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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Programme
ADC	Additional Deputy Commissioner
AP	Advance Para
BOQ	Bill Of Quantity
CPWA Code	Central Public Works Account Code
CSR	Composite Schedule of Rates
CMO	Chief Municipal Officer
C&W	Communication and Works
DAC	Departmental Accounts Committee
DC	Deputy Commissioner
DDO	Drawing and Disbursing Officer
DHO	District Health Officer
EDO	Executive District Officer
GCT	Government College of Technology
GFR	General Financial Rules
KPPRA	Khyber Pakhtunkhwa Public Procurement Regularity Authority
LGO	Local Government Ordinance
MCC	Medicine Coordination Cell
MFDAC	Memorandum for Departmental Accounts Committee
MOL	Magyar Oil limited
NOC	No Objection Certificate
OGDCL	Oil and Gas Development Corporation Limited
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PESCO	Peshawar Electric Supply Company
PHE	Public Health Engineering
PPHI	People Primary Health Initiative
RDA	Regional Directorate of Audit
RHC	Rural Health Centre
TMA	Tehsil Municipal Administration
WSS	Water Supply Scheme
XEN	Executive Engineer
ZAC	Zilla Accounts Committee

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-37 of Khyber Pakhtunkhwa Local Government Act 2013 require the Auditor General of Pakistan to conduct audit of the receipts and expenditure of District Fund and Public Account of District Governments.

The report is based on audit of the accounts of various offices of District Government, Kohat for the financial year 2015-16. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2016-17 on test check basis with a view to report significant findings to the relevant stakeholders. The main body of the audit report includes the systemic issues and significant audit findings. Relatively less significant issues are listed in the Annex-1 of the Audit Report. The audit observations listed in the Annex-1 shall be pursued with the Principal Accounting Officer at the DAC level. In all cases where the PAO does not initiate appropriate action, the audit observations will be brought to the notice of District 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, however in some observations department did not submit written replies. DAC meetings were not convened despite repeated requests.

The Audit Report is submitted to the Governor, Khyber Pakhtunkhwa in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 37 of Khyber Pakhtunkhwa Local Government Act, 2013, for laying before the appropriate legislative forum.

Islamabad
Dated:

(Rana Assad Amin)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General Audit District Governments, Khyber Pakhtunkhwa carries out audit of 25 District Governments. Regional Directorate of Audit (RDA) Kohat, on behalf of the DG Audit District Governments, Khyber Pakhtunkhwa carried out the audit of three District Governments namely Kohat, Karak and Hangu.

This Regional Directorate has a human resource of 7 officers and staff with a total of 1,960 man-days. The annual budget amounting to Rs 10.650 million was allocated to this office during financial year 2016-17. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of programs/projects.

District Government, Kohat conducts its operations under Khyber Pakhtunkhwa Local Government Act 2013. It comprises one Principal Accounting Officer (PAO) covering eighteen groups of offices as mentioned in Chapter – 1 of this report. Financial provisions of the Act describe the Government fund as District Local Fund and District Public Account for which Annual Budget Statement is authorized by the District Council in the form of budgetary grants.

a. Scope of audit

There are 108 formations in District Kohat out of which the accounts of four formations were examined in detail. These formations were selected for detailed audit by excluding the last year audited entities keeping in view the available man days.

The total expenditure of District Government Kohat for the Financial Year 2015-16 was Rs 2,784.687 million. Out of this, RDA Kohat audited an expenditure of Rs 1,184.689 million which, in terms of percentage, was 42.5% of auditable expenditure.

The receipts of District Government Kohat, for the Financial Year 2015-16, were Nil.

b. Recoveries at the instance of audit

Recovery of Rs 270.449 million was pointed out during the audit. Out of the total recoveries pointed out, Rs 23.221 million was not in the notice of the executive before audit.

c. Audit Methodology

Audit was conducted after understanding the business processes of District Government Kohat with respect to their functions, control structure and key controls. This helped auditors in understanding the systems, procedures, environment, and the audited entity before starting the audit. Audit used desk audit techniques for analysis of compiled data and review of actual vouchers called for scrutiny and substantive testing.

d. Audit Impact

Audit pointed out various irregularities of serious nature to the management. However, no impact was visible as the management failed to reply 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, ensure accuracy, timeliness and reliability of financial and accounting information for decision making.

Another basic component of internal control, as envisaged under section 37(4) of LGA 2013, is internal audit which was not found in place in the domain of District Government.

f. Key audit findings of the report;

- i. Non-Production of Record of Rs 49.476 million was noted in two cases.¹
- ii. Irregularities/Non-Compliance of Rs 245.609 million was noted in eight cases.¹

¹1.2.1.1, 1.2.1.2

- iii. Internal Control Weaknesses of Rs 259.711 million were noted in ten cases.²

Minor irregularities/weaknesses pointed out during the audit are being pursued separately with the authorities concerned, as detailed at Annex-1.

g. Recommendations

- i. Disciplinary actions need to be taken to stop the practice of violation of rules and regulations for non-production of record to audit.
- ii. Departments need to strengthen financial management mechanisms to ensure that lapses of the kind reported in this audit report are preempted and fair value for money is obtained from public spending.
- iii. Internal controls in all areas i.e. financial, managerial, operational, administrative and accounting need to be strengthened.

¹1.2.2.1 to 1.2.2.8

³1.2.3.1 to 1.2.3.1.0

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics (Rs in million)

S#	Description	No.	Budget		
			Expenditure	Receipts	Total
1	Total Entities (PAO) in Audit Jurisdiction	01	2,784.687	-	2,784.687
2	Total formations in audit jurisdiction	108	2,784.687	-	2,784.687
3	Total Entities (PAO) Audited	01	1,184.689	-	1,184.689
4	Total formations Audited	04	1,184.689	-	1,184.689
5	Audit & Inspection Reports	04	1,184.689	-	1,184.689
6	Special Audit Reports	-	-	-	-
7	Performance Audit Reports	-	-	-	-
8	Other Reports	-	-	-	-

Table 2: Audit observations Classified by Categories

(Rs in million)

S#	Description	Amount Placed under Audit Observation
1	Unsound asset management	15.397
2	Weak financial management	31.094
3	Weak Internal controls relating to financial management	265.735
4	Others	242.57
Total		554.796

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

S#	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year 2015-16	Total last year 2014-15
1	Outlays Audited	--	888.516	--	296.173	1,184.689	0
2	Amount Placed under Audit Observation /Irregularities of Audit	--	481.448	--	73.348	554.796	0
3	Recoveries Pointed Out at the instance of Audit	--	181.200	--	89.249	270.449	0
4	Recoveries Accepted /Established at the instance of Audit	--	--	--	--	--	--
5	Recoveries Realized at the instance of Audit	--	--	--	--	--	-

Table 4: Table of Irregularities pointed out

(Rs in million)		
S#	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations, principle of propriety and probity in public operation	226.578
2	Report cases of fraud, embezzlement, thefts and misuse of public resources.	0
3	Accounting Errors (accounting policy departure from NAM ¹ , 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.	0
4	Quantification of weaknesses of internal control systems.	14.438
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	245.273
6	Non-production of record	49.476
7	Others, including cases of accidents, negligence etc.	19.031
Total		554.796

Table 5: Cost Benefit Ratio

(Rs in million)		
S #	Description	Amount
1	Outlays Audited (item 1 of Table 3)	1,184.689
2	Expenditure on audit	9.975
3	Recoveries realized at the instance of audit	0
	Cost-Benefit Ratio	1:0

¹ The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are IPSAS (Cash).

CHAPTER 1

1.1 District Government Kohat

1.1.1 Introduction

Activities of District Government are managed through offices of Deputy Commissioner and District Officers under Khyber Pakhtunkhwa Local Government Act 2013 (LGA 2013). Each group of District Offices is headed by a District Officer (DO). The DO by means of a standing order distributes the work among the officers, branches, and/or sections of each district office. The offices which manage the activities of District Government are Deputy Commissioner (DC), XEN C&W, XEN PHE, District Officers Agriculture, Education, Health, Water Management, Fisheries, Population Welfare, LGE & RDD, Sports, Enterprises and Investment Promotion, Live Stock and DD, Soil Conservation, Cooperation, Social Welfare, Public Transport and Municipal Services.

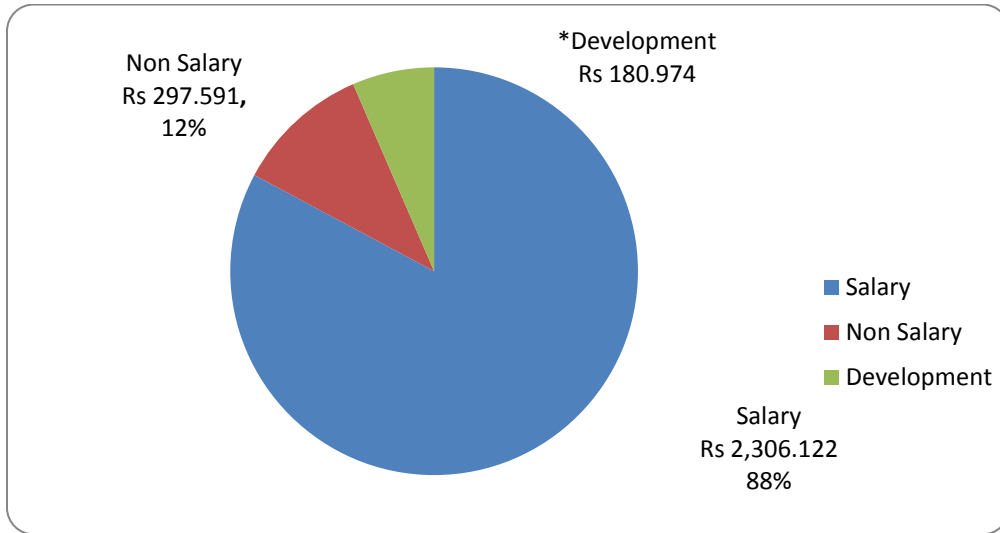
1.1.2 Comments on Budget and Accounts (Variance Analysis)

(Rs in million)

2015-16	Budget	Actual Expenditure/Receipts	Saving/Excess	%age Excess/Saving
Salary	3,399.864	2,306.122	(1,093.742)	32%
Non-salary	446.856	297.591	(149.265)	33%
Developmental- Account-IV	18.705	0	(18.705)	100%
Developmental- Account-I	194.774	180.974	(13.800)	7%
Total	3,865.425	2,784.687	1,275.512	33%
Receipts	0	0	0	

The savings of Rs 1,275.512 million indicate weakness in the capacity of District Government Departments to utilize the amount allocated.

EXPENDITURE 2015-16
(Rs in million)



*Developmental expenditure was incurred from Account-I.

1.1.3 Comments on the status of compliance with ZAC / PAC Directives

The audit reports pertaining to following years have been submitted to the Governor of Khyber Pakhtunkhwa. Details of PAC/ZAC meetings are given below:

S#	Audit Year	PAC/ZAC meeting convened/Not convened
1	2002-03	Not Convened
2	2003-04	Not Convened
3	2004-05	Not Convened
4	2005-06	Not Convened
5	2006-07	Not Convened
6	2007-08	Not Convened
7	2008-09	Not Convened
8	2009-10	Not Convened
9	2010-11	Not Convened
10	2011-12	Not Convened
11	2012-13	Not Convened
12	2013-14	Not Convened

1.2 AUDIT PARAS

1.2.1 Non-production of record

1.2.1.1 Non-production of record-Rs 49.476 million

According to Section 14(1-b) and (3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 the Auditor General has the authority to require any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to transactions to which his duties in respect of audit extend hence 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.

DHO, Kohat made payment of Rs 49,476,902 to PPHI for salary and non-salary during 2014-15 and 2015-16. Relevant record was not produced to audit despite repeated requests.

Non-production of record occurred due to non-compliance of government rules, which resulted into non-verification of record.

When pointed out in November 2016, the management did not respond.

Request for convening the DAC meeting was made on 21.11.2016, which could not be convened till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault and inquiry under intimation to Audit.

AP# 68 (2015-16)

1.2.1.2 Non-production of record

According to Section 14(1-b) and (3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 the Auditor General has the authority to require any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to transactions to which his duties in respect of audit extend hence 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.

The Deputy Commissioner's office Kohat failed to produce the following record despite repeated requests:

- i. Appointment of 44 officials of different categories made during 2015-16 as per detail given at annex-2.
- ii. Land Revenue record regarding land compensation payments etc.
- iii. Record of Rs 1,008,500 under head A03919, the left over release of monthly stipend of internees remaining undisbursed since long.

Non-production of record occurred due to non-compliance of rules.

When pointed out in November 2016, the management did not respond.

Request for convening the DAC meeting was made on 07.11.2016, which could not be convened till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault and inquiry under intimation to Audit.

AP# 50 (2015-16)

1.2.2 Irregularities & Non-compliance

1.2.2.1 Non-transparent procurement of work-Rs 185.674 million

According to miscellaneous provisions in KPPRA Rules 2014, each procuring entity shall plan its procurements with due consideration to transparency, economy, efficiency and timeliness, and shall ensure equal opportunities to all prospective bidders.

XEN, C&W Kohat called bids for a work “Establishment of Government Girls Degree College Usterzai” with an estimated cost of Rs 185,674,000 during 2015-16. Audit observed that all the bids were received through the same courier, same station, with serial numbers one after the other and on same date i.e. 27.02.2013 from the bidders of different locations.

Furthermore, the work was advertised as on 08.01.2013 prior to administrative approval i.e. 29.01.2013.

Non-transparent procurement occurred due to non-compliance of Government rules.

When pointed out in July 2016, the management did not respond.

Request for convening the DAC meeting was made on 31.8.2016, which could not be convened till finalization of this report.

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

AP# 20 (A/C-I) (2015-16)

1.2.2.2 Irregular expenditure on account of purchase of medical equipments-Rs 16.397 million

According to Treasury Rule 290, no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants.

According to Para 4 of the Directorate General Health Services Khyber Pakhtunkhwa Peshawar Office Order No. 839-940/DD (Reg/Preq/Drugs) dated 16.06.2014, supply of medical equipments/ instruments and other Misc: item may be accepted on proper delivery challans.

DHO Kohat incurred expenditure of Rs 16,397,817 on the purchase of Bio medical equipments for type-D hospital Lachi, Kohat during 2014-15 as per annex-3. Audit observed that:

1. Specifications of the equipments to be purchased were not given in the advertisement.
2. Delivery challans of the equipments were not produced to Audit.
3. Payment was drawn from government treasury before supply of equipments and deposited into bank account.
4. Payment was required to be made directly to the manufacturers or importers.
5. At the end of financial year i.e. 30.06.2015 the amount was drawn from bank.
6. Funds to the tune of Rs 25, 000,000 were released by the Directorate General Health Services Khyber Pakhtunkhwa with instructions in July 2014 to complete procurement timely. The DHO failed to complete the procurement and utilized the funds during the whole year. The amount of Rs 5,902,095 was left unspent and lapsed.
7. Equipments were lying idle till date of audit i.e. November, 2016.

Irregularity occurred due to non-compliance of rules.

When pointed out in November 2016, the management did not respond.

Request for convening the DAC meeting was made on 21.11.2016, which could not be convened till finalization of this report.

Audit recommends inquiry and fixing responsibility on the person(s) at fault under intimation to Audit.

AP# 69 (2015-16)

**1.2.2.3 Irregular withdrawal of funds from Government Treasury-
Rs 15.787 million**

According to Treasury Rule 290, no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants.

According to Para 8 of the Government of Khyber Pakhtunkhwa Health Department Notification No. SO (D) H/7-1/2014/MCC dated 03.03.2014 the standard contract agreement to be signed by the committees chairman with the bidders.

According to clause 6 of the MCC Khyber Pakhtunkhwa letter No.167-267 dated 07.03.2014 Health institutions have to submit quarterly reports regarding the clinical efficacy of the Government MCC Khyber Pakhtunkhwa approved brands used at their end. This report is mandatory.

District Health Officer Kohat withdrew an amount of Rs 15,787,379 from Government treasury for the purchase of medicines during 2014-15 as per detail given at annex-4. Audit observed the following shortcomings:

1. Payment was drawn from the Government Treasury before supply of medicines and deposited into bank account.
2. Payment was required to be made directly to the manufacturers or importers.
3. At the end of financial year i.e. 30.06.2015 the amount was drawn from bank.
4. Agreements were not executed with the chairman i.e. Deputy Commissioner of the District Medicines Committee (DMC).
5. Efficacy reports of the medicines were not demanded from the peripheries.

Irregularity occurred due to non-compliance of rules.

When pointed out in November 2016, the management did not respond.

Request for convening the DAC meeting was made on 21.11.2016, which could not be convened till finalization of this report.

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

AP# 70 (2015-16)

1.2.2.4 Irregular payment on account of repair and maintenance - Rs 9.50 million

According to minutes of the District Development Committee Kohat held on 03.09.2014, the Transformers for supply of electricity in different areas are property of PESCO and PESCO is responsible for repair/maintenance of scheme. CMO was directed to obtain NOC from PESCO.

Deputy Commissioner, Kohat during 2014-15 released an amount of Rs 9,500,000 on account of Maintenance and Repair of Transformers to TMA Kohat and Lachi. Audit observed the following.

- i. NOC from PESCO authority for execution of works was not obtained.
- ii. PC-Is of the schemes were not prepared by the PESCO authority.
- iii. Technical Sanctions were not accorded by the PESCO authority.
- iv. Handing Taking over of schemes was not made with the PESCO authority.
- v. Rates and specification of the items to be executed were not analyzed from the PESCO.

Irregularity occurred due to weak internal controls, which resulted in violation of rules.

When pointed out in November 2016, the management did not respond.

Request for convening the DAC meeting was made on 07.11.2016, which could not be convened till finalization of this report.

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

AP# 60 (2015-16)

1.2.2.5 Non-transparent award of contract due to tempering in BOQ and tender form-Rs 7.420 million

According to Para 23 of GFR Vol-I, 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 and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which he contributed.

The XEN, PHE Kohat awarded work Water Supply Scheme Bositang Phase-II Sub Head “Construction of Boundary Wall, Distribution System and

Surface Reservoir” to a contractor M/S Yaseen Akbar during 2015-16. Three contractors quoted same rate i.e. “AT PAR” (Rs 7, 420,000) but rate of M/S Yaseen Akbar was tempered/manipulated for the item S/F of 4” dia bends from Rs 2,700 to Rs 2,850 and his bid was reduced from Rs 7,420,000 to Rs 7,418,500. Thus, contract was awarded to him by manipulation in the BOQ.

Irregularity occurred due to lack of internal controls, which resulted in non-transparent award of contract.

When pointed out in August 2016, the management did not respond.

Request for convening the DAC meeting was made on 06.09.2016, which could not be convened till finalization of this report.

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

AP# 39(A/C-I) (2015-16)

1.2.2.6 Irregular payment to PESCO-Rs 7.150 million

According to Para 72 of CPWA Code, vouchers setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts must support every payment for whatever purpose.

XEN, C&W Kohat paid a sum of Rs 7,150,655 to PESCO during 2015-16. Audit observed the following shortcomings:

1. Payment was made in advance without any authority.
2. No monthly progress report was available on record.
3. The amount was paid without any analysis/ reconciliation with PESCO Authority.

4. No break up/utilization of payment was available/ known to the local office.
5. Payment was made on simple demand notices without knowing any justification.
6. Completion reports of the schemes were not available on record.

Irregular payment occurred due to negligence and weak internal controls.

When pointed out in July 2016, the management did not respond.

Request for convening the DAC meeting was made on 31.8.2016, which could not be convened till finalization of this report.

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

AP# 04 (A/C-I) (2015-16)

1.2.2.7 Unjustified payment of electricity bills of Solarized WSS schemes-Rs 2.381 million

According to Para 23 of GFR Vol-I, 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 and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which he contributed.

XEN, PHE Kohat paid Rs 2,381,630 on account of electricity bills of 06 numbers of Water Supply Schemes during 2015-16, which were Solarized in June, 2015. The payment pertained to the period from December, 2015 to April, 2016 as detailed below. Audit holds that payment of electricity bills after solarization of the schemes was unjustified and needs recovery.

S#	Name of WSS Scheme	Month of Payment	Bills Payment (Rs)
1	WSS Kot	10/2015	653,014
2	WSS ChakarKot Bala	12/2015	2,440
3	WSS Amber Banda	04/2016	83,221
4	WSS Shadi Khel	03/2016	1,164,093
5	WSS Sumari Payan	03/2016	477,347
6	WSS Spinkay Ghar Kili	10/2015	1,515
Total			2,381,630

The unjustified payments were made due to weak financial controls.

When pointed out in August 2016, the management did not respond.

Request for convening the DAC meeting was made on 06.09.2016, which could not be convened till finalization of this report.

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

AP# 37 (A/C-I) (2015-16)

1.2.2.8 Non-transparent expenditure on dengue disease- Rs 1.30 million

According to Para 23 of GFR Vol.-I, 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.

DC Kohat received a sum of Rs 4,000,000 to cope with dengue disease from OGDCL & MOL, which was deposited in his bank account. An amount of Rs 1,306,253 was expended by DHO Kohat. Audit observed the following.

1. Payment was made on POL charges produced by Malaria Supervisor pertained to the period of Nov, 2015, Dec, 2015 and January, 2016. POL for the same purpose in the same period was also drawn from DHO regular

budget also. While the fund was provided in April, 2016 and AA was accorded in March, 2016, the expenditure was incurred before release of funds.

2. Procurement of bed nets, insecticides and pumps was made without following the KPPRA Rules beside the same available stock of the Malaria programme with DHO Kohat, which was not taken into consideration.
3. Payment made on account of tests to a private laboratory was not supported by the number of patients referred by the hospital and the rate of tests performed was also not verified from the Pathologist/ Chief Technician Pathology of hospital.
4. Bed nets distributed were not supported by the acknowledgements.
5. An amount of Rs 92,500 paid directly to ADC Kohat was not supported with record.

Irregularity occurred due to weak internal controls.

When pointed out in November 2016, the management did not respond.

Request for convening the DAC meeting was made on 07.11.2016, which could not be convened till finalization of this report.

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

AP# 67 (2015-16)

1.2.3 Internal Control Weaknesses

1.2.3.1 Non-recovery of water user charges-Rs 214.445 million

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

XEN PHE, Kohat failed to recover Rs 214,445,524 outstanding on account of water charges from the users of water supply schemes during 2015-16.

Government dues were not recovered due to weak financial and administrative controls.

When pointed out in August 2016, the management did not respond.

Request for convening the DAC meeting was made on 06.09.2016, which could not be convened till finalization of this report.

Audit recommends recovery of Government dues.

AP# 28 (A/C-I) (2015-16)

1.2.3.2 Non-Credit of lapsed deposits into Government revenue-Rs 14.191 million

According to Para 399 of CPWA Code, balances unclaimed for more than three (3) complete financial years should be credited to government.

XEN C&W, Kohat failed to credit unclaimed balances amounting to Rs 14,191,056 (Rs 11,184,878 and Rs 3,006,178) during 2015-16 lying in PW-

Deposit-II and III, respectively for more than three complete financial years as lapsed deposits to government revenue.

Non-credit of lapsed deposits into Government revenue occurred due to non-observance of rules.

When pointed out in July 2016, the management did not respond.

Request for convening the DAC meeting was made on 31.8.2016, which could not be convened till finalization of this report.

Audit recommends credit of lapsed deposit to Government revenue.

AP# 02 (A/C-I) (2015-16)

**1.2.3.3 Non-credit of lapsed deposits into Government revenue-
Rs 10.536 million**

According to Para 399 of CPWA Code, balances unclaimed for more than three (3) complete financial years should be credited to government.

XEN PHE, Kohat failed to credit unclaimed balances amounting to Rs 10,536,159 (Rs 9,066,226, Rs 27,204 and Rs 1,442,729) during 2015-16 lying in PW-Deposit-II, III and V respectively for more than three complete financial years as lapsed deposits to government revenue.

Non-credit of lapsed deposits into Government revenue occurred due to non-observance of rules.

When pointed out in August 2016, the management did not respond.

Request for convening the DAC meeting was made on 06.09.2016, which could not be convened till finalization of this report.

Audit recommends credit of lapsed deposit to Government revenue.

AP# 29 (A/C-I) (2015-16)

1.2.3.4 Non-imposition of penalty for non-completion of work-Rs 7.200 million

According to Clause-2 of the Contract Agreement, in the event of contractors failing to complete the work within the stipulated period, he shall be liable to pay as compensation an amount equal to 1% or such smaller amount as the superintending engineer may decide on the said estimated cost of the whole work for every day that the due quantity of work remains incomplete: provided always that the entire amount of the compensation to be paid shall not exceed 10% of the estimated cost of the work as shown in the tender.

XEN, C&W Kohat failed to impose penalty amounting to Rs 1,769,200 (Rs 17,692,000 x 10% = Rs 1,769,200) @10% on contractor for delay in completion of work "Higher Secondary School Muslim Abad". As per work order, the work was required to be completed within 12 months i.e. up to 11.6.2103.

Similarly, another work "Provision of infrastructure facilities and equipments to the upgraded GPI at Kohat to the level of College of Technology" was required to be completed till 24.07.2014 but it could not be completed till 15.6.2016 (date of measurement). Penalty amounting to Rs 5,431,200 was not imposed on the contractor for delay of work. This also caused the retendering balanced work.

Non-imposition of penalty and cost overrun occurred due to weak internal controls.

When pointed out in July 2016, the management did not respond.

Request for convening the DAC meeting was made on 31.8.2016, which could not be convened till finalization of this report.

Audit recommends imposition of penalty and action against the person(s) at fault.

AP# 05&22 (A/C-I) (2015-16)

1.2.3.5 Overpayment to contractor due to allowing higher rates-Rs 4.119 million

According to Item No. 03-16-b of CSR-2009, Rs 104.55 was the rate for an item of work “watering, ramming and filling earth under floor from outside”.

XEN C&W Department Kohat during 2015-16, overpaid a sum of Rs 4,119,182 in a work “up gradation of Government Polytechnic Institute Kohat to GCT level” for the item of work “Watering, ramming and filling earth under floor from outside” by allowing rate of Rs 434.63/M3 instead of Rs 104.55/M3 for a quantity of 9428.69/M3. This resulted into overpayment of Rs 4,119,182 as detailed below.

Item of Work	Quantity	Rate Paid (Rs)	Required Rate (CSR)	Diff:	Overpayment (Rs)
Watering, ramming and filling earth under floor from outside	9428.69	434.63	Rs 104.55	Rs 330.08	3,112,222
Add 1.03 factor cost					93,367
Add 28.5% Above					913,593
Total Overpayment					4,119,182

Overpayment occurred due to weak financial controls.

When pointed out in July 2016, the management did not respond.

Request for convening the DAC meeting was made on 31.8.2016, which could not be convened till finalization of this report.

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

AP# 23 (A/C-I) (2015-16)

1.2.3.6 Overpayment due to allowing higher rate than BOQ-Rs 3.161 million

According to Para 220 and 221 of CPWA Code, the Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the rates are correctly entered and that all the calculations have been checked arithmetically.

XEN, C&W Kohat made overpayment of Rs 3,161,422 on account of an item of work “Earth filling in lawn and under floor” in a work “Estab: of Playground at Babri Banda PK-37 Kohat” during 2015-16. Payment was made @Rs 436.81/M3 instead of Rs 21 and Rs 150 as quoted in BOQ by contractor. This resulted into overpayment of Rs 3,161,422 as detailed below.

Name of Item	Quantity	Rate Paid/M3 (Rs)	Rate as per BOQ/M3 (Rs)	Difference (Rs)	Total overpayment (Rs)
Earth filling under floor from outside for leveling, dressing and making lawns	5279.22	436.81	21	415.81	2,195,153
Earth filling under floor in changing room	3369.02	436.81	150	286.81	966,269
Total					3,161,422

Overpayment was made due to weak financial controls.

When pointed out in July 2016, the management did not respond.

Request for convening the DAC meeting was made on 31.8.2016, which could not be convened till finalization of this report.

Audit recommends recovery of the overpaid amount.

AP# 16 (A/C-I) (2015-16)

1.2.3.7 Overpayment to contractor-Rs 1.747 million

According to Para 220 and 221 of CPWA Code, the Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the rates are correctly entered and that all the calculations have been checked arithmetically.

In the office of XEN, C&W Kohat during physical verification of work “Government Girls Degree College Usterzai” an item of work “P/L Marble fine dressed on flooring $\frac{3}{4}$ ” thick Badal/Sunny, Grey” was paid @ Rs 1,800 instead of Rs 1,484. This resulted into overpayment of Rs 1,747,378 as per detail given below.

Name of Block	Quantity (M2)	Rate Paid (Rs)	Rate Required (Rs)	Difference (Rs)	Total Overpayment (Rs)
Student Hostel	1034.80	1,800	1,484	316	326,997
Examination Hall	461.18	1,800	1,484	316	145,733
Main Building	3592.54	1,800	1,484	316	1,135,243
Lecturer Hostel	280.10	1,800	1,484	316	88,512
Total					1,696,485
Grand Total= Rs 1,696,485 x 1.03 cost factor =					1,747,378

Overpayment was made due to weak financial controls.

When pointed out in July 2016, the management did not respond.

Request for convening the DAC meeting was made on 31.8.2016, which could not be convened till finalization of this report.

Audit recommends recovery of the overpaid amount.

AP# 14 (A/C-I) (2015-16)

1.2.3.8 Overpayment due to non-deduction of voids in formation of embankment-Rs 1.615 million

As per clause 20(d) of the contract agreement, 11% voids were required to be deducted from the contractor's bill.

XEN, C&W Kohat paid Rs 14,685,807 to various contractors for an item of work" Formation of embankment in common material" at different rates per M3 in various developmental works during 2015-16 as detailed below. The local office failed to deduct voids @11% amounting to Rs 1,615,439.

S#	Voucher No and Date	Quantity Paid	Rate (Rs)	Total Payment (Rs)	11% Voids Deduction required (Rs)
01	12-BI, 30.5.2016	1604.58	618	992,272	109,150
02	1-BII, 10.5.2016	6484.38	625	4,052,737	445,801
03	06-BII, 17.5.2016	466.92	573	267,545	29,430
04	07-BII, 17.5.2016	1378.68	573	789,983	86,898
05	10-BII, 18.5.2016	2329.50	900	2,236,320	245,995
06	28-BII, 27.6.2016	10155.12	625	6,346,950	698,165
Total				14,685,807	1,615,439

Non-deduction of voids occurred due to weak internal controls.

When pointed out in July 2016, the management did not respond.

Request for convening the DAC meeting was made on 31.8.2016, which could not be convened till finalization of this report.

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

AP# 07 (A/C-I) (2015-16)

1.2.3.9 Non-deduction of House Rent Allowance-Rs 1.532 million

According to Rule 45 (c) FR the Government servants, who have been provided with official designated accommodation, are not entitled for the drawl of House Rent Allowance (HRA). Moreover, 5% of pay is to be deducted as maintenance charges.

DC, Kohat allotted residential accommodations to the employees of DC office and other departments in district Kohat. House rent allowance and 5% maintenance charges amounting to Rs 1,532,088 were not recovered from them till date of audit i.e. November, 2016 as per detail given at annex-5.

Non-recovery of HRA occurred due to weak internal controls.

When pointed out in November 2016, the management did not respond.

Request for convening the DAC meeting was made on 07.11.2016, which could not be convened till finalization of this report.

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

AP# 53 (2015-16)

1.2.3.10 Overpayment to contractor due to incorrect application of rates-Rs 1.165 million

According to MRS-2013 vide item No 03-18-aandb, rates of Transportation of excavated material lead up to 1.5KM was Rs 125.68/M3 and item No. 16-12-b Asphalt wearing course was Rs 18,683.22/M3.

According to Para 220 and 221 of CPWA Code, the Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the rates are correctly entered and that all the calculations have been checked arithmetically.

XEN, C&W Kohat during 2015-16 made overpayment of Rs 250,000 in an item of work “Transportation of excavated material lead up to 1000 Meter” vide Vr: No.12-BI dated 30.5.2016 in a work “Reh: of Bilitang Road 3.5 Kilometer”. The rate paid for the said item of work was Rs 278 for a total quantity of 1640.74/M3 instead of Rs 125.68. This resulted in overpayment of Rs 250,000 ($\text{Rs } 278 - 125.68 = \text{Rs } 152.32 \times 1640.74/\text{M}3 = \text{Rs } 250,000$). Further, “Asphalt wearing course” was paid @Rs 19,525 for total quantity of 544.07/M3 in the same bill while the required rate was Rs 18,683.22. This resulted in overpayment of Rs 457,987 ($\text{Rs } 19525 - \text{Rs } 18683.22 = \text{Rs } 841.78 \times \text{Rs } 544.07 = \text{Rs } 457,987$).

Similarly, a sum of Rs 457,668 was overpaid vide Vr: No. 12-BI dated 30.5.2016 in a work “Reh: of Bilitang Road 3.5 Kilometer” for an item of work “Transportation of excavated material lead up to 1000 Meter”, which was not provided in BOQ.

Aggregate overpayment of Rs 1.165 million occurred due to weak financial controls.

When pointed out in July 2016, the management did not respond.

Request for convening the DAC meeting was made on 31.8.2016, which could not be convened till finalization of this report.

Audit recommends recovery of overpaid amount.

AP# 09 & 10 (A/C-I) (2015-16)

ANNEXURES

Annex -1

(Detail of MFDAC Paras)

(Rs in million)

S#	AP No	Department	Caption	Amount
1	3	XEN, C&W Kohat	Irregular/Doubtful maintenance of Deposit-II register	0
2	8	-do-	Non-deduction of sales tax	0.640
3	11	-do-	Overpayment to contractor	0.250
4	17	-do-	Unauthorized/un justified payment for extra item of work	0.279
5	25	-do-	Irregular expenditure out of AOM&R fund and non-deduction of sales tax	0.758
6	26	-do-	Doubtful expenditure out of AOM&R fund	0.371
7	30	XEN PHE, Kohat	Non-recovery of sales tax and income tax	1.186
8	31	-do-	Irregular appointment of Tube well operators and Valve Man cum chowkidars	0
9	32	-do-	Non-deduction of sales tax on Supply of pipes	4.091
10	33	-do-	Non-deduction of voids on account of supply and spreading of shingle	0.067
11	36	-do-	Non-deduction of income tax	0.280
12	41	-do-	Loss due to non-awarding of contract to the lowest bidder	0.186
13	42	-do-	Wasteful expenditure on account of failed boring	0.788
14	49	DC, Kohat	Loss to government due to non-realization of Bachelor Hostel receipts	0.201
15	51	-do-	Non-deduction of Conveyance allowance	0.282
16	52	-do-	Non-deduction of House Rent Allowance etc	0.160
17	54	-do-	Unauthorized allotment of Press Club building	0

18	56	-do-	Loss to Government due to non-realization of Circuit House receipts	0.211
19	57	-do-	Less realization of circuit house receipts	0.018
20	58	-do-	Non-credit of bank profit into Government treasury	0.758
21	61	-do-	Non-recovery of sales tax on account of purchase of sewing machines	0.480
22	62	-do-	Irregular release of District Bar fund to TMA	1.00
23	70	DHO, Kohat	Non-reconciliation of receipts	1.038
24	71	-do-	Non-utilization of fund released for procurement of medical equipments	20.568
25	72	-do-	Misclassification of expenditure and non-deduction of sales tax	0.675

Annex-2

(Para No. 1.2.1.2)

(Detail of appointments made by Deputy Commissioner)

S#	Name of Employee	Designation	Date of Appointment	Through
1.	Sajid Ali Shah	Computer Operator	04/07/2014	Internally through District Selection Committee
2.	Ishfaq Anwar Habib	-do-	-do-	-do-
3.	Moattar Hussain	-do-	-do-	-do-
4.	Shahid Rehman	-do-	-do-	-do-
5.	Asif Khan	-do-	-do-	-do-
6.	Qasim Waheed	-do-	-do-	-do-
7.	Khurram Shahzad	-do-	-do-	-do-
8.	Moqaddas Maqbool	-do-	-do-	-do-
9.	Syed Tariq Shah Gillani	Junior Clerk	-do-	-do-
10.	Abdul Basit Waqas	-do-	-do-	-do-
11.	Fahim Shah	-do-	-do-	-do-
12.	Mutahir Murtaza	-do-	-do-	-do-
13.	Asif Khan	Sweeper	04/02/2015	Through Employment Exchange, Kohat
14.	Rauf Khan	Driver		-do-
15.	Wajid Younus	Naib Qasid		-do-
16.	Naveed Haider	Naib Qasid	14/07/2014	-do-
17.	Nasir Khan	Chowkidar	14/07/2014	-do-
18.	Tajdar Hussain	Chowkidar		-do-
19.	Abdesh Bhatti	Sweeper		-do-
20.	Shams uz Zaman	Chowkidar	25/09/2014	-do-
21.	Muhamamd Shakir	Naib Qasid	25/09/2014	-do-
22.	Abdur Rehman	Chowkidar	08/12/2014	-do-
23.	Imtiaz Ahmed	Chowkidar	30/04/2015	-do-
24.	Noor Rehman	Mali	08/05/2016	Deceased Son's Quota.
25.	Musharaf Hussain	Patwari	18/05/2015	Through District Promotion/Selection Committee
26.	Aftab Ahmed	Computer Operator	22/03/2016	Test Kohat University and District Selection Committee

27	Muhammad Yasir	-do-	-do-	-do-
28	Farukh Riaz	-do-	-do-	-do-
29	Majid Aziz	-do-	-do-	-do-
30	Taj Muhamamd	-do-	-do-	-do-
31	Zia-ur-Rehman	-do-	-do-	-do-
32	Abdul Basit Waqas	Steno	22/03/2016	-do-
33	Umer Muhamamd	-do-	-do-	-do-
34	S.M. Sibtain Shah	Computer Operator	18/04/2016	-do-
35	Ghazanfer Ali	Naib Qasid	05/08/2016	Through Employment Exchange, Kohat
36	Mudassir Khan	Naib Qasid	-do-	-do-
37	Aurangzeb	Chowkidar	-do-	-do-
38	Jasim Khan	Chowkidar	-do-	-do-
39	Waqas Ahmed	Chowkidar	-do-	-do-
40	Muhamamd Saqib	Sweeper	-do-	-do-
41	Khalil urRehman	Sweeper	-do-	-do-
42	ShujaAlam	Steno	19/09/2016	Test NTS, and District Selection Committee
43	Abdul Wahab	Junior Clerk	-do-	-do-
44	M. Natiq Raza	-do-	17/10/2016	-do-

Annex-3**(Para No. 1.2.2.2)****(Detail of irregular expenditure on purchase of equipments)**

S#	Name and Address of Firm	Cheque No and Date	Total Amount (Rs)
01	M/S Paradise Export & Co Sialkot	1136302 dated 27/06/2015	740,352
02	M/S Paradise Export & Co Sialkot	1136300	650,208
03	M/S Paradise Export & Co Sialkot	1136286	19,728
04	M/S Paradise Export & Co Sialkot	1136289	40,434
05	M/S Paradise Export & Co Sialkot	1136207	394,360
06	M/S Marketing Peshawar	1136301	37,440
07	M/S Medco Medical Equipment Peshawar	1136299	110,000
08	M/S Medco Medical Equipment Peshawar	1136298	1,190,054
09	M/S AK Medical & Surgical Equipment Kohat	1136303	13,440
10	M/S AK Medical & Surgical Equipment Kohat	1136294	338,880
11	M/S Car Tec International Services Peshawar	1136310	230,880
12	M/S Belgium Surgical Sialkot	1136288	189,760
13	M/S Belgium Surgical Sialkot	1136287	523,427
14	M/S Sudais Associate Peshawar	1136296	11,750
15	M/S Sudais Associate Peshawar	1136295	39,264
16	M/S MGK Associate Peshawar	1136304	4,084,240
17	M/S Friend Traders, Peshawar	1136305	3,361,000
18	M/S Metora Engineering Peshawar	1136306	4,422,600
Total			16,397,817

Annex-4**(Para No. 1.2.2.3)****(Detail of irregular withdrawal from treasury)**

S#	Name and Address of Firm	Total Amount (Rs)
1	M/S Glaxo Simth Kline Karachi	2,254,519
2	M/S Pfizer Pakistan Karachi	1,201,302
3	M/S Sy AH Impex Peshawar	477,295
4	M/ S Zafa Pharma Karachi	1,258,554
5	M/S Reckitt Benckiser Karachi	477,391
6	M/S Glitz Pharma Islamabad	2,163,278
7	M/S Abbott Laboratories Karachi	1,061,760
8	M/S Geofman Pharmaceutical Karachi	515,476
9	M/S Novartis Pharma Karachi	1,738,792
10	M/S Getz Pharma Karachi	1,017,218
11	M/S Ghazali Brother	382,500
12	M/S Elite Pharma	33,052
13	M/S Rehman Rainbow	380,973
14	M/S Lahore Medical Instrument	401,395
15	M/S Searle Karachi	503,204
16	M/S Bosch Pharmaceutical Karachi	948,880
17	M/S Uniferoz Peshawar	256,296
18	M/S Frontier Dextrose Peshawar	715,494
		15,787,379

Annex-5

(Para No. 1.2.3.10)

(Detail of non-deduction of HRA)

S#	Name of officers /officials and designation	Department	HRA per month (Rs)	Total months	Total Recovery Outstanding (Rs)
1	Mr. Rahmatullah Wazir, Civil Judge Kohat	Judiciary	3,873	3,873 x 36	139,428
2	Mr. M. Gul Karim Afridi, Senior Govt: Pleader Kohat	Judiciary	3,873	3,873 x 36	139,428
3	Mr. Asim Riaz, Civil Judge	Judiciary	3,873	3,873 x 36	139,428
4	Mr. Rehmatullah, DSP	Police Department	2,955	2,955 x 36	106,380
5	Mr. Kamil Khan, Inspector B-16	IB Kohat	2,727	2727 x 36	98,172
6	Mr. Khaliq Dad Khan, ACC Revenue	DC Kohat	3,873	3,873 x 36	139,428
7	Mr. Mirza Ali, DSP Lachi	Police Department	2,955	2,955 x 36	106,380
8	Mr. Muhammad Hussain Steno B-15	IB Kohat	1,818	1,818 x 36	65,448
9	Mr. Iqrar Ali Shah, ACC-III, Kohat	DC Kohat	3,873	3,873 x 36	139,428
10	Mr. Sona Khan, DSP	Police	2,955	2,955 x 36	106,380
11	Mr. Sajidud Din, DSP	Police	2,955	2,955 x 36	106,380
12	Mr. Mohammad Hayat, Civil Judge	Judiciary	3,873	3,873 x 36	139,428
13	Mr. Ihsanullah Khan, DSP	Police	2,955	2,955 x 36	106,380
Total					1,532,088