and facilities including hygiene and other functions assigned by the government in the area of operation determined.

It was noticed during the Audit that WSSP could not fulfil its following commitments/targets as agreed in WASA Agreement signed between WSSP and TMA/Provincial government on 11th September, 2014.

1. It could develop three (3) years business plan & Annual Operating Plan within six months of signing of SAMA.
2. It could not gather baseline data and develop a base line for the services, which shall serve as performance indicator for evaluating the service obligation, within six months of signing of SAMA.
3. WSSP had a duty to increase 20% primary collection rate of SWM and increase 20% secondary collection efficiency of SWM above the baseline within 12 months of signing of SAMA, which it could not achieve.
4. No new scheme proposed nor launched after completion of five years to meet the water shortage of the community.

5. No new mechanism regarding door to door collection of household waste found adopted.
6. WSSP was required to ensure judicious use of resources to bring efficiency in water supply, Sanitation and waste collection, solid waste treatment and disposal and to enhance the level of services delivery, for which it had devised no plan.

WSSP could not achieved targets due to weak managerial control which resulted in failure to provide agreed services to the residents of Peshawar.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends that high powered committee should be constituted to examine the progress of WSSP against its agreed targets as per WASA agreement and it should be reprimanded for failure to fulfill its contractual obligations. It should also be made bound to come-up with workable plan within the prescribed timeframe to honor its commitments.

4.4.8 Unreasonable Electricity Cost in Zone C & D

According to clause 3(viii)of the SAMA the second party i.e WSSP has entrusted the responsibility promoting of public awareness on the importance of water conservation, waste reduction, resource recovery and comprehensive and efficient performance of the Services.

According to Monitoring and Evaluation Report June 2020, the zone wise average electricity cost of Tube well were as under:

Zone	Electricity Cost	No Tube wells	Average Electricity Cost of Tube Well	Water Production (MGPD)	Average Production cost per gallon
A	9,326,194	97	96,146	9.39	10,239
B	37,174,829	255	145,783	28.50	5,115

C	15,015,341	108	139,030	8.93	15,569
D	8,865,178	64	138,518	5.78	23,965
Total	70,381,542	525	134,315		

During performance audit of Effectiveness of water supply and sanitation program in provision of municipal services, it was noticed that the tube well electricity average cost of Zone C and D was much higher as compared to the Zone A and B. The average production cost of per gallon of water of Zone A was Rs. 10,239, Zone B was Rs. 5,115, Zone C was Rs. 15,569 and Zone D was Rs. 23,965. Such a huge variation in average production cost of water was unreasonable.

Variation in average water production cost per million gallons in different zones occurred due to lack of ineffective measures and actions, which resulted in loss.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends rationalization of electricity charges on tube wells in Zone C & D and action against the person(s) at fault.

4.4.9 Non-Vetting of Financial/HR and Procurement Manuals

According to Government of Khyber Pakhtunkhwa Finance Department Regulation wing letter No. FD(SOSR-II/4-36/2017 dated Peshawar the 18/04/2018. All administrative department/attached department/different organization frame regulation should require consulting with Finance Department before getting approval from the board/authorities.

During performance audit of the WSSP, it was observed that the entity developed HR/Finance and Procurement manuals and got them approval from its respective board of directors without vetting them from the Finance Department.

Audit observed that policies without approval from Finance Department occurred due to weak internal control, which resulted in irregular actions like recruitments, payments and procurements.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends inquiry and regularization from the competent authority.

4.5 Sustainability

4.5.1 Non-sustainability of WSSP on its own resources

According to clause 2(ix) of the SAMA agreement executed between TMA and WSSP, the WSSP is required to propose and determining cost recovery measures for the services provided and suggesting action regarding taxes, fees, user charges, surcharges, cesses, rents rates in respect of the services, receiving and appropriating all receipt sand recoveries in respect thereof.

During performance audit of Water and Sanitation Services Peshawar, it was observed that heavy expenditure incurred on account as operational cost, whereas the total revenue earned against the expenditure was very meager. The company was reliant hugely on grant and made no sincere efforts to become self-sufficient as evident from the position of grant received in last three years:

(Rupees in millions)

Head	2017-18	2018-19	2019-20
Receipts	146.85	173.44	221.00
Expenditure	2213.29	2686.9	3170.6
Grant	1765.00	1765.00	2700.00

Audit observed the following irregularities:-

1. No significant increase was noticed in the number of water users as handed over from TMAs/PHED to WSSP.
2. The sustainability of the company was mostly relying on government supported grants.
3. There was a huge difference between income and expenditure.

Audit observed that the company could not made significant improvement after taking resources from TMAs/PHED and PDA due to weak administrative and financial control.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends that WSSP should come with comprehensive plan to tap all the available revenues through expanding its base and devise mechanism to ensure unhindered recovery of dues. Monthly and yearly receipts targets should be set and its high reliance on government funds for financial viability must be reduced.

4.5.2 Excessive consumption of water due to fixed water charges and non-installation of water meters

According to clause 3(vii and viii) of the SAMA the second party i.e. WSSP has entrusted the function to take all such steps as are deemed necessary and expedient by the Second Party for effective management of the Services in order to safeguard public health to ensure that water supply services is effectively managed. And to promote public awareness on the importance of water conservation, waste reduction, resource recovery and comprehensive and efficient performance of the services and fostering understanding of its importance for conservation, protection and proper use of environment and initiating, carrying out or supporting, by financial means or otherwise, research which, in the opinion of the second Party is relevant to any of the functions envisaged to it.

WSSP did not install water meters to consumers which could have stopped unnecessary wastage of water and reduced the excessive consumption of water. This action would not only stop wastage of water resources but also enhance the revenue generation of the department. Furthermore, the car wash stations and wedding halls may be made bound to recycle the used water for reuse as directed by the Chief Justice of Hon'ble Supreme Court of Pakistan.

Non-installation of water meters occurred due to weak administrative control which resulted in excessive consumption of water.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends immediate installation of water meters to all water users in general and Car Wash Stations and Wedding Halls in particular.

4.6 Environment

4.6.1. Non-availability of standard dumping site 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.

District Government Peshawar acquired a piece of land measuring 819 kanals as dumping ground at Shamshatoo, Garhi Faizullah. Over there, solid municipal waste were dumped in an open land without proper recycling/ disposing and without following public health and environmental safety measures. Moreover, WSSP failed to establish proper solid waste collection point in the city area.

The lapse occurred due to lack of planning to design an effective solid waste management plan which resulted in damage to environment and further degeneration of public health program.

When pointed out in April 2021, Management replied that reply would be furnished shortly however no reply was furnished till finalization of this report.

Request for arranging of DAC meeting was made during the month of May, 2021. DAC meeting could not be convened till finalization of this report.

Audit recommends immediate establishment of standard dumping ground out of city area and proper planning for earth filling to decompose solid waste in an appropriate manner.

4.7 Overall Assessment

The overall performance of WSSP to ensure efficient provision of water supply & effective sanitation and solid waste management programs in District Peshawar was not appreciable due to lack of planning, poor management and absence of master plans in this regard in the areas 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:** WSSP 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 Peshawar.
- iii. **Efficiency:** The management of WSSP 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 WSSP role in provision of municipal services was not satisfactory.
- viii. **Risk Rating:** The risk rating of the WSSP regarding provision of municipal services was medium.

5. CONCLUSION

The overall conclusion of performance audit of “WSSP Role in Effectiveness of water supply & sanitation program in provision of municipal services at District level in Khyber Pakhtunkhwa District Peshawar” is as under:-

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

5.2 Lesson Identified: In view of the observations, it is concluded that WSSP 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:

- i. STPs must be functionalized at the earliest for the treatment of sewerage water
- ii. All illegal sewerage outlets to irrigation canals may be disconnected immediately and proper arrangements/planning may be made to avoid such practices in future
- iii. For being serious health hazard, appropriate incinerators may be installed in hospitals for disposing off hospital wastes
- iv. Clean drinking water may be provided through installation of filtration plants at feasible points
- v. Management should take steps to initiate public awareness in community about safe hygiene practices and careful usage of clean drinking water
- vi. Management should establish effective recovery system for early recovery of outstanding water charges
- vii. Management should take step to immediate replacement of burnt meters, installation of preventive tools/measures for keeping the meters safe from burning during abnormal fluctuation of electricity and fixing responsibility on the person(s) at fault
- viii. Ensure connection coverage to total population and in case of illegal connection, efforts should be made to bring them into the network
- ix. Electricity charges in Zone C & D may be double checked to bring them at par with the rest of region. Inquiry may also be made to action against the person(s) at fault

- x. Management should acquire the necessary resources for separation of recyclable items from waste.
- xi. Management should adopt the policies and instructions of the government for adopting the e-bidding system in procurement and fixing responsibility on the person(s) held responsible for the lapse
- xii. Solid waste collection must be done efficiently in all Zones and quality of water may also be tested from time to time to ensure provision of safe drinking water to dwellers of Zone A, B and C
- xiii. Efforts must be expedited for establishment of water quality testing laboratories
- xiv. WSSP must coordinate with DHO, TMA and EPA and other relevant bodies to control incidence of diseases in its jurisdiction
- xv. Immediate installation of water meters to all water users in general and Car Wash Stations and Wedding Halls in particular
- xvi. Recovery from all concerned for excessive payments may be made effective at the earliest
- xvii. WSSP should come up with comprehensive plan to replace the rusted pipelines in the tube wells for safeguarding residents from various diseases.
- xviii. All out efforts must be made to ensure provision of safe drinking water to inhabitants of District Peshawar as per WHO criteria

ACKNOWLEDGEMENT

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

RESPONSE AND IMPLEMENTATION OF RECOMMENDATIONS

Audit of Effectiveness of WSSP in provision of municipal services in district Peshawar				
Para No	Recommendations	Accepted Yes/No	Implementation date	Client Comments
4.1.1	Inquiry into the matter for fixing responsibility on the person(s) at fault and taking concrete steps to make these STPs functional at the earliest.	Yes	Nil	No reply was furnished.
4.1.2	All illegal sewerage inlets to irrigation canals may be disconnected immediately and proper arrangements/planning may be made to avoid such practices in future. Moreover, inquiry may also be conducted to find person at fault for fixing of responsibility.	Yes	Nil	No reply was furnished.
4.1.3	Appropriate incinerators may be installed in hospitals for disposing off hospital wastes along with fixing of responsibility at person at fault.	Yes	Nil	No reply was furnished.
4.1.4	Clean drinking water may be provided through installation of filtration plants at feasible points.	Yes	Nil	No reply was furnished.
4.1.5	To take steps to initiate public awareness in community about safe hygiene practices and careful usage of clean drinking water.	Yes	Nil	No reply was furnished.
4.1.6	Provision the connection coverage to total population and in case of illegal connections, bringing them into the network.	Yes	Nil	No reply was furnished.
4.1.7	inquiry and disciplinary action against the person(s) at fault.	Yes	Nil	No reply was furnished.
4.1.8	Inquiry and disciplinary action against the person(s) at fault.			No reply was furnished.
4.2.1	Establishment of effective recovery system for early recovery of outstanding water	Yes	Nil	No reply was furnished.

	charges.			
4.2.2	Immediate replacement of burnt meters, installation of preventive tools/measures for keeping the meters safe from burning during abnormal fluctuation of electricity and fixing responsibility on the person(s) at fault.	Yes	Nil	No reply was furnished.
4.2.3	Company should come-up with comprehensive plan to separately collect recyclable items from houses and make necessary arrangements with industrial units in vicinity to sell them and create necessary resources to further enhance its operations.	Yes	Nil	No reply was furnished.
4.2.4	Immediate recovery and action against the person(s) at fault.	Yes	Nil	No reply was furnished.
4.2.5	Enquiry and fixing responsibility at person at fault.	Yes	Nil	No reply was furnished.
4.2.6	Investigation to determine responsibility and expedite recovery.	Yes	Nil	No reply was furnished.
4.2.7	Inquiry and justifications in the matter.	Yes	Nil	No reply was furnished.
4.2.8	Recovery of fuel allowance from all the concerned staff.	Yes	Nil	No reply was furnished.
4.2.9	Recovery of car monetization from the concerned.	Yes	Nil	No reply was furnished.
4.3.1	Management should comply with the policies and instructions of the government for adopting the e-bidding system in procurement and fixing responsibility on the person(s) held responsible for the lapse.	Yes	Nil	No reply was furnished.
4.4.1	Inquiry in case of Zone D and action against the person(s) at fault.	Yes	Nil	No reply was furnished.
4.4.2	Immediate arrangement of testing of quality of water of Zone A, B and C to ensure	Yes	Nil	No reply was furnished.

	provision of safe drinking water to their dwellers and inquiry in the matter to fix responsibility at the person at fault.			
4.4.3	Efforts must be expedited for establishment of water quality testing laboratories.	Yes	Nil	No reply was furnished.
4.4.4	WSSP must coordinate with DHO, TMA and EPA and other relevant bodies to control incidence of diseases in its jurisdiction.	Yes	Nil	No reply was furnished.
4.4.5	Early replacement of old rusted pipe lines.	Yes	Nil	No reply was furnished.
4.4.6	Taking proper actions in light of WHO set standards for provision of safe potable water to the residents of Peshawar.	Yes	Nil	No reply was furnished.
4.4.7	High powered committee should be constituted to examine the progress of WSSP against its agreed targets as per WASA agreement and it should be reprimanded for failure to fulfill its contractual obligations. It should also be made bound to come-up with workable plan within the prescribed timeframe to honor its commitments.	Yes	Nil	No reply was furnished.
4.4.8	Rationalization of electricity charges on tube wells in Zone C & D and action against the person(s) at fault.	Yes	Nil	No reply was furnished.
4.4.9	Inquiry and regularization from the competent authority.	Yes	Nil	No reply was furnished.
4.5.1	WSSP should come with comprehensive plan to tap all the available revenues through expanding its base and devise mechanism to ensure unhindered recovery of dues. Monthly and yearly receipts	Yes	Nil	No reply was furnished.

	targets should be set and its high reliance on government funds for financial viability must be reduced.			
4.5.2	Immediate installation of water meters to all water users in general and Car Wash Stations and Wedding Halls in particular.	Yes	Nil	No reply was furnished.
4.6.1	Immediate establishment of standard dumping ground out of city area and proper planning for earth filling to decompose solid waste in an appropriate manner.	Yes	Nil	No reply was furnished.