



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
DISTRICT COUNCIL AND MUNICIPAL  
COMMITTEES  
DISTRICT PESHAWAR  
AUDIT YEAR 2015-16**

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**AUDITOR GENERAL OF PAKISTAN**

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## **ABBREVIATIONS AND ACRONYMS**

ADP	Annual Development Programme
AP	Advance Para
BOK	Bank of Khyber
CMD	Chief Minister Directives
CMO	Chief Municipal Officer
CSR	Composite Schedule Rates
DAC	Departmental Accounts Committee
DDO	Drawing and Disbursing Officer
DG	District Government
DP	Draft Para
KP	Khyber Pakhtunkhwa
LG&CD	Local Government and Community Development
LGA	Local Government Act
LG	Local Government
MCs	Municipal Committees
MOU	Memorandum of Understanding
MFDAC	Memorandum for Departmental Accounts Committee
PK	Province Khyber Pakhtunkhwa
TDR	Term Deposit Receipts
TKP	Tameer Khyber Pakhtunkhwa
UCs	Union Councils

## PREFACE

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections-8 and 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 and Section 168 of Local Government Act 2012, require the Auditor-General of Pakistan to conduct audit of the receipts and expenditure of Local Fund of District Councils and Municipal Committees.

The report is based on the audit of the accounts of Local Council Board, District Council Peshawar, Municipal Corporation Peshawar, University Town Committee Peshawar for the Financial Year 2014-15 and Peshawar Development Authority for the Financial Year 2013-14. The Directorate General of Audit, District Governments, Khyber Pakhtunkhwa, Peshawar conducted audit on test check basis during 2014-15 & 2015-16 with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systematic issues and audit findings carrying value of Rs1.00 million or more. Relatively less significant issues are listed in the Annexure -1 of the Audit Report. The Audit Observations listed in the Annexure-1 shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observations will be brought to the notice of Public Accounts Committee through the next year's Audit Report.

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

The observations included in this Report have been finalized in the light of written replies of the Departments in some cases. DAC meetings on some observations could not be convened despite repeated requests.

The Audit Report is submitted to the Governor of Khyber Pakhtunkhwa in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 168 of Khyber Pakhtunkhwa Local Government Act 2012 to be laid before appropriate legislative forum.

**(Rana Assad Amin)**

Dated:

**Auditor General of Pakistan**

## EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Khyber Pakhtunkhwa Peshawar, is responsible to conduct the audit of all District Councils, Municipal Committees (MCs) and Union Councils (UCs). Its Regional Directorate of Audit Peshawar has audit jurisdiction of District Councils, Municipal Corporation and UCs of three Districts i.e. Peshawar, Charsadda and Nowshera.

The Regional Directorate of Audit Peshawar has a human resource of 10 officers and staff, constituting 2510 man-days. A budget of Rs14.799 million was allocated during 2015-16. It has the mandate to conduct financial attest audit, audit of sanctions, audit of compliance with authority and audit of receipts as well as the performance audit of entities, projects and programs. Accordingly, Regional Directorate of Audit Peshawar carried out audit of the accounts of Local Council Board, District Council, Municipal Corporation and University Town Committee, Peshawar for the Financial Year 2014-15 and the findings included in the Audit Report.

Local Council Board Peshawar, District Council Peshawar, Municipal Corporation Peshawar and University Town Committee Peshawar perform their functions under Khyber Pakhtunkhwa Local Government Act 2012. Administrative Secretary i.e. Secretary Local Government and Rural Development Department, Khyber Pakhtunkhwa is the Principal Accounting Officer for these local bodies. According to financial provisions of the Act the Secretary Local Government and Rural Development Department, Khyber Pakhtunkhwa authorizes the Annual Budget for these local bodies in the form of budgetary grants.

### **a. Scope of audit**

Out of total expenditure of PDA, Local Council Board Peshawar, District Council Peshawar, Municipal Corporation and University Town Committee Peshawar, for the Financial Year 2014-15, the auditable expenditure under the jurisdiction of RDA was Rs4,665.219 million. Out of this, RDA Peshawar audited an expenditure of Rs2,099.340 million which, in terms of percentage, was 45% of auditable expenditure.

The receipts of PDA, Local Council Board, District Council, Municipal Corporation and University Town Committee Peshawar, for the Financial Year 2014-15, were Rs961.529 million. Out of this, RDA Peshawar audited receipts of Rs769.220 million which, in terms of percentage, was 80% of auditable receipts.

The total expenditure and receipts of PDA, Local Council Board, District Council, Municipal Corporation and University Town Committee Peshawar, for the Financial Year 2013-14 and 2014-15 were Rs5,626.748 million. Out of this, RDA Peshawar audited the expenditure and receipts of Rs2,868.560 million.

**b. Recoveries at the instance of Audit**

Recovery of Rs560.899 million was pointed out during the audit. However, no recovery was affected till the finalization of this report. All the recoveries pointed out were not in the notice of the executive before audit.

**c. Audit Methodology**

Audit was conducted after understanding the business processes of Peshawar Development Authority, Local Council Board Peshawar, District Council, Municipal Corporation Peshawar and University Town Committee, District Peshawar with respect to their functions, control structure, prioritization of risk areas by determining their significance and identification of key controls. This helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field activity. Audit used desk audit techniques for analysis of compiled data and review of permanent files/record. Desk Audit greatly facilitated identification of high-risk areas for substantive testing in the field.

**d. Audit Impact**

Audit pointed out various irregularities of serious nature to the management. However, no impact was visible as the management failed to respond and the irregularities could not come to the light in the proper forum i.e. DAC.

**e. Comments on Internal Control and Internal Audit department**

The purpose of internal control system is to ensure effective operation of an organization. It consists of measures employed by the management to achieve objectives, safeguard assets, and ensure accuracy, timeliness and reliability of financial and accounting information for decision making.

One of the basic component of Internal Control System, as envisaged under Para 13 of GFR Volume-I, is Internal Audit which was not prevalent in District Council and Municipal Committees Peshawar. Neither rules for internal audit have been framed nor internal audit report as required was provided to audit.

**f. Key Audit Findings of the reports:**

- i. Non Production of Record of Rs1,555.661 million was noted in two cases<sup>1</sup>.
- ii. Irregularity & Non-compliance of Rs640.579 million was noted in twenty four cases<sup>2</sup>.
- iii. Loss due to Internal Control Weaknesses of Rs361.970 million was noted in seventeen cases<sup>3</sup>.

**g. Recommendations**

- i. Disciplinary action needs to be taken for non-production of record as well as violation of the rules and regulations in spending the public money.
- ii. Deduction, recoveries of taxes, outstanding amount should be insured besides action against the person(s) at fault.
- iii. Inquiries and investigation need to be held to fix responsibility for losses, irregular payments and wasteful expenditure.

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<sup>1</sup>Para 1.2.1.1 & 1.6.1.1

<sup>2</sup>Para 1.2.2.1, 1.2.2.2, 1.2.2.3, 1.2.2.4, 1.2.2.5, 1.2.2.6, 1.4.1.1, 1.4.1.2, 1.4.1.3, 1.5.1.1, 1.5.1.2, 1.5.1.3, 1.5.1.4, 1.5.1.5, 1.5.1.6, 1.5.1.7, 1.6.2.1, 1.6.2.2, 1.6.2.3, 1.6.2.4, 1.6.2.5 & 1.6.2.6.

<sup>3</sup>Para 1.2.3.1, 1.2.3.2, 1.2.3.3, 1.2.3.4, 1.2.3.5, 1.2.3.6, 1.2.3.7, 1.3.2.1, 1.3.2.2, 1.3.2.3, 1.3.2.4, 1.4.2.1, 1.4.2.2, 1.4.2.3 & 1.6.3.1



## SUMMARY TABLES AND CHARTS

**Table 1: Audit Work Statistics**

(Rs in million)			
S. No	Description	No.	Budget
1	Total Entities (PAO) in Audit Jurisdiction	01	9,614.639
2	Total formations in audit jurisdiction	05	9,614.639
3	Total Entities (PAO) Audited	01	2,868.560
4	Total formations Audited	05	2,868.560
5	Audit and Inspection Reports	05	2,868.560
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

**Table 2: Audit Observations classified by Categories**

(Rs in million)		
S. No	Description	Amount placed under audit observation
1	Unsound asset management	-
2	Weak financial management	640.579
3	Weak Internal controls relating to financial management	361.970
4	Others	1,555.661
<b>Total</b>		<b>2,558.210</b>

**Table 3: Outcome Statistics****(Rs in million)**

S. No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total for the year 2014-15	Total for the year 2013-14
1	Outlays audited	-	574.879	1,373.610	920.070	2,868.560	1,452.546
2	Amount placed under audit observation / irregularities	-	148.591	269.939	2,139.680	2,558.210	332.141
3	Recoveries pointed out at the instance of Audit	-	43.470	228.731	288.698	560.899	197.962
4	Recoveries accepted / established at Audit instance	-	-	-	-	-	-
5	Recoveries realized at the instance of Audit	-	-	-	-	-	-

**Table 4: Irregularities pointed out****(Rs in million)**

<b>S. No</b>	<b>Description</b>	<b>Amount placed under Audit observation</b>
1	Violation of rules and regulations, principle of propriety and probity in public operation.	-
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from NAM, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	Quantification of weaknesses of internal controls systems.	361.970
5	Recoveries and overpayment, representing cases of established overpayment or misappropriations of public monies.	640.210
6	Non-production of record	1,555.661
7	Others, including cases of accidents, negligence etc.	-
<b>Total</b>		<b>2,558.210</b>

**Table 5: Cost-Benefit****(Rs in million)**

<b>Sr. No</b>	<b>Description</b>	<b>Amount</b>
1	Outlays Audited (Items 1 of Table 3)	2,868.560
2	Expenditure on Audit	0.680
3	Recoveries realized at the instance of Audit	0
	<b>Cost-Benefit Ratio</b>	<b>1:0</b>

## CHAPTER-1

### 1.1 District Council & Municipal Committees Peshawar

#### 1.1.1 Introduction

District Peshawar has PDA, LCB, District Council, Municipal Corporation and University Town Committee Peshawar. PDA has a DG and 12 Directors, LCB has a Secretary and 03 Deputy Secretaries, District Council has a Chief Coordination Officer, District Officer (Finance), District Officer (Infrastructure) and District Officer (Regulation). Municipal Corporation and UTC have Chief Municipal Officer, Municipal Officer (Finance), Municipal Officer (Infrastructure) and Municipal Officer (Regulation). PDA has one Drawing and Disbursing Officer (DDO) i.e. Director Finance, District Council Peshawar has one DDO i.e. Chief Coordination Officer & Chief Municipal Officers are the DDOs of Municipal Corporation and UTC. According to 1998 population census, the population of District Peshawar is 1,874,500.

#### 1.1.2 Comments on Budget and Accounts (Variance Analysis)

Amount of Rs7,691.581 million was allocated as grant in aid by the Provincial Government to PDA, Local Council Board, District Council, Municipal Corporation and University Town Committee Peshawar. An amount of Rs 961.529 million was realized during the Financial Year 2014-15. Thus making a total of Rs8,653.110 million at the disposal of local councils, against which an expenditure of Rs4,665.219 million was incurred by Local Council Board, District Council, Municipal Corporation and University Town Committee Peshawar with a saving of Rs3,997.891 million during 2014-15. Detail is given below:

#### Detail of budget and expenditure during Financial Year 2014-15

(Rs in million)

2014-15	Budget	Expenditure	Excess / (Savings)	%age
Salary	1,114.024	724.040	(389.984)	9.779
Non Salary	1,248.475	826.276	(422.199)	10.587
Developmental	6,290.611	3,114.903	(3,175.708)	79.634
<b>Total</b>	<b>8,653.110</b>	<b>4,665.219</b>	<b>(3,997.891)</b>	<b>100</b>

#### Detail of receipts realized during Financial Year 2014-15

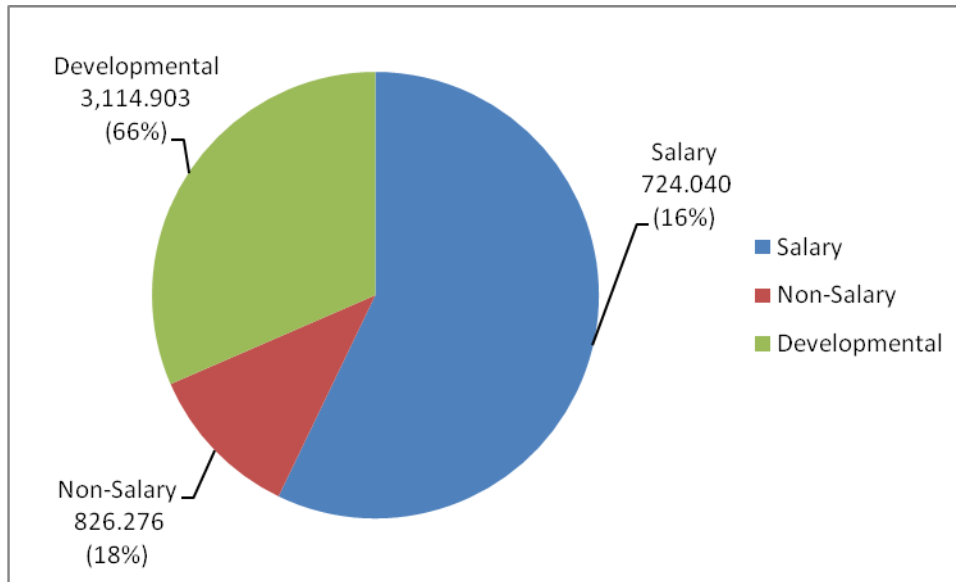
(Rs in million)

2014-15	Provincial Grant in Aid	Realization from own sources	Total
Receipts	7691.581	961.529	8653.110

The huge savings of Rs3,997.891 million in all heads of accounts indicate weakness in the capacity of these local institutions to utilize the amounts allocated.

### **EXPENDITURE 2014-15**

**(Rs in million)**



#### **1.1.3 Comments on the status of compliance with PAC Directives**

The audit report pertaining to the Audit Year 2014-15 has been submitted to the Governor of Khyber Pakhtunkhwa. Detail of PAC meetings are given below:

S. No.	Audit Year	PAC meeting convened /Not convened
1	2014-15	Not Convened

## **Peshawar Development Authority**

## 1.2 Peshawar Development Authority

### 1.2.1 Non Production of Record

#### 1.2.1.1 Non Production of Auditable Record - Rs1,482.326 Million

According to Section 14 (3) of the Auditor General (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, any person or authority hindering the auditorial functions of the Auditor General of Pakistan regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Director General Peshawar Development Authority in the Directorate Engineering-VI, during 2013-14, incurred expenditure of Rs1,482,326,000 on the following but auditable record was not produced to audit due to which the authenticity of expenditure could not be verified.

S No.	Name of work	Expenditure	Remarks
1	Up gradation & Remodeling of Ring Road (southern section) Peshawar	1192,458,000	Expenditure incurred up to 30-06-2014
2	Widening of existing structures Railway overpass Ring Road Peshawar	204,274,000	-do-
3	Special Repair of Roads in Hayatabad	59,570,000	Expenditure incurred up to 30-09-2014.
4	Construction of bridges & Roads connecting Jamrud road to Hayatabad Medical Complex Peshawar	20,398,000	-do-
5	Repair of Roads & Patch work in Hayatabad	1,831,000	-do-
6	Planning & reclaiming area sector E/4 Phase-VII Hayatabad Peshawar	3,795,000	-do-
	<b>Total</b>	<b>1,482,326,000</b>	

Non production of record occurred due to weak internal control which resulted in non-verification of record.

When reported in February, 2015, management replied that Project at Serial No. 1 being a Foreign Aided Project has been audited by the audit team of Directorate General Audit, Khyber Pakhtunkhwa, whereas works at Serial No. 2, 3, 4 and 5 pertain to Deputy Director Engineering-II & Directorate of Eng. -VI which have been transferred to Directorate of Engineering (W&S). Reply was not convincing as no evidence was provided.

DAC in its meeting held in November, 2015 directed that audit of the accounts of Projects from serial No 2 to 6 be conducted during December 2015, for which DG PDA has to write to DG audit in 1<sup>st</sup> week of December 2015. However, record was not produced to audit till finalization of the report.

Audit recommends disciplinary action against the person (s) at fault besides production of auditable record to the audit team.

**AP No. 162 (2013-14)**



## **1.2.2 Irregularity & Non compliance**

### **1.2.2.1 Irregular Investment - Rs2,295.15 Million**

According to 3(b)(e) & 6 of the Policy for Investment of Funds, circulated vide Government of Pakistan Finance Division OM No F-4 (1) 2002-BR-II Dated: 02-07-2003, the process of selection of bank(s) should be transparent. In case the total working balance exceeds Rs10.00 million, the selection of the banks as well as the term of deposits will be approved by the board of Directors/ governing body on the basis of competitive bids. The working balance limit of each organization should be determined with the approval of administrative ministry in consultation with Finance Division. Before making investment under this policy, it will be necessary for public sector entities to set up in-house professional treasury management function. Specifically they would need to have an investment committee. The approval of Investment Committee will be subject to approval of board of Directors for Public Sector Enterprises, to use the services of professional funds managers approved by SECP (Security & Exchange Commission of Pakistan).

Director General Peshawar Development Authority, during 2013-14 invested a sum of Rs2,295.15 million with various banks. The investments were unauthorized and irregular on the following grounds:

1. The investments were made without the approval of the Finance Department/Secretary Local Government & Rural Department KPK.
2. The investments were made without constitution of Investment Committee/Board of investment.
3. The working balance limit was not known, nor approved from Secretary Local Government & Rural Department KPK.

The irregularity occurred due to lack of financial control which may lead towards risk of loss and future misappropriations.

When pointed in February 2015, management replied that PDA is an autonomous body. Investment was made with the banks having maximum credit rating “A” for long term with maximum mark-up rates after competition amongst the banks. The reply was not convincing as the investment policy of the Government was not followed and it is apprehended that sole discretion of an individual may put the huge investment into risk.

DAC in its meeting held in November, 2015 directed the Director Finance to make a statement of Rs2,295.15 million invested, its date wise investment, ratings of banks, profit earned and Bank wise detail of competition within 30 days and produce record to audit for further verification. However, no progress was shown to audit till finalization of this report.

Audit recommends investigation and fixing responsibilities against the person(s) at fault.

**AP No. 140 (2013-14)**

### **1.2.2.2 Non-Crediting of Income Tax - Rs14.452 Million**

According to Section 153(c) of Income Tax Ordinance 2001, every prescribed person shall at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division III of Part III of the First Schedule.

Director General Peshawar Development Authority in the Directorate of Engg-VI, during 2013-14 deducted income tax of Rs14,452,172 from various contractors but failed to credit the amount into Government treasury. Detail as per annexure-2.

Non-crediting of income tax occurred due to non-compliance of rules which deprived the Government from its due local revenue.

When reported in February 2015, management stated that PDA has centralized accounting system and all taxes were duly deposited into Government treasury on monthly basis however, no documentary proof was provided.

DAC in its meeting held on November 10, 2015 directed that original record of amount of income tax deposited may be shown to audit within a week time, however no proof was provided till finalization of the report.

Audit recommends crediting of income tax into Government treasury and production of challan dully verified from income tax authorities.

**AP No. 159 (2013-14)**

### **1.2.2.3 Non Deposit of Interest on Mobilization Advance into Government Treasury- Rs3.333 Million**

According to Clause VI of Finance Department KPK letter No: SO (DEV-II) 12-15/2003/F.D.Dated:28.06.2004; mark up @ 8% per annum will be charged on mobilization advance.

Director General Peshawar Development Authority in the Directorate of Engineering-I, during 2013-14 paid mobilization advance of Rs70,900,000 to contractor, however interest @ 8% for Rs3,333,271 earned up to 24-01-2015 was not deposited into Government Treasury.

Non deposit of interest occurred due to non-observance of rules which deprived the Government from its due local revenue.

When reported in February 2015, management replied that the PDA has centralized accounting system. The Director Finance recovers the interest amount and subsequently all such recoveries made from different contractors were deposited into Government Treasury. No documentary evidence was produced in support of reply.

In the DAC meeting held on 10-11-2015, management replied that PDA has liabilities against the Provincial Government and as such interest would be adjusted against the liabilities and result be intimated to audit. DAC directed that reconciliation with Provincial Government be finalized within three months and final outcome should be reported to audit. No progress was intimated till finalization of this report.

Audit recommends early deposit of the amount into Government Treasury and action against the person (s) at fault.

**AP No 189 (2013-14)**

#### **1.2.2.4 Non Deposit of Bank Profit - Rs94.529 Million**

Para 8 and 26 of the General Financial Rules Volume I require each administrative department to see that the dues of the government are correctly and promptly assessed, collected and paid into Government Treasury.

Director General Peshawar Development Authority, during 2013-14 earned bank profit of Rs94,529,000 million on the funds of land compensation received against various schemes however, they failed to deposit it into Government treasury. Detail as per annexure – 3.

Non deposit of bank profit occurred due to non-compliance of rules which deprived the Authority from its due local revenue.

When pointed, management replied that the owners of the acquired land have filed reference in the court which is still pending and liable to be made payment to the decree holders upon the decision of the Court. However, the reply was not convincing as the court has not stopped the PDA to deposit bank profit into Government treasury.

DAC in its meeting held in November, 2015 directed that comments of the Finance Department may be obtained within 7 days otherwise profit to be transferred to Govt. treasury however no progress was intimated till finalization of this report.

Audit recommends deposit of bank profit and action against the person(s) at fault.

**AP No. 232 (2013-14)**

### 1.2.2.5 Unauthorized Retention of Govt. Fund – Rs274.897 Million

According to rule 8 of FTR, no money shall be drawn from the assignment account unless it is required for immediate disbursement or the amount has already been expended out of permanent advance or imprest. It shall not be permissible to draw the whole amount authorized or a part thereof and to place it in a separate account at the treasury or in a commercial bank.

Director General Peshawar Development Authority, during 2013-14 approved land acquisition award of Rs337,361,145 however, Rs274,897,098 were not paid to the Land Owners. Moreover, Stamp Duty, District Council Share and mutation fee worth Rs13,084,838 were also not deposited into Govt. treasury. Detail below:

Amount in (Rs)							
S No.	Name of Scheme	Compensation Amount	Payment	Balance	2% District Council share	2% Stamp Duty	Mutation Fee
1	Construction of ring road (missing link) from Pajjagi road to Warsak Road Northern Section of ring road Peshawar for payment to Land owners of Babu Ghari	68,667,828	52,123,919	16,543,909	1,373,356	1,373,356	2,000
2	Construction of Ring Road (missing link) from Pajjagi Road to Warsak Road Northern Section of Ring Road Peshawar	268,693,317	10,340,128	258,353,189	5,167,063	5,167,063	2,000
	<b>Total</b>	<b>337,361,145</b>	<b>62,464,047</b>	<b>274,897,098</b>	<b>6,540,419</b>	<b>6,540,419</b>	<b>4000</b>

Unauthorized retention occurred due to non-compliance of rules which resulted in blockade of money.

When pointed out, management replied that office of the Deputy Commissioner has been requested to attest the mutation. 155 No's of mutations have been attested, the payments of which has already been deposited. However, no documentary proof was shown to audit.

DAC in its meeting held in November, 2015 directed that the money should be deposited into Govt. treasury within 7 days however no progress was intimated till finalization of this report.

Audit recommends deposit of money into Government Treasury and action against the person(s) at fault.

**AP No. 233 & 234 (2013-14)**

**1.2.2.6 Unauthorized Award of Contract due to Defective Tendering - Rs85.000 Million and Non Recovery of Penalty – Rs0.890 Million**

According to Model Term and Conditions of the contract “Terms of Contract must be precise and there should be left no room for ambiguity in the contract agreement”. Further, Schedule of Payments clause-9 (b) of the agreement requires that payment of the monthly installment should be received upto 5th of each month and in case of nonpayment of the installment up to 15th of each month, the contract will be rescind immediately and a fine of Rs10,000 per day will be charged up to the said 15th of the month.

Director General Peshawar Development Authority in the Directorate Building Control Agency, during 2013-14 awarded the advertisement contract for collection of advertisement charges on all the advertisement materials for Rs85,000,000 however, the following irregularities were noticed:

- i. The contract was awarded for the period of 3 years instead of one year.
- ii. The contract was not vetted from Law Department Govt. of Khyber Pakhtunkhwa as admitted by the department in its letter Endost: No: 6-01-10/DBCA/PDA/3023 dated: 20-5-2014.
- iii. Rates of advertisement per Banner, Hoarding etc to be charged by the company were not notified in the agreement.
- iv. Loss of Rs 27,736,000 per annum was sustained by Govt. due to non-increase in the contract bid value by 10% per year.
- v. A sum of Rs28.088 million was outstanding against the contractor till date of audit.
- vi. The contractor failed to deposit Rs28,088,302 till date of audit penalty @ 10% for Rs890,000 was neither imposed nor recovered.

Defective tendering occurred due to non-compliance of model terms and conditions which resulted in unauthorized award of contract.



When pointed out, management replied that auction in previous years were on 3 years basis, the contract was not vetted, it was mentioned in clause 10 of the agreement that contractor will collect charges as per schedule rates and 10% increase does not achieve due to open auction. The reply was not convincing as model terms and conditions were not followed.

DAC in its meeting held in November, 2015 directed that inquiry shall be conducted by Secretary LG & RDD to fix responsibility within 30 days however; no progress was intimated till finalization of this report.

Audit recommends recovery and fixing of responsibility against the person(s) at fault.

**AP No. 247,248 & 251(2013-14)**

### 1.2.2.7 Suspected Misappropriation of Funds - Rs90.00 Million

Para 7 of GFR Vol.-I requires that unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Finance Department.

Director General Peshawar Development Authority in the Directorate of Building Control Agency, during 2013-14 drew a sum of Rs90,000,000 from various Bank Accounts however, without details of disbursement or any other evidence in support of the drawl was available on record.

SNo.	Bank and Account Number	Date of with drawl	Amount (Rs)
1	Allied Bank Hayatabad Br. A/C No.72082	31-10-2013	30,000,000
2	-do-	4-11-13	10,000,000
3	Bank Alfalah Hayatabad Br. A/C No.8301	28-5-2014	50,000,000
<b>Total</b>			<b>90,000,000</b>

Unauthorized drawl occurred due to non-compliance of rules which resulted in suspected misappropriation of funds.

When pointed out management reply was not found convincing since the contention that amount was drawn from one account to invest in another account was also without any substance. However, neither justification was provided nor investment proceeds were shown to audit.

DAC in its meeting held in November, 2015 directed that investment process and the bank statements of the banks where the amount was invested should be provided within 7 days however, no progress was intimated till finalization of this report.

Audit recommends investigation and fixing of responsibility against the person(s) at fault besides suspected misappropriated amount may be recovered under intimation to audit.

**1.2.3 Internal Control Weaknesses**

**1.2.3.1 Overpayment due to Allowing Higher Rate–Rs2.593 Million**

According to Market Rate System 2013 the rate for granular sub base is Rs1065.23/M<sup>3</sup> as per item code (16-03-a).

Director General Peshawar Development Authority in the Directorate of Engineering–VI, overpaid Rs2,593,236 by allowing higher rate during 2013-14 as per detail given below:

Name of Work	Name of Item	Rate Admissible (Per M3)	Rate Paid (Per M3)	Diff (M3)	Quantity	Overpayment (Rs)
Widening/Improvement of existing Jamrud Road from Shama Chowk to Karkhano Market under Section–II	Granular sub-base in the work	Rs1065.23	Rs1881.92	Rs816.69	3,175.300	2,593,236

Overpayment occurred due to violation of approved rates which resulted in loss to Government.

When reported in February, 2015, management replied that on the basis of laboratory test result, the contractor was instructed to use item No. 16-03-b instead of 16-03-a to strengthen the sub base. However, no any justification was provided.

DAC in its meeting held on November 10, 2015 directed the management to verify the reduced rate from the bills, if payments are made on reduced rates to other contractor, then the current contractor would also be paid on reduced rate of Rs1,065 instead of Rs1,881.92. Original bills and MBs should be produced to audit within 7 days. No further progress was reported to audit till finalization of this report.

Audit recommends detail inquiry in the matter and affect recovery of the amount paid in excess for verification.

### **1.2.3.2 Loss due to Non-Encashment of Bank Guarantee - Rs67.437 Million**

According to Clause 12.1 of Pakistan Engineering Council Standing Bidding Documents, if contractor defaults, his contract shall be terminated and the work shall be completed at the risk and cost of the contractor.

Director General Peshawar Development Authority in the Directorate of Engineering-I, during 2013-14, paid Rs.1,367,426,000 for “Construction of Flyover at Rehman Baba and Bacha Khan Intersection”. The contractor left the work incomplete and was re-assigned for Rs535,000,000 at the risk and cost of contractor in 10/2014 however, the performance security was not en-cashed in time which resulted into loss of Rs.67,437,350.

Non encashment of bank guarantee occurred due to lack of financial control which resulted in loss to Government.

When reported in February 2015, management replied that several notices were issued to the contractor for renewal of the bank guarantee but he failed to submit the renewed security. However, security of the contractor for 46,829,260 is lying with the department. The reply was not correct as no effective steps were taken before expiry of the bank guarantee for its encashment in favour of the PDA.

In the DAC meeting held on 10-11-2015, DAC directed that Director General PDA shall conduct inquiry for fixing responsibility and recover the amount within 04 months. In case of failure, case should be referred to NAB or Ehtesab Commission Khyber Pakhtunkhwa for recovery. No progress was shown before finalization of the report.

Audit recommends recovery, inquiry and fixing responsibility.

**AP No. 186 (2013-14)**

### **1.2.3.3 Overpayment by Allowing Higher Rates - Rs3.404 Million**

According to Finance Department Notification No: SO(G)/W&S/II-129/2005 dated: 02-01-2009, the source of construction material and other items involved in the escalation of rates for steel re-enforcement, the ex-factory rates of Fazal Steel Islamabad, Ittihad Steel Islamabad and Itifaq Steel Factory Lahore shall be considered as the valid source.

Director General Peshawar Development Authority in the Directorate of Engineering-I, during 2013-14, overpaid Rs3,404,571 to contractor for “Construction of Flyover at Rehman Baba Intersection and Bacha Khan Chowk Peshawar” by allowing base rates of Frontier Foundry on escalation of steel reinforcement for Rs74,550 instead of the approved source of Ittihad Steel for Rs75,500, resulted into excess payment of Rs3,404,571.

The overpayment occurred due to financial mismanagement which resulted in loss to Government.

When reported in February 2015, management replied that the rate of FF Steel was considered as base rate for calculation of escalation. The reply was not correct as valid rates were not adopted.

In the DAC meeting held on 10-11-2015, DAC directed that the representative of Secretary LG & RDD and Secretary C&W would examine the case in light of audit observation and submit report within 30 days.

Audit recommends recovering the amount and depositing in to Government Treasury.

**AP No.188 (2013-14)**

#### 1.2.3.4 Overpayment due to Misapplication of Rates - Rs4.437 Million

According to item No.03-61-d of MRS-2013, the rate of “Formation embankment from roadway excavation in granular material, including compaction by power roller” is Rs317.04/ M<sup>3</sup>.

Director General Peshawar Development Authority in the Directorate of Engineering-I, during 2013-14 paid non schedule rate of Rs720.89/ M<sup>3</sup> instead of the schedule rate of Rs317.04 for “formation embankment” in the work “Construction and remodeling of Ring Road” which resulted into loss of Rs4,436,577. Detail is given below:

				Amount in (Rs)
Quantity Used	Rate Paid (Per m3)	Rate Required (Per m3)	Difference (Per m3)	Overpayment
11686.92 m3	720.89	317.04	403.85	4,719,763
6% below				283,186
<b>Net recoverable amount</b>				<b>4,436,577</b>

In addition, 6% rebate on schedule item offered by contractor was also not deducted from the contractor being treating the item as non-schedule, resulting into loss of Rs505,499 ( 8,424,984 x 6%).

Overpayment occurred due to lack of internal control which resulted in loss to Government.

When reported in February 2015, management replied that non-schedule rate was paid for formation of embankment with the granular material from borrowed excavation. The reply was not correct as MRS 2013 was not observed.

In the DAC meeting held on 10-11-2015, DAC directed that the case be referred to MRS Committee of the Provincial Government for clarification within a week time. In case of failure recovery should be made within 30 days. However, no progress was intimated till finalization of this report.

Audit recommends recovery of the amount from the contractor and action against the person (s) at fault.

**AP No. 193 (2013-14)**

### **1.2.3.5 Misappropriation of Funds - Rs109.423 Million**

According to GFR 23, "every government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence either on his part or on the part of his subordinate staff."

Director General Peshawar Development Authority in the Directorate of Finance, during 2013-14 invested a sum of Rs92.00 million with Samba Bank. The TDR received were neither en-cashed nor verified however, the investment was rolled on with the Bank during the entire period and the money so invested was misappropriated. State Bank of Pakistan vide its Notification No: CPD (RD - 07) 21348/ 14 Dated: 10-11-2014 also taken serious view of it and directed the management of the Samba Bank to return the amount of Rs92,000,000 along with accrued interest of Rs17,323,000 within 15 days to PDA.

Misappropriation occurred due to weak internal control which resulted in loss to Government.

When reported in February, 2015, management replied that these funds were misappropriated by the bankers and efforts are being made to get the funds recovered along with profit.

DAC was held in November 2015, wherein the management repeated the previous reply. DAC did not agree and directed to conduct enquiry, fix responsibility and recover the entire amount within 30 days and in case of failure case may be taken up with NAB or Ehtesaab Commission.

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

**AP No.138 (2013-14)**

**1.2.3.6 Less Recovery of 75% Maintenance Share - Rs.105.587 Million**

According to Government of N.W.F.P Planning and Development Department Letter No. Chief INF/P&D/715/AC-15/2005/2411-16 dated 5-7-2005 “Maintenance of Khyber Road, Jamrud Road and Ring Road shall be taken care including operationalization of lights in accordance with proportion of 75% : 25% by the Provincial Govt. and District Govt. respectively”.

Director General Peshawar Development Authority in the Directorate of Finance, during 2013-14 failed to recover 75% maintenance share for Rs 105,875,537 from Provincial Government. Detail is given below:

				Amount in (Rs)
S/No	Expenditure	75% due share	Amount recovered	Less recovery
1	335,282,010	251,461,507	145,873,970	105,587,537

Less recovery occurred due to lack of monitoring and financial control which resulted in loss to Government.

When reported in February, 2015, the management replied that case has been taken up with Finance Department. However, no progress was shown to audit.

DAC was held in November 2015, where in the management repeated the previous reply. DAC did not agree and directed to recover the amount within 30 days; however no progress was intimated till finalization of the report.

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

**AP No.143 (2013-14)**



### **1.2.3.7 Non Recovery of Loan - Rs20.00 Million**

Chartered Accountant Report of the authority shows an amount of Rs20,000,000 outstanding against PMU.

Director General Peshawar Development Authority in the Directorate of Finance, during 2013-14, Chartered Accountant Report and Ledger Accounts revealed that loan of Rs20,000,000 was granted to Project Management Unit (PMU) however, neither it was accounted for nor was recovered from the borrower.

Non recovery of loan occurred due to lack of financial control which may lead towards bad debts.

When reported in February, 2015, management replied that PMU was winded in the year 2000. As the loan was not paid during the year 2013-14, therefore it was not reflected in the books of accounts. The reply was not correct as the huge amount of loan was misappropriated which needs recovery.

DAC was held in November 2015, where in the management repeated the previous reply. DAC did not agree and directed to conduct enquiry and recover the amount within 30 days. However no progress was intimated till finalization of the report.

Audit recommends investigating the matter, recovery of the amount and action against the person(s) at fault.

**AP No. 149 (2013-14)**

### 1.2.3.8 Loss due to manipulation in tender form - Rs0.914 million

Para 23 of the General Financial Rules Volume 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.

Director General Peshawar Development Authority in the Directorate of Water Supply & Sanitation, during 2013-14 awarded the work “Drilling of bore hole and conversion into tube well at section F-9 phase-VI Hayatabad” to the second lowest at 0.16% below on CSR 2012 instead of the 1<sup>st</sup> lowest of 15% below on CSR-2012 who’s rate was manipulated to 15% above which resulted in loss of Rs914,215. Details below:

Total cost of the project as per work order	Amount of 15% below would have been	Amount of actual below 0.16% below	Loss
1	2	3	4 (2-3)
6,160,082	924,072	9,856	914,215

Manipulation in tender form occurred due to weak internal control which resulted in loss to Authority.

When reported in February, 2015, management replied that rate of 15% above BOQ was quoted by contractor instead of 15% below. The reply was not correct as the rate was clearly manipulated from “15% below” to “15% above” giving undue benefit to the 2<sup>nd</sup> lowest and loss to the Authority.

DAC in its meeting held in November 2015, directed that manipulation in rate of 15% below on BOQ is clear and enquiry be conducted for recovery of the loss within 30 days. However no progress was intimated till finalization of the report.

Audit recommends investigating the matter, recovery of the amount and action against the person(s) at fault.

**AP No. 215 (2013-14)**

**LOCAL COUNCIL BOARD**

### **1.3 Local Council Board Peshawar**

#### **1.3.1 Irregularity & Non compliance**

##### **1.3.1.1 Unauthorized Investment – Rs305.242 Million**

According to Finance Department Khyber Pakhtunkhwa Notification No: 2/3-NFC (FD) 94/ Vol - II dated: 14.11.1994, no Government departments/ autonomous bodies or any other agency under the control of the Provincial Government will invest public funds in authorized private sector schedule banks/ DFIs without the prior clearance of Finance Department and orders of the Chief Minister in each case.

Secretary Local Council Board Peshawar during 2014-15, invested an amount of Rs305,242,000 in various financial institutions without the prior clearance of Finance Department and orders of the Chief Minister in each case. Detail as per annexure - 4.

Unauthorized investment occurred due to non-compliance of Government orders.

When pointed out in November 2015, management stated that detailed reply would be furnished after checking of record. However, no reply was furnished till finalization of this report.

**PAO failed to convene DAC meeting to discuss the paras despite repeated requests of audit.**

Audit recommends conducting inquiry for fixing of responsibility on person(s) at fault.

**AP No. 122 (2014-15)**

### 1.3.1.2 Non Recovery of Outstanding Dues - Rs96.839 Million

According to Constitution & Conduct of Business Rules 1988, Chairman LCB shall be responsible for maintaining the funds of the Board.

Further, as per Government of Khyber Pakhtunkhwa, LG & RD Department letter No.AO/LCB/T.P/2010-11 dated 11<sup>th</sup> June, 2011 per annum payment of LCB share @ 2% of the Revenue/receipts approved.

The Secretary Local Council Board Peshawar, during 2014-15, failed to recover Rs9,904,858 outstanding on account of 2% LCB Share, Pension Contribution and Group Insurance against various District Councils and Municipal Committees as per detail below.

Amount in (Rs)			
S. No	Particular	Amount Outstanding Against District Councils	Amount Outstanding Against Municipal Committees
01	2% LCB Share	2,263,000	57,016,164
02	Pension contribution	7,634,954	29,885,560
03	Group Insurance	6,904	33,321
	<b>Total</b>	<b>9,904,858</b>	<b>86,935,045</b>
	<b>Grand Total (9,904,858 + 86,839,903)</b>		<b>96,839,903</b>

Non recovery of outstanding dues of LCB share occurred due to non-compliance of rules which resulted in loss to Board.

When pointed out in November 2015, management stated that detailed reply would be furnished after checking of record. However, no reply was furnished till finalization of this report.

Request for convening of DAC meeting was made in November, 2015, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report.

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

**AP No. 138 (2014-15)**

### 1.3.1.3 Loss due to Illegal Occupation of Office Building - Rs4.569 Million

Para 23 of the General Financial Rules Volume 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.

Secretary Local Council Board Peshawar, during 2014-15 failed to execute lease agreement with various departments who have illegally occupied office building situated at 2<sup>nd</sup> and subsequent floors of LCB building. As a result, rent amounting to Rs4,569,708 was also not recovered which put LCB into loss. Detailed is given below:

S No	Name of Tenant	Rent per month	Period	Outstanding	Remarks
1	WSSP	223,720	1/9/14 to 31/10/15	3,157,316	Lease agreement not executed.
2	KP BOIT	87,780	1/9/14 to 31/10/15	1,254,156	Lease agreement not executed.
3	PSA	66,500	1/9/14 to 31/10/15	158,236	Lease agreement not executed.
<b>Total</b>				<b>4,569,708</b>	

Illegal occupation occurred due to non-compliance of rules which resulted in loss to Government.

When pointed out in November 2015, management stated that detailed reply would be furnished after checking of record. However, no reply was furnished till finalization of this report.

Request for convening of DAC meeting was made in November, 2015, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report.

Audit recommends recovery of outstanding dues, execution of loan agreement and action against the person(s) at fault.

**AP No. 145 (2014-15)**

### 1.3.2 Internal Control Weaknesses

#### 1.3.2.1 Suspected Misappropriation - Rs20.463 Million

According to Finance Department Khyber Pakhtunkhwa Notification No.2/3-NFC (FD) 94/ Vol. - II dated: 14.11.1994, in future no Government departments/ autonomous bodies or any other agency under the control of the Provincial Government will invest public funds in authorized private sector schedule banks/DFIs without the prior clearance of Finance Department and orders of the Chief Minister of KPK in each case.

In office of the Secretary Local Council Board Peshawar, during 2014-15, audit observed that pension contribution fund of Rs20,462,888 was converted into Terms Deposit Receipt (TDR) in the year 2005-06 however, whereabouts of these funds were not known. Moreover, local office failed to reconcile these figures with the bank concerned. Detail is given below:

Name & address of Bank	Account No.	Nature of Fund	Amount (Rs)
Bank of Khyber Main Branch, Peshawar	SDA-02045-00-1	Pension contribution fund	15,623,570
Bank of Khyber Sadder Branch Peshawar	SDA-01037-00-5	-do-	4,839,318
<b>Total</b>			<b>20,462,888</b>

Suspected miss-appropriation occurred due to weak internal control which resulted in loss to the Board.

When pointed out in November 2015, management stated that detailed reply would be furnished after checking of record. However, no reply was furnished till finalization of this report.

Request for convening of DAC meeting was made in November, 2015, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report.

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

**AP No. 123 (2014-15)**

### **1.3.2.2 Irregular appointment – Rs42.60 million**

According to Clauses - 9(1) and 10 of the Local Government, Elections and Rural Dev. Department Government of KPK notification No: OSD (LG) 1 (13) /80 dated July 13th, 1981; vacancies in the Unified Grade shall be filled; (a) by initial recruitment in accordance with the zonal quota prescribed for government servants: or (b) by transfer of a suitable official already employed in any department of government or any statutory body setup or controlled by government: or (c) by promotion on the basis of seniority cum fitness from amongst holders of posts in the next below grade in the branch concerned; or (d) by selection on merit from amongst holders of posts in the next below grade in the branch concerned with practically the same standard of merit. No person shall be appointed to a post in the Unified Group by initial recruitment who is more than 28 years of age or less than for BPS-16 and above and eighteen years of age, in other cases.

Secretary Local Council Board Peshawar, during 2014-15 appointed staff in PUGF 14 Administration Cadre in BPS-17, 03 Engineering cadre of BPS-17, 29 Engineers BPS-11, 15 Finance Cadre in BPS-11 on permanent basis. The appointments were illegal and irregular on the following grounds:

- a) Appointments were made in excess of the actual vacancies advertised
- b) Zonal quotas were not observed.
- c) Details of tests and interviews were not available on record.
- d) Criteria of 1<sup>st</sup> class master degree in the NIT, was not observed in the final selection.
- e) Ex-Servicemen Quota was not observed.

When pointed out in November 2015, management stated that detail reply will be submitted after scrutiny of record. However, no reply was furnished till finalization of this report.

Request for convening of DAC meeting was made in November, 2015, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report

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

**AP No. 130 & 131 (2014-15)**



### **1.3.2.3 Unauthorized Utilization of Pension Fund for Disbursement of Salaries – Rs6.700 Million**

According to Para 7 of GFR Vol-I, unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Finance Department.

Secretary Local Council Board Peshawar, during 2014-15 Rs6.700 million out of pension funds for payment of salaries and operating expenses which was unauthorized.

Unauthorized utilization of public fund for payment of salaries and operating expenses occurred due to internal control weaknesses which resulted in misclassification of expenditure.

When pointed out in November 2015, management stated that detailed reply would be furnished after checking of record. However, no reply was furnished till finalization of this report.

Request for convening of DAC meeting was made in November, 2015, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report.

Audit recommends investigation and appropriate action against the person(s) at fault besides recovery of loss.

**AP No.124 (2014-15)**

#### 1.3.2.4 Loss due to Investment on Lowest Rate - Rs8.330 Million

According to Para 174 of Local Government Act 2012 read with clause-ii of Finance Department KPK notification No.2/3-NFC (FD) 94/Vol-II dated: 14.11.1994 regarding investment of funds by departments/ autonomous bodies etc. with public sector schedule banks/DFIs, the concerned departments/ autonomous bodies, department concerned will submit to the Finance Department details regarding the amounts, dates of deposit, date of maturity, rates of mark up and estimated loss if these amounts are prematurely withdrawn

Secretary Local Council Board Peshawar, during 2014-15 invested pension fund of Rs35,000,000 in Bank of Khyber at profit rate of 12.50% per annum in April 2009. Later on, the fund was drawn from Bank of Khyber and re-invested in National Bank of Pakistan at profit rate of 9.10% per annum without prior approval from Chairman LCB which resulted into loss of Rs8,330,000. Detail is given below:

S No.	Period	BOK Rate	NBP Rate	Difference	Principal Amount (Rs)	Loss (Rs)
1	01/2009 to 12/2009	12.50%	9.10%	3.40%	35,000,000	1,190,000
2	01/2010 to 12/2010	12.50%	9.10%	3.40%	35,000,000	1,190,000
3	01/2011 to 12/2011	12.50%	9.10%	3.40%	35,000,000	1,190,000
4	01/2012 to 12/2012	12.50%	9.10%	3.40%	35,000,000	1,190,000
5	01/2013 to 12/2013	12.50%	9.10%	3.40%	35,000,000	1,190,000
6	01/2014 to 12/2014	12.50%	9.10%	3.40%	35,000,000	1,190,000
7	01/2015 to 12/2015	12.50%	9.10%	3.40%	35,000,000	1,190,000
					<b>Total</b>	<b>8,330,000</b>

Investment on lowest rate occurred due to internal control weaknesses which resulted in loss to Government.

When pointed out in November 2015, management stated that detailed reply would be furnished after checking of record. However, no reply was furnished till finalization of this report.

Request for convening of DAC meeting was made in November, 2015, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report.

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

**AP No. 125 (2014-15)**

### 1.3.2.5 Non Recovery of Capacity Building Contribution - Rs7.700 Million

According to LG&RD letter No: AO/ LCB/ T.P/ 2010-11 dated: 11<sup>th</sup> June, 2011, contribution to be paid to the Local Council Board per annum for the training/ capacity building at the rates mentioned below.

- 1) Local Councils/TMAs Category A Rs300,000
- 2) Local Councils/TMAs Category B Rs200,000
- 3) Local Councils/TMAs Category C Rs100,000

Secretary Local Council Board Peshawar, during 2014-15 failed to collect Capacity Building Contribution for Rs7,700,000 from the following local councils during 2014-15.

S. No	Particular	Amount(Rs)
01	District councils (08 Numbers)	6,000,000
02	Municipal Committees (33 Numbers)	1,700,000
<b>Total</b>		<b>7,700,000</b>

The complete position of Capacity Building Contribution and expenditure could not be ascertained due to non-maintenance of record by the local office.

When pointed out in November 2015, management stated that detailed reply would be furnished after checking of record. However, no reply was furnished till finalization of this report.

Request for convening of DAC meeting was made in November, 2015, but no response was received from the Principal Accounting Officer, as a result DAC meeting could not be convened till finalization of this report.

Audit recommends recovery and maintenance of proper record.

**AP No. 142 (2014-15)**

**DISTRICT COUNCIL PESHAWAR**

## **1.4 District Council Peshawar**

### **1.4.1 Irregularity & Non compliance**

#### **1.4.1.1 Non Recovery of Income Tax-Rs14.284 Million**

According to Section-236(A) of Income Tax Ordinance, 2001 income tax @ of 10% shall be collected from the contractors at the time of award of contracts.

Chief Coordination Officer District Council, Peshawar, during 2014-15 awarded contracts to various contractors amounting to Rs142,841,960. However, income tax @ 10% amounting to Rs14,284,196 was not recovered. Detail is given at annexure - 5.

Non recovery of income tax occurred due to non-compliance of rules which deprived the Government from its due local revenue.

When reported in July, 2015, management replied that Rs 673,800 was deposited into District Council Account/Fund. Developmental Cess was under trial in court and would be recovered upon Court judgment. The contractor of map fee had deposited the amount directly into income tax account. The property tax case was under trial in Court and upon judgment ,the tax amount would be credited to Government treasury. Reply was not convincing as the income tax should have been recovered and deposited into Govt. Treasury.

Request for convening of DAC meeting was made on 16.09.2015 but no response was received from the Principal Accounting officer till finalization of this report.

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

**AP No. 17 (2014-15)**

## 1.4.2 Internal Control Weakness

### 1.4.2.1 Doubtful Tendering of Developmental Schemes - Rs137.382 Million and Loss to Government - Rs20.988 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.

In office of the Chief Coordination Officer District Council Peshawar, during 2014-15, it was observed that 94 numbers of developmental schemes amounting to Rs137,382,000 (123,456,000 +13,926,000) were shown advertised on 11-05-2015 and 03-06-2014 but newspapers of the same dates were not available on websites. Moreover, 89 schemes were awarded at an average rate of 3% below on MRS-2013 however, on the other hand, 43 schemes were awarded through open tender system at an average rate of 20% below on MRS 2013 which put Government into loss of Rs20,987,520 as per details given below:

Tender Cost of 89 No's of Developmental Schemes	@ Average of 3% below (Min. 1.5% below, Max. 3.5% below)	@ Average 20% below (Min. 9.85% below, Max. 40% below)	Loss (Rs)
123,456,000	3,703,680	24,691,200	20,987,520

Doubtful tendering and allowing of higher rates occurred due to weak management which resulted in loss to Government.

When reported in August, 2015 management replied that detail reply would be given after consulting of record. However, no reply was furnished till finalization of this report.

Request for convening of DAC meeting was made 16.09.2015 but no response was received from the Principal Accounting officer, as a result DAC meeting could not be convened till finalization of this report.

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

**AP. No. 28 (2014-15)**

#### **1.4.2.2 Non Imposition of Penalty - Rs8.140 Million**

Clause 2 of the Contract Agreement requires that penalty of 1% per day and up to maximum of 10% of the tender cost may be imposed for delay in completion of work.

Chief Coordination Officer, District Council, Peshawar, during 2014-15 awarded 51 developmental works of Rs81,400,000 to various contractors. The works were not completed within the stipulated period however, penalty @ 10% for Rs8,140,000 was not imposed. Detail as per annexure- 6.

Non imposition of penalty occurred due to weak internal control which resulted in loss to Government.

When reported in August, 2015, management replied that detail reply will be given after consulting the record. However, no reply was furnished till finalization of this report.

Request for convening of DAC meeting was made 16.09.2015 but no response was received from the Principal Accounting officer till finalization of this report.

Audit recommends recovery of penalty and fixing responsibility on the person (s) at fault.

**AP No. 03 (2014-15)**



### **1.4.2.3 Irregular Advance Payment on Fake Measurement - Rs2.797 Million**

Para 228 of CPWA Code advance to contractors are as a rule prohibited, and every endeavor should be made to maintain a system under which no payments are made except for work actually done.

Chief Coordination Officer, District Council, Peshawar, during 2014-15 paid Rs2,797,480 for various works however, quantities of some of the items of works were shown executed in the 1<sup>st</sup> running bill but in the 2<sup>nd</sup> and even in Final Running Bills, less quantities to the 1<sup>st</sup> running bill were actually executed which indicated advance payment to the contractors on fake measurement. Moreover, relevant measurement books were also not provided to verify the expenditure. Detail is given in annexure - 7.

The irregularity occurred due to weak internal control which resulted in payment on fake measurement.

When reported in August, 2015, management replied that detail reply would be given after consulting the record. However, no reply was furnished till finalization of this report.

Request for convening of DAC meeting was made on 16.09.2015 but no response was received from the Principal Accounting officer till finalization of this report.

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

**AP No. 11 (2014-15)**

## **Municipal Corporation Peshawar**

## **1.5 Municipal Corporation Peshawar**

### **1.5.1 Irregularity & Non compliance**

#### **1.5.1.1 Irregular Award of Contract – Rs42.400 Million**

According to Serial No.12 of the Model Terms & Conditions for the contracts of Cattle Fare, Bus Stand, 2% Property Tax on transfer of immovable property, and other taxes, contracts above 100,000 shall be forwarded to Local Council Board for approval.

Chief Municipal Officer Municipal Corporation Peshawar, during 2014-15 awarded the contracts of the auction of “Kohat Bus Stand” for Rs38,000,000 and of the “Slaughter House Landi Sarak” for Rs4,400,000 without the approval of the Secretary, Local Council Board which was irregular and needs justification.

The irregularity occurred due to non-compliance of rules which resulted in non-observing of Model Terms and Conditions.

When pointed, management replied that detail reply would be given after consulting the record. However, no reply was furnished till finalization of this report.

Request for convening of DAC meeting was made on 07.10.2015 but no response was received from the Principal Accounting officer till finalization of this report.

Audit recommends appropriate action against the person(s) at fault.

**AP No. 81 (2014-15)**

### 1.5.1.2 Loss due to Ignoring Higher Bid Rate – Rs28.809 Million

According to Serial No:1 to 4 of the Model Terms and Conditions for the contract of auction, all the contracts of auctions shall be awarded through open tender system and each contractor/ firm who take part in the tender shall separately deposit 2% call deposit for each contract before the auction proceeding.

Chief Municipal Officer, Municipal Corporation Peshawar, during 2014-15 ignored the highest bid of 266,000,000 for the contract of “General Bus Stand GT Road Peshawar. However, the contract was executed departmentally and recovered only a sum of Rs263,790,405 which resulted in loss of Rs2,209,595 (266,000,000 – 263,790,405) and deprived the Government exchequer from income tax of Rs26,600,00. Detail is given below:

Detail	Amount (Rs)
Amount to be realized in case of auction	266,000,000
Add: Income Tax	26,600,000
Total amount to be realized in case of auction	292,600,000
Actual realization of receipt departmentally	263,790,405
<b>Loss</b>	<b>28,809,595</b>

Loss occurred due to non-compliance of rules which resulted in loss and deprived Government from its due local revenue.

When pointed, management replied that detail reply would be given after consulting the record. However, no reply was given till finalization of this report.

Request for convening of DAC meeting was made on 07.10.2015 but no response was received from the Principal Accounting officer till finalization of this report.

Audit recommends probe into the matter and fixing responsibility on the person (s) at fault.

**AP No. 82 (2014-15)**

### 1.5.1.3 Non Recovery of Rent of Shops – Rs10.726 Million

Local Government Act, 2012, clause 179 (Collection and Recovery of Taxes, etc.) sub clause (1), requires that failure or pay any tax and other money claimable under this Act shall be an offence. (2) All arrears of taxes, rents and other moneys claimable by a local council under this Act shall be recoverable as arrears of land revenue.

Chief Municipal Officer, Municipal Corporation Peshawar, during 2014-15 failed to recover rent of shops amounting to Rs10,726,585 which needs immediate recovery. Detail below:

S No	Period	No. of shops	Amount (Rs)
1	Opening balance on 01.07.2014		35,404,155
2	Demand/ target for 2014-15	2338	35,800,000
	<b>Total rent due</b>		<b>71,204,155</b>
3	Rent recovered up to 06/2015	Arrears	(34,661,723)
		Current	(25,815,847)
	<b>Balance/Outstanding rent</b>		<b>10,726,585</b>

Non recovery of rent occurred due to non-compliance of rules which resulted in loss to Municipal Corporation.

When pointed, management replied that detail reply would be given after consulting the record. However, no reply was furnished till finalization of this report.

Request for convening of DAC meeting was made on 07.10.2015 but no response was received from the Principal Accounting officer till finalization of this report.

Audit recommends recovery of outstanding rent and fixing of responsibility against the person(s) at fault.

**AP No. 84 (2014-15)**

#### 1.5.1.4 Less Recovery of Receipts of Contracts – Rs9.253 Million

According to clause 4 (b) of the Model Terms and Conditions for the contracts of auctions, circulated by LCB vide No: AO-II/LCB/6-11/2013/ Dated: 20-12-2013, the contractor shall clear all the dues by 10<sup>th</sup> of each month to which monthly installment relates, however, who fail to clear the dues in time, shall be liable for penalty @ 1% per day besides cancellation of his contract and forfeiture of the security and advances he has deposited.

Chief Municipal Officer, Municipal Corporation Peshawar, during 2014-15 failed to recover receipts of Rs9,253,781 which put Government into loss. Detail is given below:

S No	Name of contract	Amount due (Rs)	Amount collected (Rs)	Outstanding (Rs)	Penalty @1% (Rs)
1	Slaughter House Ring Road	2,898,918	966,360	1,932,558	193,256
2	Funland	3,430,636	1,586,130	1,844,506	184,450
3	Chacha Younis Park	1,178,975	1,125,388	53,587	5,359
4	Slaughter House Landi Sarak Charsadda road	4,400,000	3,146,320	1,253,680	125,368
6	Trade License Fee	4,500,000	2,700,000	1,800,000	180,000
7	Commercial Generator Fee	2,250,000	477,000	1,773,000	177,300
8	Catering crockery and Shadi Hall	1,200,000	660,000	540,000	54,000
9	Suzuki Stand Bakhshi Pul	230,000	173,550	56,450	5,645
<b>Total</b>		<b>20,088,529</b>	<b>10,834,748</b>	<b>9,253,781</b>	<b>925,378</b>

Moreover, penalty @1% for Rs925,378 (9,253,781 x 1% x 10) for late deposit may also be recovered from the contractors.

Less deposit occurred due to non-compliance of rules which resulted in loss to Municipal Corporation.

When pointed, management replied that detail reply would be given after consulting the record. However, no reply was furnished till finalization of this report.

Request for convening of DAC meeting was made 07.10.2015 but no response was received from the Principal Accounting officer till finalization of this report.

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

**AP No. 85 (2014-15)**

### 1.5.1.5 Loss due to Non-Deposit of Income Tax – Rs6.284 Million

According to Sections, 60 and 236 A of the income tax ordinance 2001 read with rule 43 of the income tax rules 2002 and S No. 5 of the terms and conditions of the contract agreement, income tax @ 10% shall be collected from the successful bidders of the contracts of auction.

Chief Municipal Officer, Municipal Corporation Peshawar, during 2014-15 failed to recover income tax @ 10% amounting to Rs6,284,890 as per detail given below:

S No	Name of Contract	Contractual Amount (Rs)	Income Tax (Rs)
1	Slaughter House Ring Road	2,898,918	289,892
2	Funland	2,241,000	224,100
3	Chacha Younis Park	1,178,975	117,898
4	Slaughter House Landi Sarak Charsadda road	4,400,000	400,000
5	Jinnah Park Entry Fee	2,850,000	285,000
6	Trade License Fee	4,500,000	450,000
7	Commercial Generator Fee	2,250,000	225,000
8	Catering crockery and Shadi Hall	1,200,000	120,000
9	Suzuki Stand Bakhshi Pul	230,000	23,000
10	Jehangir Pura Latrine	720,000	72,000
11	Green Market Latrine	770,000	77,000
12	Sabzi Mandi Latrine	1,060,000	106,000
13	Mala Khudadad Latrine	950,000	95,000
14	Kohat Bus Stand	38,000,000	3,800,000
		<b>Total</b>	<b>6,284,890</b>

Non deduction of income tax occurred due to non-compliance of rules which deprived the Government from its due local revenue.

When pointed, management replied that detail reply would be given after consulting the record. However, no reply was furnished till finalization of this report.

Request for convening of DAC meeting was made on 07.10.2015 but no response was received from the Principal Accounting officer till finalization of this report.

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

**AP No. 86 (2014-15)**

### 1.5.1.6 Loss to Govt. due to Allowing Higher Rate – Rs1.631 Million

According to No. 03-06-b of MRS 2013, the rate of “Providing, spreading, leveling and dressing of suitable earth up to 10 km lead” is Rs428.15/ M<sup>3</sup>.

Chief Coordination Officer Municipal Corporation Peshawar, during 2014-15 allowed the rate of Rs742.4/ M<sup>3</sup> instead of Rs428.15/ M<sup>3</sup> for the item of work “Providing, spreading, leveling and dressing of suitable earth up to 10 km lead” by adding the labor cost and income tax twice due to wrong analysis of the rate which put Govt. into loss of Rs1,631,430. Detail Below:

S No.	Name of Scheme	Rate Admissible (Per M <sup>3</sup> )	Rate Allowed (Per M <sup>3</sup> )	Difference (Per M <sup>3</sup> )	Quantity (M <sup>3</sup> )	Loss (Rs)
1	Imp./ Reh: of Gulbahar Park	428.15	742.43	314.28	465.680	146,354
2	Imp./ Reh: of Allah Dad Park	428.15	742.43	314.28	1656.39	520,570
3	Imp./ Reh: of WazirBagh Park	428.15	742.43	314.28	2317.51	728,347
4	Imp./ Reh: of KhushalBagh Park	428.15	742.43	314.28	751.43	236,159
<b>Total</b>						<b>1,631,430</b>

Higher rates were allowed due to non-compliance of rules which resulted in loss to Government.

When pointed, management replied that detail reply would be given after consulting the record. However, no reply was furnished till finalization of this report.

Request for convening of DAC meeting was made on 07.10.2015 but no response was received from the Principal Accounting officer till finalization of this report.

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

**AP No. 95 (2014-15)**



**UNIVERSITY TOWN COMMITTEE**

## **1.6 University Town Committee Peshawar**

### **1.6.1 Non Production of Record**

#### **1.6.1.1 Non Production of Auditable Record - Rs73.335 Million**

According to Section 14 (3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 any person or authority hindering the auditorial functions of the Auditor General of Pakistan regarding inspection of account shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Management of University Town Committee Peshawar, during 2014-15 carried out various activities. However, record pertaining to these activities was not produced to audit for scrutiny. Moreover, Service books of the officers/ official promoted/ upgraded during the year 2014-15 were also not provided. Detail as per annexure - 8.

The authenticity of expenditure could not be verified due to non-production of record.

When pointed out in August 2015, management of the local office did not furnish any reply till finalization of this report.

Request for convening of DAC meeting was made on 07.10.2015 but no response was received from the Principal Accounting officer till finalization of this report.

Audit recommends fixing responsibility for non-production of record and disciplinary action against the person (s) at fault.

**AP No. 47 (2014-15)**

## 1.6.2 Irregularity & Non compliance

### 1.6.2.1 Non Recovery of Outstanding Dues - Rs26.842 Million

According to Clause 179 of LGA 2102 read with clause VI of Secretary Local Council Board, Peshawar letter No: AO/LCB/Budget/2014-15 dated 25.07.2014, all arrears of taxes, rents and other moneys claimable by a Local Council under this Act shall be recoverable as arrears of land revenue and efforts may be made to achieve the targets of revenue up to the maximum level and to generate new sources of income.

Management of University Town Committee Peshawar, during 2014-15 failed to recover Rs21,611,149 from dealer of Shell Pakistan (Ali Filling Station) University Town Peshawar. Moreover, the local authority recovered all the store and stock of Ali Filling Station, Peshawar against the outstanding dues but instead of auctioning, kept it in the office premises.

Furthermore, The management of University Town Committee Peshawar, during 2014-15 also failed to recover Rs5,230,545 from dealer (Caltex Petrol Pump) University Road University Town Peshawar as per detail below:

S/No	Period	Monthly Rent (Rs)	Year wise increase (Rs)	Enhanced amount (Rs)	Total Months	Total outstanding amount (Rs)
1	17.10.2011 to 16.10.2011	87,846	25%	109,808	12	1,317,696
2	17.10.2011 to 16.10.2012	109,808	15%	126,279	12	1,515,348
3	17.10.2012 to 16.10.2013	126,279	15%	145,221	12	1,742,652
4	17.10.2013 to 16.10.2014	145,221	15%	167,004	12	2,004,048
5	17.10.2014 to 16.10.2015	167,004	15%	192,055	12	2,304,660
<b>Total outstanding amount</b>						<b>8,884,404</b>
Amount recovered during 2014-15 (as per Income Statement)						3,653,859
<b>Recoverable amount</b>						<b>5,230,545</b>

Non recovery occurred due to non-compliance of rules which resulted in loss to the Committee.

When pointed out in August 2015, management of the local office did not furnish any reply till finalization of this report.

Request for convening of DAC meeting was made on 07.10.2015 but no response was received from the Principal Accounting officer till finalization of this report.

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

**AP No. 48 & 49 (2014-15)**

**1.6.2.2 Loss Due to Non-Recovery of Conservancy Charges - Rs18.931 Million**

According to Local Government & Rural Development Department letter No: AO-II/LCB/222-1/2008 dated 29.11.2008, enhancement/revision of taxes/conservancy charges are as under:

S/ No	Description	Sanctioned Rate p/month (Rs)
1	Transfer of property tax per kanal	200,000
2	Street Lights charges	15%
3	Colleges, schools and hostels	8,000
4	Hospitals	8,000
5	Clinics and Laboratories	1,000
6	Cabins	2,000

The management of University Town Committee Peshawar, during 2014-15 failed to recover conservancy charges from various commercial institutions in its jurisdiction. The recoverable amount as per committee's record was Rs18,930,700 as detailed below:

S No.	Description	Total buildings	Rate per annum (Rs)	Total amount (Rs)
1	Guest Houses	19	96,000	1,824,000
2	Beauty Parlors/Boutiques	21	96,000	2,016,000
3	Hostels	22	96,000	2,112,000
4	Hospitals	31	96,000	2,976,000
5	NGOs	67	96,000	6,432,000
6	Schools, Colleges & other Educational Institution	37	96,000	3,552,000
7	Clinics	30	12,000	360,000
<b>Total</b>				<b>19,272,000</b>
<b>Amount recovered during 2014.15 as per Income &amp; Expenditure Statement</b>				<b>341,300</b>
<b>Net recoverable amount</b>				<b>18,930,700</b>

The Demand and collection register was not properly maintained to indicate the recoverable amounts of the previous periods.

When pointed out in August 2015, management of the local office did not furnish any reply till finalization of this report.

Request for convening of DAC meeting was made on 07.10.2015 but no response was received from the Principal Accounting officer till finalization of this report.

Audit recommends recovery of outstanding amounts of the all previous years and fixing responsibility on the person (s) at fault.

**AP No. 50 (2014-15)**

### **1.6.2.3 Irregular Appointment - Rs1.497 Million**

According to clause ii of Secretary Local Council Board, Peshawar letter No: AO/LCB/Budget/2014-15 dated 25.07.2014, there shall be a complete ban on creation and filling of the vacant posts.

The management of University Town Committee Peshawar appointed new staff during 2014-15 in violation of the above instructions and incurred an expenditure of Rs1.497 million on account of salaries to newly appointed staff. Detail as per annexure-9. Following further irregularities were noticed by the Audit:

- i. Appointments were not made from the surplus pool and without advertisement and screening process.
- ii. Copies of Driving Licenses (HTV, LTV) of newly appointed drivers were not available on record.
- iii. All the tube wells were handed over to WSSP Project through agreement between Municipal Committee University Town Peshawar on 11.09.2014; hence appointment of tube well operator at serial No.4 of the annexure-9.

Irregular appointments occurred due to non-compliance of rules which resulted in loss to Government.

When pointed out in August 2015, management of the local office did not furnish any reply till finalization of this report.

Request for convening of DAC meeting was made on 07.10.2015 which was not convened till finalization of this report.

Audit recommends disciplinary action for violation of rules and irregular expenditure.

**AP No. 56 (2014-15)**

#### **1.6.2.4 Irregular Payment of Mobilization Advance - Rs13.00 Million**

According to clause 2(iv) & (x) of Finance Department Khyber Pakhtunkhwa letter No: SO (DEV-II) 12-15/2003/F.D.Dated:28.06.2004; the extent of mobilization advance should be determined by the Administrative Secretary keeping in view the requirements of the Project and its site. Moreover, in no case it should increase 2% of the Project Cost or Rs3.00 million whichever is less. The sanctioning authority granting mobilization advance shall endorse a copy of such mobilization advance to the Finance Department and the Accountant General, who will keep watch over its recovery.

The management of University Town Committee Peshawar, during 2011-12 granted mobilization advance amounting to Rs15.000 million to contractor appointed for "Construction of Commercial Plaza in the jurisdiction of TMA Town-III, Peshawar having project cost of Rs100.000 million (Provincial ADP). The local authority paid Rs13.000 million over and above the prescribed limit of 2% of the project cost ( $100.00 \times 2\% = 2.000$  million). The sanctioning authority also failed to endorse a copy of such mobilization advance to the Finance Department for keeping watch over its recovery.

Irregular payment occurred due to non-compliance of rules which resulted in non-observance of Government orders.

When pointed out in August 2015, management of the local office did not furnish any reply till finalization of this report.

Request for convening of DAC meeting was made on 07.10.2015 but no response was received from the Principal Accounting officer till finalization of this report.

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

**AP No. 58 (2014-15)**



**1.6.2.5 Non-Crediting of Income Tax into Government Treasury - Rs2.924 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.

The management University Town Committee Peshawar, 2011-12 paid Rs48,731,201 to the contractor for “Construction of Commercial Plaza and recovered 6% income tax for Rs2,923,872 through various running bills but failed to deposit this amount with Federal Treasury till August 2015. **This tantamount to temporary misappropriation of Federal Government receipts.**

Non deposit of income tax occurred due to non-compliance of rules which deprived Government from its due revenue.

When pointed out in August 2015, management of the local office did not furnish any reply till finalization of this report.

Request for convening of DAC meeting was made on 07.10.2015 but no response was received from the Principal Accounting officer till finalization of this report.

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

**AP No. 78 (2014-15)**

### **1.6.3 Internal Control Weaknesses**

#### **1.6.3.1 Doubtful Expenditure - Rs2.237 Million**

According to clause-ix of Secretary Local Council Board, Peshawar letter No: AO/LCB/Budget/2014-15 dated 25.07.2014, Budget head under object Other/Misc:/ Unforeseen shall be classified under proper object/head of accounts otherwise may be deleted.

The income and expenditure account of University Town Committee Peshawar for the year 2014-15 showed Rs2,237,288 incurred on account of “Unforeseen Expenditure”. However, the management failed to produce detail of the expenditure to Audit. A few entries in the Classified Register without proper description of expenditure lead to the suspicion of payments being doubtful.

Doubtful payments occurred due to non-compliance of rules which resulted in loss to Government.

When pointed out in August 2015, management of the local office did not furnish any reply till finalization of this report.

Request for convening of DAC meeting was made on 07.10.2015 but no response was received from the Principal Accounting officer till finalization of this report.

Audit recommends probe into the matter and fixing responsibility on the person (s) at fault.

**AP No.77 (2014-15)**

## ANNEXURES

### Annexure - 1

#### Detail of MFDAC Paras

(Rs in million)

S. No	AP	Entity	Subject	Amount (Rs)
1	139	Director Finance PDA Peshawar	Irregular special Advance to director horticulture PDA	3.976
2	142	-do-	Non recovery of long outstanding loan from Local Area Authorities	120.769
3	144	-do-	Excess Expenditure over Budget Allotment N-5	22.230
4	145	-do-	Irregular Expenditure on Bank charges	2.443
5	244	Director Building Control Authority PDA	Non refund of malba fee	11.389
6	249	-do-	Less recovery against Map approval	8.618
7	236	Director Land Acquisition PDA	Non payment to the land owner on account of compensation fund	1.680
8	237	-do-	Loss due to payment of Bank Charges	5.367
9	241	-do-	Irregular payment of enhanced compensation	5.986
10	83	Municipal Corporation Peshawar	Loss to Government due to non-deduction/ deposit of 3% RTA tax	10.823
11	88	-do-	Abnormal decrease in receipts of BCA	6.416
12	91	-do-	Irregular expenditure	20.336
13	93	-do-	Irregular purchase of tractors	1.996
14	94	-do-	Loss to Government due to un-authorized excess over approved cost	1.814
15	96	-do-	Loss to Government due to drawl of the same item of work twice	1.108
16	113	-do-	Unauthorized drawl of POL	1.101
			<b>Total</b>	<b>226.052</b>

**Annexure - 2**  
**(Para No. 1.2.2.1)**

**Detail of non-crediting of income tax**

<b>S No</b>	<b>Name of work</b>	<b>R/bill</b>	<b>Income tax deducted in bill (Rs)</b>
1	Widening/Improvement of existing G.T Road Peshawar from Zakori Bridge to Suripul, (Section-I)	1st	2,039,247
2	Do	2 <sup>nd</sup>	1,210,263
3	Do	3 <sup>rd</sup>	601,503
4	Do	4 <sup>th</sup>	1,403,816
5	Widening/Improvement of existing G.T Road Peshawar from ShamaChowk to Karkhano (section-II)	1st	1,869,885
6	Do	2 <sup>nd</sup>	1,703,921
7	Improvement/Repair of G.T-Jamrud Road Peshawar from motor way exit to Suripul	1st	961,041
8	Do	2 <sup>nd</sup>	746,419
9	Improvement/Repair of G.T-Jamrud Road Peshawar from KFC to Phase-III chowk	1st	584,971
10	Do	2 <sup>nd</sup>	424,823
11	Do	3 <sup>rd</sup>	684,244
12	Do	4 <sup>th</sup>	287,741
13	Widening of existing bridge at GandawKhawar	1st	1,454,163
14	Improvement/Repair of G.T-Jamrud Road Peshawar from zakori bridge to KFC to Phase-III chowk (Reflective Thermoplast paint)	1st	229,803
15	Do	2 <sup>nd</sup>	250,332
<b>Total</b>			<b>14,452,172</b>

**Annexure - 3**  
**(Para No. 1.2.2.3)**

**Detail of non-deposit of Bank Profit**

<b>S No.</b>	<b>Bank</b>	<b>Total deposited amount</b>	<b>Account Number</b>	<b>Account Titled</b>	<b>Month in which profit realized</b>	<b>Profit (Rs)</b>
1	Al Barka Bank (Pakistan) Limited Hayat Abad Branch	350,423,994	0123160876018	Land Acquisition Collector PDA Peshawar	December 2013	1,159,725
2	-do-	-	-do-	-do-	January and February 2014	1,205,747
3	-do-	-	-do-	-do-	March and April 2014	7,128,817
4	-do-	-	-do-	-do-	May 2014	2,447,140
5	-do-	-	-do-	-do-	-do-	2,313,827
6	-do-	1,363,008,000	-do-	-do-	July 2014	2,454,943
7	-do-	-	-do-	-do-	August	12,459,806
8	-do-	-	-do-	-do-	Sep 2014	12,469,364
9	-do-	-	-do-	-do-	Oct 2014	12,262,346
10	-do-	-	-do-	-do-	Nov 2014	12,722,418
11	-do-	-	-do-	-do-	Dec 2014	13,068,418
12	-do-	-	-do-	Y	January 2015	14,835,447
	<b>Total</b>					<b>94,527,998</b>

**Annexure - 4**  
**(Para No. 1.3.1.1)**

**Detail of Investment of LCB funds in various Banks**

S No.	Name of Investments/TDR No:	Name & Address of Bank	Period of Investment	Amount Deposited (Rs)
1	Defense Saving Certificates	National Saving Center G.T. Road Peshawar	10 years	220,500,000
2	563304	National Bank of Pakistan Civil Secretariat Peshawar	One year	50,727
3	563321	National Bank of Pakistan Civil Secretariat Peshawar	-do-	7,025,000
4	015613	National Bank of Pakistan Civil Secretariat Peshawar	-do-	7,900,000
5	563372	National Bank of Pakistan Civil Secretariat Peshawar	-do-	2,100,000
6	563375	National Bank of Pakistan Civil Secretariat Peshawar	-do-	3,333,464
7	399385	National Bank of Pakistan Civil Secretariat Peshawar	-do-	1,034,834
8	015622	National Bank of Pakistan Civil Secretariat Peshawar	-do-	35,000,000
9	014459	National Bank of Pakistan Civil Secretariat Peshawar	-do-	1,000,000
10	563302	National Bank of Pakistan Civil Secretariat Peshawar	05 years	379,494
11	563382	National Bank of Pakistan Civil Secretariat Peshawar	-do-	19,033,560
12	563338	National Bank of Pakistan Civil Secretariat Peshawar	-do-	5,000,000
13	563340	National Bank of Pakistan Civil Secretariat Peshawar	-do-	385,188
14	563354	National Bank of Pakistan Civil Secretariat Peshawar	-do-	2,500,000
<b>Total</b>				<b>305,242,267</b>

**Annexure - 5**  
**(Para No 1.4.1.1)**

**Detail of non-recovery of Income Tax not recovered from contractors**

<b>S.No</b>	<b>Name of Contracts</b>	<b>Bid Amount</b>	<b>Income Tax Amount @ 10 %</b>
1	Cattle fair Badaber	1,531,000	153,100
2	Parking stand new sabzimandi	700,000	70,000
3	Paking stand schme chowk	980,000	98,000
4	BhossaThall	210,000	21,000
5	Parking stand musazai	37,000	3,700
6	Parking stand Chamkani	905,000	90,500
7	Cattle fair Urmer	542,000	54,200
8	Developmental Cess	8,120,000	812,000
9	Cattle fair Mattani	220,000	22,000
10	Sign Board	1,650,000	165,000
11	Map fee	14,500,000	1,450,000
12	Property Tax	113,446,960	11,344,696
	<b>Total</b>	<b>142,841,960</b>	<b>14,284,196</b>

**Annexure - 6**  
**(Para No 1.4.2.3)**

**Detail of non-imposition of penalty of Rs8.140 million**

(Amount in Rs)

S#	Name of Scheme	Planned Date of Completion	Actual Date of Completion	Period of Delay	E/Cost	Penalty @ 10%
1	Construction of street, drain, RCC Pipe and culvert etc at Jabagai, U.C Adizai, Peshawar.	15-02-2015	In progress	06 months	3,000,000	300,000
2	Construction of street, drain, RCC Pipe and culvert at Olizai, U.C Adizai, Peshawar.	15-02-2015	In progress	06 months	3,000,000	300,000
3	Construction of street, drain, culvert, Side Wall etc at GarhiBaghbanan U.C UrmarBala Peshawar.	15-02-2015	In progress	06 months	3,750,000	375,000
4	Construction of street, drain, culvert, Side Wall etc at U.C UrmarBala Peshawar.	15-02-2015	In progress	06 months	3,750,000	375,000
5	Construction of street, drain, Culvert etc at U.C AchiniBala Peshawar.	15-02-2015	In progress	06 months	1,500,000	150,000
6	Construction of street, drain, Culvert etc at U.C Pishtakhara Peshawar.	15-02-2015	In progress	06 months	1,500,000	150,000
7	Construction of street, drain, Culvert etc at U.C Sarband Peshawar.	15-02-2015	In progress	06 months	1,500,000	150,000
8	Installation of Pressure Pump at U.C Sarband Peshawar.	15-02-2015	In progress	06 months	650,000	65,000
9	Construction of street drains, Culvert etc at U.C KafoorDheri, Peshawar.	15-02-2015	In progress	06 months	2,000,000	200,000
10	Construction of street drains Culvert etc at ShahiBala Peshawar.	15-02-2015	In progress	06 months	2,000,000	200,000
11	Construction of street drains Culvert etc at U.C Mathra Peshawar	15-02-2015	In progress	06 months	2,000,000	200,000
12	Construction of street drains Culvert etc at U.C GarhiSherdad Peshawar.	15-02-2015	In progress	06 months	2,000,000	200,000
3	Construction of street drains Culvert etc at U.C PanamDheri Peshawar.	15-02-2015	In progress	06 months	2,000,000	200,000
14	Construction of street drains Culvert etc at U.C Regi Peshawar.	15-02-2015	In progress	06 months	1,000,000	100,000
15	Construction of street drains Culvert etc at U.C Chagharmatti, Peshawar.	15-02-2015	In progress	06 months	2,000,000	200,000
16	Construction of street drains Culvert etc at U.C Kaniza Peshawar.	15-02-2015	In progress	06 months	1,000,000	100,000
17	Construction of street drains Culvert etc at U.C Daag, Peshawar.	15-02-2015	In progress	06 months	1,000,000	100,000
18	Pavement of street drain culvert S/W etc at U.C PanamDheri Peshawar.	15-02-2015	In progress	06 months	600,000	60,000
19	Pavement of street drain culvert S/W etc at U.C GarhiSherdad Peshawar.	15-02-2015	In progress	06 months	600,000	60,000
20	Construction of Jenazgah at Gul Abad U.C Kaniza Peshawar.	15-02-2015	In progress	06 months	1,500,000	150,000
21	Construction of Jenazgah at Sherabad U.C Kaniza Peshawar.	15-02-2015	In progress	06 months	1,200,000	120,000
22	Pavement of street drain S/Wall etc at Warsak Road U.C Mathra Peshawar.	15-02-2015	In progress	06 months	1,000,000	100,000
23	Pavement of street drain culvert S/Wall	15-02-2015	In progress	06	750,000	75,000



	etc at U.C ChagharMatti Peshawar.			months		
24	Pavement of Street and Construction of Drains, Culverts, Side walls, RCC Pipes etc at U/C Khazana	15-02-2015	In progress	06 months	2,500,000	250,000
25	Pavement of Street and Construction of Drains, Culverts, Side walls, RCC Pipes etc at U/C Haryana	15-02-2015	In progress	06 months	2,500,000	250,000
26	Pavement of Street and Construction of Drains, Culverts, Side walls, RCC Pipes etc at U/C Takhtabada	15-02-2015	In progress	06 months	500,000	50,000
27	Pavement of Street and Construction of Drains, Culverts, Side walls, RCC Pipes etc at U/C GulBela	15-02-2015	In progress	06 months	500,000	50,000
28	Pavement of Street and Construction of Drains, Culverts, Side walls, RCC Pipes etc at U/C Larama	15-02-2015	In progress	06 months	1,000,000	100,000
29	Pavement of street drain culvert S/Wall etc at U.C Daag Peshawar.	15-02-2015	In progress	06 months	1,000,000	100,000
30	Pavement of street Culverts, Side Walls, RCC Pipes etc at U.C Daag, Peshawar.	15-02-2015	In progress	06 months	2,250,000	225,000
31	Construction of drains, RCC Pipes etc at U.C Daag, Peshawar.	15-02-2015	In progress	06 months	2,250,000	225,000
32	Construction of drain, culvert etc at Maqsood Abad, U.C Pajagi Peshawar.	15-02-2015	In progress	06 months	900,000	90,000
33	B.T.R from Aghoush House towards G.T Road Indus Marble, Peshawar.	15-02-2015	In progress	06 months	4,000,000	400,000
34	Pavement of street drain culvert S/Wall etc at U.C Jogani Peshawar.	15-02-2015	In progress	06 months	800,000	80,000
35	Pavement of street drain culvert S/Wall etc at U.C Kaniza Peshawar.	15-02-2015	In progress	06 months	750,000	75,000
36	Pavement of street drain culvert S/Wall etc at U.C Kaniza Peshawar.	15-02-2015	In progress	06 months	750,000	75,000
37	Construction of street, drain, culvert, Side Wall road, Jenazgah& De-silting of drains at U.C GulBela.	15-02-2015	In progress	06 months	1,500,000	150,000
38	Pavement of street drain culvert s/w etc at U.C PakhaGhulam Peshawar.	15-02-2015	In progress	06 months	1,000,000	100,000
39	Pavement of street drain culvert, S/W etc at U.C Nahaqi Peshawar.	15-02-2015	In progress	06 months	500,000	50,000
40	Pavement of street drain etc at near Tool Plaza Motor Way Peshawar.	15-02-2015	In progress	06 months	1,250,000	125,000
41	Construction of street, drain, S/W etc at Bunyadi and GarhiKarimdad U.C Gulbela Peshawar.	15-02-2015	In progress	06 months	750,000	75,000
42	B.T.R Drain, culverts etc from Tango Adda towards main road UrmerPayan, Peshawar.	15-02-2015	In progress	06 months	4,000,000	400,000
43	B.T.R, Side Wall drain culvert etc from DatsenAdda towards G.H.S UrmarPayan.	15-02-2015	In progress	06 months	3,000,000	300,000
44	B.T.R, Street Pavement, drain, culvert etc at Urmarmiana Peshawar.	15-02-2015	In progress	06 months	3,000,000	300,000
45	Construction of street, drain, culvert, Side Wall and installation of Pressure Pump at U.C SulemanKhel Peshawar.	15-02-2015	In progress	06 months	1,000,000	100,000
46	Construction of street, drain, culvert, Side Wall and Installation of Pressure Pump at U.C SheikhanPesahwar.	15-02-2015	In progress	06 months	1,000,000	100,000

47	Construction of street, drain, culvert, Side Wall and Installation of Pressure Pump at U.C Mashogagar Peshawar.	15-02-2015	In progress	06 months	1,500,000	150,000
48	Installation of Pressure Pump at Waris Khan KoroonaMohKheljyan U.C Sheikhan.	15-02-2015	In progress	06 months	500,000	50,000
49	Construction of Street, drain, Side Wall, Culvert etc at NazeerGulGarhi, U.C MeraKachori.	15-02-2015	In progress	06 months	500,000	50,000
50	Shingle of Road near MusazaiAdda U.C SurizaiPayan Peshawar.	15-02-2015	In progress	06 months	400,000	40,000
51	Construction of Street drain etc at Urmer and Tarnab Peshawar.	15-02-2015	In progress	06 months	2,500,000	250,000
<b>Total</b>					<b>81,400,000</b>	<b>8,140,000</b>

**Annexure - 7**  
**(Para No 1.4.2.5)**

**Detail of advance payment on fake measurement**

(Amount in Rs)

S#	Name of work	Item of work	Qty in 1st running bill (in M3)	Qty in 2nd running/final bill (in M3)	Difference	Rate/ m3	Amount (Rs)
1	Construction of streets, drains, culverts etc at UC Sarband Peshawar	PCC (1:3:6)	50.96	10.32	40.64	5,604	227,734
2	Construction of steets, drains, culverts etc at UC Shahibala Peshawar	do	67.1	31.57	35.53	5,604	199,099
3	Construction of streets, drains, culverts etc at UC Kafoordheri Peshawar	do	56.62	45.27	11.35	5,604	63,602
4	Pavement of streets, drains, culverts, RCC pipe etc at UC Khazana Peshawar	Shingle filling	260.04	129.55	130.49	541	70,625
5	Do	PCC (1:6:12)	96.42	75.93	20.49	3,217	65,911
6	Do	PCC (1:2:4)	84.71	57.53	27.18	6,469	175,830
7	Pavement of steets, drains, culverts, RCC pipe etc at UC Haryana Peshawar	Shingle filling	260.04	115.51	144.53	541	78,224
8	Do	PCC (1:6:12)	96.42	85.64	10.78	3,217	34,676
9	Do	PCC (1:2:4)	84.71	64.34	20.37	6,469	131,775
10	Pavement of streets, drains, culverts, RCC pipe etc at UC Daag Peshawar	PCC (1:6:12)	89.69	23.18	66.51	3,217	213,945
11	Do	PCC (1:2:4)	78.82	17.55	61.27	6,469	396,361
12	Do	PCC (1:3:6)	31.41	30.22	1.19	5,604	6,668
13	Do	Shingle filling	241.9	190.17	51.73	541	27,998
14	Construction of streets, drains, RCC pipe etc at UC Daag Peshawar	Shingle filling	232.83	115.09	117.74	541	63,724
15	Do	PCC (1:6:12)	78.48	42.52	35.96	3,217	115,674

16	Do	PCC (1:2:4)	68.96	37.37	31.59	6,469	204,359
17	Do	PCC (1:3:6)	47.56	46.8	0.76	5,604	4,259
18	Pavement of steets, drains, culverts, RCC pipe etc at UC Takhtabad Peshawar	PCC (1:6:12)	29.13	20.75	8.38	3,217	26,956
19	Do	PCC (1:2:4)	25.59	18.23	7.36	6,469	47,613
20	Construction of steets, drains, culvert, s/w of road, janazagah and de silting of drain at UC Gulbela Peshawar	PCC (1:6:12)	54.98	48.04	6.94	3,216	22,321
21	Do	PCC (1:2:4)	54.98	45.41	9.57	6,469	61,909
22	Do	PCC (1:3:6)	64.6	49.4	15.2	5,604	85,176
23	Pavement of steets, drains, at near tool plaza Peshawar	PCC (1:6:12)	89.69	37.25	52.44	3,216	168,660
24	Do	PCC (1:2:4)	89.69	82.47	7.22	6,469	46,707
25	Pavement of streets, drains, culverts, at UC Takhtabad Peshawar	PC plastering	47.96	0	47.96	162.63	7,800
26	Do	Shigle filling	60.47	0	60.47	541	32,728
27	Do	PCC (1:6:12)	22.42	0	22.42	3,216	72,108
28	Do	PCC (1:2:4)	22.42	0	22.42	6,469	145,037
<b>Total</b>							<b>2,797,480</b>

**Annexure -8**  
**(Para No 1.6.1.1)**

**Detail of non-production of record for Rs73.335 million**

S/No	Detail/Particulars	Amount (Rs)
1	Water rate charges	3,567,977
2	Irrigation water charges	293,079
3	Street lights charges	591,381
4	Town club membership fee	179,070
5	Sanitation charges	515,682
6	Surcharge	136,404
7	Tender Form fee	373,750
8	Immovable Property Tax	13,427,557
9	Developmental schemes of Mr. ArifYousaf MPA	54,000,000
10	Auctioning of encroachment	250,000
11	Service Book of Mr. Azaz Ali Shah	-
12	Service Book of Abdul WaheedDurani	-
13	Service Book of SuhailAhmand	-
14	Service Book of FarooqSiyar	-
15	Service Book of Fazal Muhammad	-
16	Service Book of Muhammad Imran	-
17	Service Book of Zia-ud-Din	-
18	Service Book of Mukhtiar Ahmad	-
	<b>Total</b>	<b>73,334,900</b>

**Annexure - 9**  
**(Para No 1.6.2.4)**

**Detail of expenditure on a/c of irregular appointment**

S No.	Name	Designation	Date of Appointment	Domicile	Date of Birth	Salary per/M	Salaries paid during 2014-15	Remarks
1	M. Asif Khan	Driver	Transfer from Malakand on 08.01.2015	-	-	10,943	65,658	Out of District Peshawar
2	M. Asif Khan	Tax Collector	01.12.2014	Peshawar	15.03.1977	12,983	155,796	Over age
3	UsmanGul	Driver	-	-	-	12,283	147,396	-
4	Ikramullah	T-well operator	01.12.2014	Tehkal Peshawar	03.11.1993	12,749	89,243	-
5	Shehbaz Ali	Encroachment Squad	13.03.2015	-	-	13,102	52,408	-
6	DilawarMasih	Sweeper	02.04.2015	Peshawar	16.07.1987	12,750	51,000	-
7	S.M. Yousaf Shah	Demolish squad Supervisor	02.04.2015	Peshawar	16.12.1995	12,000	48,000	-
8	EidIqbal	Mali	01.12.2014	Peshawar	11.09.1973	12,749	89,243	Over age
9	Mrs.Rafia	Sweeper	03.10.2014	Peshawar	-	13,413	120,717	-
10	Shoukat Ali	NaibQasid	02.04.2015	Peshawar	12.04.1986	12,750	51,000	-
11	Shafiullah	Legal Advisor	21.04.2015	-	-	20,000	60,000	-
12	Abbas Khan	Encroachment Squad	13.03.2015	-	-	13,102	52,408	-
13	Muhammad Gul	NaibQasid	08.12.2014	Peshawar	29.03.1993	11,369	79,583	-
14	Arshad Ali	Tax Collector	11.03.2015	Peshawar	24.09.1977	9,680	38,720	Over age
15	NasreenBibi	Bahishti	18.06.2014	Peshawar	1973	13,413	160,956	Over age
16	Shazia	Sweeper	30.09.2014	Peshawar	01.01.1978	13,413	160,956	Over age
17	MianYasirIjaz	Demolish squad Supervisor	08.01.2015	Nowshera	02.04.1980	12,334	74,007	Out of District Peshawar
<b>Total</b>							<b>1,497,091</b>	