



**SPECIAL STUDY REPORT  
ON  
REVENUE COLLECTION  
AND ACCOUNTING MECHANISM  
AT TMA IN  
DISTRICT BANNU**

**AUDIT YEAR 2020-21**

**AUDITOR GENERAL OF PAKISTAN**

## **PREFACE**

The Auditor General of Pakistan conducts audit in accordance with Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001 and Section 37 of the Khyber Pakhtunkhwa Local Government Act, 2013. The special study namely "Revenue Collection and Accounting Mechanism at TMA, Bannu" was carried out accordingly, during Audit year 2020-21.

The Directorate General Audit, District Governments, Khyber Pakhtunkhwa conducted this special study for the financial years 2017-18 to 2019-20 with a view to report significant findings to stakeholders. During the study, on the basis of written responses and data analysis, revenue collection and accounting mechanism at TMA, Bannu was assessed. The study indicates specific actions if taken, will help the management to realize the objectives of good governance.

The study aims at assessing the efficiency and effectiveness of procedures of collection of revenue, hurdles in the way of revenue collection and identifying lacunas in the accounting mechanism of revenue and receipts collection in TMAs. The study was conducted through a survey questionnaire provided to the selected entities.

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

It is in the best interest of all stakeholders that the recommendations of this study are implemented in order to bring transparency in the Local Government functioning along with improving the service delivery and safeguarding the Local/Public Funds.

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

Islamabad  
Dated:

**(Javaid Jehangir)**  
**Auditor General of Pakistan**

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## **ABBREVIATIONS AND ACRONYMS**

AGP	Auditor General of Pakistan
APPM	Accounting Policy and Procedure Manual
DAC	Departmental Accounts Committee
D&C	Demand and Collection Register
FAOs	Field Audit Offices
FD	Finance Department
HOD	Head of the Department
HQ	Head Quarter
KP	Khyber Pakhtunkhwa
KP LGA	Khyber Pakhtunkhwa Local Government Act
LCB	Local Council Board
LG	Local Government
LGA	Local Government Act
LGO	Local Government Ordinance
LG&RDD	Local Government and Rural Development Department
RoB	Rules of Business
TMA	Town/Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
TOR	Tehsil Officer Regulations

## EXECUTIVE SUMMARY

The Tehsil Municipal Administrations (TMAs) in Khyber Pakhtunkhwa have been mandated to levy and collect taxes under their jurisdiction. The revenue so collected by the TMAs is to be spent on provision of Municipal and other services. However, Tehsil Municipal Administration Bannu could not collect sufficient revenue even to meet its administrative cost (salary and non-salary expenditure) and the gap between revenue and expenditure was met from Provincial Government grants. The Provincial Government of Khyber Pakhtunkhwa has made mechanism of outsourcing of the revenue contracts to private contractors for self-sustainability, efficiency and reducing the tax administration cost which could not be implemented by the TMA. There are still wide gaps in own sources revenue and operating expenditure of the TMA.

Keeping in view the issue of financial gap and inefficiency in collection of own sources revenue, the Auditor General of Pakistan decided to conduct a special study to assess whether the TMAs in Khyber Pakhtunkhwa efficiently and effectively manage the collection with due regard to economy as well as outsourcing of revenue collection function and monitoring of the performance of revenue collection contractors.

The study specifically focused on how TMA planed before outsourcing, conduct the procedures used to procure revenue collection agents including contract administration and controls in place and their enforcement. Monitoring and evaluation conducted by TMAs as well as the Provincial Government was also included in the study. The study covered a period of three financial years 2017-18 to 2019-20. Various sources of revenue were selected for examination.

### **Key Audit Findings**

- i. Lack of Planning for revenue sources of the TMA income.
- ii. Non-availability of accurate budget information
- iii. Improper Accounting mechanism of revenue
- iv. Non recovery of departmental dues – Rs. 8.583 million
- v. Loss due to non-recovery of penalty – Rs 1.044 million
- vi. Non-recovery of Teh Bazari – Rs.327,180

- vii. Loss to TMA due to non-recovery of rent outstanding – Rs. 5.5 million
- viii. Loss due to non-auction and of leases of property
- ix. Non-recovery of Income Tax on auction of contracts-Rs. 5.075 million
- x. Loss due to refusal of contractor-Rs. 5.439 million
- xi. Non preparation of appropriation, finance and financial statements of funds- Rs 754.512 million

### **Recommendation**

It is recommended that:

- i. Planning and proper survey of existing sources to find the actual income potentials as well as new sources of income in the jurisdiction of TMA to overcome the financial deficit.
- ii. Ensuring provision of accurate budget information and appointment of internal auditor to carry out the tasks required of him.
- iii. Ensuring approved accounting system in revenue collection of TMA and appointment of internal Auditor.
- iv. Recovery of the outstanding amount and action against the persons at fault under intimation to audit.
- v. Recovery of the amount from contractor.
- vi. Recovery of dues from the concerned and record the same in D&C register immediately.
- vii. Recovery of rent from the concerned and record the same in D&C register immediately.
- viii. Inquiry into the matter and fixing of responsibility on the person(s) at fault.
- ix. Recovery of Rs.5,075,422 to be made from the contractors under intimation to Audit.
- x. Recovery from the person(s) at fault.
- xi. Preparation of Appropriation Account, Finance Account and Financial Statement for the year 2019-20 on the approved form and format as prescribed by the AGP.

## **NEED AND GENESIS**

Tehsil Councils are given key positions in the devolved system where they are entrusted with multiple responsibilities among which revenue collection is very important as without revenue no entity can exist. TMA used their revenue for the well-being of the society.

2. Article 140 of the Constitution of Islamic Republic of Pakistan provides for establishment of Local Government system and devolution of political, administrative and financial responsibility and authority to local Government to address the matters/problems of the society locally at their door step.

3. The TMAs are given enough liberty to impose multiple taxes in their respective territories on various subjects as stipulated in the Local Government Act 2013. Despite the fact that Provincial Government frames a revenue collection policy on yearly basis and gives baseline to TMAs for revenue generation from each of its budget components. The TMAs are facing shortage of funds due to weak financial and administrative control. There is no proper accounting mechanism for reporting of collected revenue, taxes and fees etc. This badly affects performance.

4. The Directorate General Audit, District Governments, Khyber Pakhtunkhwa is responsible for audit of TMAs and District Governments in Khyber Pakhtunkhwa.

5. Keeping in view the factors narrated above, this Directorate felt the need to conduct a Special Study “Revenue Collection and Accounting Mechanism at TMA Bannu”.

### **Organization of the Report**

The report is organized in three chapters. Each chapter covers individual aspects of the study. Chapter-1 describes the purpose and scope of the study and methodology adapted to complete the task. Chapter-2 briefly deals with the conceptual frameworks. Chapter-3 describes issues, comments, conclusion and recommendations.

# **CHAPTER - 1**

## **PURPOSE, SCOPE, METHODOLOGY & ANALYTICAL REVIEW**

### **1.1 Purpose**

1.1.1 The purpose of the special study is to examine and identify issues of the Tehsil Municipal Administration Bannu with reference to Revenue collection and accounting Mechanism. The aim is to find out the shortcomings and lapses in the collection of revenue if any and its accounting/reporting and to recommend remedial actions to the Tehsil Municipal Administration Bannu in order to improve the process. It also makes suggestions to the stakeholders for further improvements.

1.1.2 In order to achieve the purpose of the study, a formal questionnaire was developed to obtain responses from Tehsil Municipal Administration Bannu authorities and analyze these responses for meaningful assessment and stocktaking of existing practices enabling us to suggest some practical solutions.

### **1.2 Scope**

1.2.1 The study determined the horizontal and vertical policy coherence among various stakeholders to avoid duplication of taxation and determination of correct jurisdictions. The study covered the requirements of uniformity of taxation pattern among the TMA and inclusion of relevant revenue head of accounts in the profit centers of PIFRA. Moreover, Study suggested various areas where proper legislations were required for streamlining policies and procedures requisite for monitoring, reporting and accountability of receipt collection, realization and accounting respectively.

### **1.3 Methodology**

1.3.1 Baseline data regarding specific components of revenue generation of TMA was gathered during compliance with authority audit. Total fiscal strength of each



of TMA was scrutinized in order to determine the overall potential of TMA in revenue generation and efforts made till then to achieve it.

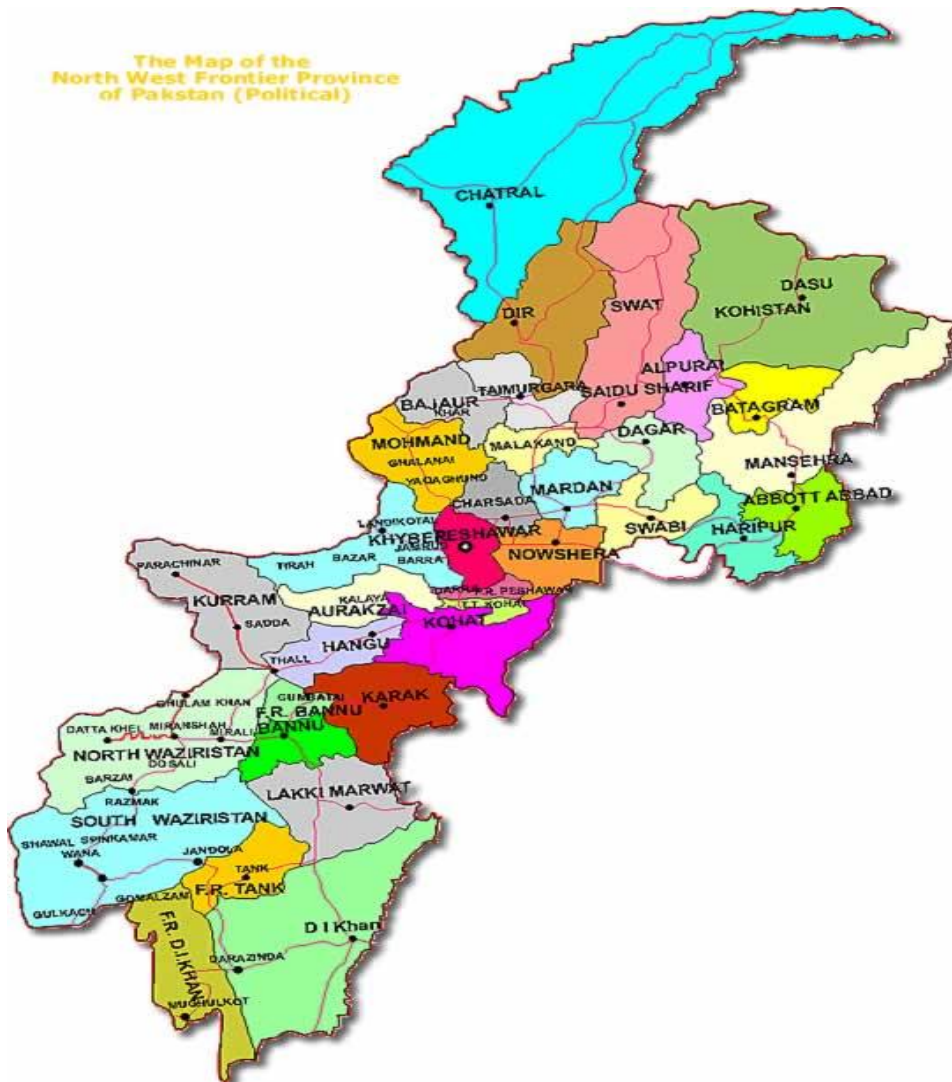
1.3.2 For data analysis, desk audit was performed and subsequently a detailed questionnaire was prepared. The results were compiled in TMA Bannu covering major stakeholders under Local Government Act 2013, highlighting recommendations to resolve issues and hurdles in revenue collection.

#### **1.4 Analytical Review**

1.4.1 Analytical procedures are an important part of the audit process and consist of evaluations of financial information made by a study of reasonable relationships among both financial and non-financial data. Analytical procedures assists (a) in planning stage to understand the nature, timing, and extent of auditing procedures, (b) in a substantive test to obtain audit evidence about particular statements related to account balances or classes of transactions and (c) in overall review stage of the audit assessment in evaluating the conclusions reached and in overall financial and non-financial data.

1.4.2 Analytical procedures were also performed on financial and non-financial data with a view of analyzing revenue collection and accounting mechanism at TMA in District Bannu.

# MAP OF THE KHYBER PAKHTUNKHWA



## **CHAPTER – 2**

### **THE LEGAL AND REGULATORY FRAMEWORK**

2.1 The foremost objective of promulgating the LGA, 2013 and establishment of Local Government System was to provide the basic welfare and socio economic service to the general public at their door step promptly, accurately and transparently by generating its own income or by the support of provisional and Federal Government.

2.2 The Article 140 of the Constitution of Islamic Republic of Pakistan provide for establishment of Local Government system and devolution political, administration and financial responsibility and authority to local Government to address the matters/problems of the society locally. To achieve the objective of the Local Government System, rules, regulation and by laws were introduced by the Provisional and Federal Government like taxation rules 2016 of TMAs, APPM, by laws of LCB KP, Chart of Account, withholding Tax Rules, rules regarding awarding contract, ROBs for Local Government and District Government Rules of Business 2015.

2.3 This study is intended to cover all those activities associated with Revenue Collection, Realization and its Accounting Mechanism at TMA Bannu.

## **CHAPTER – 3**

### **3.1 THE ANALYTICS – ISSUES AND COMMENTS**

This chapter presents the summary of written responses to the questions circulated among the TMOs followed by comments thereupon. Certain questions and responses which were interlinked have been clubbed together for the purpose of consistency and brevity, under one heading or title.

#### **3.1.1 Lack of Planning for revenue sources of the TMA income**

Rule 10 to 15 of the TMAs budget rules, 2016 provide for receipts management, that receipts are forecasted diligently, accurately and all foreseen items are to be included in the budget estimates and in order to ascertain and realize the revenue potential of the TMA. Tehsil officer (TO) regulation shall conduct a review of the revenue sources.

During special study for Revenue collection and its accounting mechanism in TMA Bannu for the year 2019-20 it was observed that surveys for outsourcing of receipts contracts were not conducted by the TMA to have first-hand information of actual receipts potentials of the contracts. There was also no evidence to show that the TMA had searched for availability of potential revenue sources.

Lack of planning for revenue sources occurred due to poor financial management which put TMA to financial losses.

When pointed out in April 2021, management stated that matter would be discussed with higher authorities.

Request for DAC meeting was made in April 2021 which could not be convened till finalization of this report.

Audit recommends planning and proper survey of existing sources to find the actual income potentials as well as new sources of income in the jurisdiction of TMA to overcome the financial deficit.

### **3.1.2 Non availability of accurate budget information**

Section 37(4) of the Local Government Act 2013, provides for the appointment of internal auditor in the TMA, and rules 51, 52 of the TMA Budget Rules 2016 provide for accurate budget information.

During special study for Revenue collection and its accounting mechanism in TMA Bannu for the year 2019-20, it was observed that there was no internal control of revenue receipts and collection in TMA as no internal audit was being carried out due to which accurate, reliable and timely income statements could not be generated for decision makers.

Non availability of accurate budget information occurred due to poor financial management which put TMA to financial losses.

When pointed out in April 2021, management stated that matter would be discussed with higher authorities for internal audit of receipts.

Request for DAC meeting was made in April 2021 which could not be convened till finalization of this report.

Audit recommends ensuring provision of accurate budget information and appointment of internal auditor to carry out the tasks required of him.

### **3.1.3 Improper Accounting mechanism of revenue**

Section 37(4) of the Local Government Act 2013, provides for the appointment of internal auditor in the TMA, and rules 51, 52 of the TMA Budget Rules 2016 provide for accurate budget information.

During special study for Revenue collection and its accounting mechanism in TMA Bannu for the year 2019-20, it was observed that there was no proper accounting mechanism of revenue receipts and collection in TMA. No computerized accounting system was introduced by the TMA till date. The finance section played only the role of book keeping by recording entries in Demand and Collection Register and cash books. The D&C registers were not signed by any single responsible officer of TMA.

It was also observed that administration cadre employees were posted in the tax branch without any finance and accounting background. The finance section failed to introduce modern accounting practices i.e. using accounting software etc. Resultantly no reliable financial information was available to decision makers as well as for external auditors.

Improper Accounting mechanism of revenue occurred due to poor financial management which put TMA to financial losses.

When pointed out in April 2021, management stated that matter would be discussed with higher authorities for development of accounting mechanism.

Request for DAC meeting was made in April 2021 which could not be convened till finalization of this report.

Audit recommends ensuring approved accounting system in revenue collection of TMA and appointment of internal Auditor.

#### **3.1.4 Non recovery of departmental dues – Rs. 8.583 million**

As per para 03 of the contract agreement states that all the amount of the contract shall be deposited in 11 monthly installments.

During scrutiny of the record of TMA Bannu for the 2019-20 it was observed that TMA Bannu awarded Contracts to various contractors as detailed below during financial year 2019-20. The contractors deposited Rs 28,335,079

during the contracts period, whereas Rs 8,583,384 was still outstanding against the contractor.

S.No	Name of Contractor	Name of Contract	Total Bid 2019-20 (Rs)	Deposited (Rs)	Outstanding 2019-20 (Rs)
1	Akbar Nawaz Khan	Cattle Fair Bannu City Urban	27,900,000	21,098,330	6,801,670
2	Sultan Khan	Goat and Sheep Market	6,340,000	5,036,000	1,394,000
3	Mr Ameer Dad	Group letreenBannu	420970	334194	38,270
4	Sultan khan	The BazariBannu	960000	851600	108,400
5	Akbar Nawaz Khan	Cattle Fair Ghoriwala	230,000	100,000	130000
6	Mr Sultan	Slaughter house	525000	465,955	59045
7	Akbar nawaz Khan	Mall GodamBannu	520999	469000	51999
<b>Total Outstanding</b>				<b>28,355,079</b>	<b>8,583,384</b>

The loss occurred due to poor financial management which put TMA to financial losses.

The irregularity was pointed out and conveyed to the department in the month of April 2021 to which department replied that concerned contractor would be requested to deposit the outstanding amount.

Request for DAC meeting was made in April 2021 which could not be convened till finalization of this report.

Audit recommends recovery of the outstanding amount and action against the persons at fault under intimation to audit.

### **3.1.5 Loss due to non-recovery of penalty worth Rs 1.044 million**

Serial No 06 of model terms and conditions for the year 2016-17 circulated by Government of Khyber Pakhtunkhwa LG & RDD Local Council Board No. AO-II/LCB/6-11/2013 dated: 14.03.2016 states that, the contractor is bound to deposit the monthly installment up to end of each month. If the contractor fails to deposit the monthly installments within stipulated period of time, then 2% per days will be charged as penalty on amount of installment.”

TMO Bannu awarded contracts to various contractors during financial year 2019-20. According to condition contractors were bound to deposit monthly installments up to end of each month. However, the contractors failed to deposit the amount of monthly installments within stipulated period of time. As per condition of the agreement TMA was required to penalize the contractor @ 2% per day which action was not taken, and the TMA was put to loss of Rs 1,044,482 (Detail in Annexure 1).

The loss occurred due to poor financial management which put TMA to financial losses.

The irregularity was pointed out and conveyed to the department in the month of April 2021, the department replied that effort would be made to recover the outstanding amount.

Request for DAC meeting was made in April 2021 which could not be convened till finalization of this report.

Audit recommends recovery of the amount from contractor.

### **3.1.6 Non-recovery of Teh Bazari – Rs.327,180**

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

During the course of special study of TMA Bannu it was noticed that Teh Bazari fee of Rs.327,180 was recoverable besides lapse of considerable period. The detail of recoverable Teh Bazari fee is as under:

<b>S.No</b>	<b>Particular</b>	<b>Amount</b>
1	Car stand	203,600
2	Vegetable Market	123,580
<b>Total Recoverable amount</b>		<b>327,180</b>



TMA Bannu collected Teh Bazari fee only from car stand in front of Zanana Hospital and vegetable market Bannu. Rest of the city was left and not a single rupee collected as Teh Bazari which showed the negligence of the staff deputed for collection, which resulted in loss to TMA.

The loss occurred due to poor financial management which put TMA to financial losses.

When reported in April 2021, the department replied that penalty would be calculated and recovery made from the persons responsible.

Request for DAC meeting was made in April 2021 which could not be convened till finalization of this report.

Audit recommends recovery of dues from the concerned and record the same in D&C register immediately.

### **3.1.7 Loss to TMA due to non-recovery of rent outstanding–Rs.5.50 million**

According to serial No 12 of the first schedule of the TMA Rules of business 2015, it is the function of the Municipal Regulations office of the TMA to collect approved taxes cess, fines and penalties.

During scrutiny of accounts record of TMA Bannu, shopping plaza, Markets, Jai Sapaid, and shops situated in district Bannu, allotted to various allottees on rent basis and a huge amount of Rs 5,500,898 was outstanding since long against the various allottees as per detail at annexure-2.

Non-recovery of the rent outstanding is the violation of rules, which showed inadequate administrative and financial control resulting in loss to TMA.

When reported in April 2021, the department replied that penalty would be calculated and recovery made from contractor.

Request for DAC meeting was made in April 2021 which could not be convened till finalization of this report.

Audit recommends recovery of rent from the concerned and record the same in D&C register immediately.

### **3.1.8 Non-auction and of leases of property**

As per Para 2 of the policy of Govt of KP Local Govt Elections and Rural Development Department for streamlining the affairs in the interest of Local Councils property circulated vide No. AO-V/LCB/4-1/99 dated 21 July 1999, the occupant of the property will be given an option to keep the property with him as a lessee at the 70% of the market rate. Moreover according to Para 1 of the policy of Govt of KPK Local Govt Elections and Rural Development Department for streamlining the affairs in the interest of Local Councils property circulated vide No AO-V/LCB/4-1/99 dated 21 July 1999 “the Local Council will assess the rate of annual lease money for each unit at the prevailing market rate in the locality”.

TMA Bannu has commercial property and vacant plots on various prime locations of District Bannu. It was observed during audit that leases of all the shops and plots has expired and neither the lessees were paying the rent as required under the law nor the TMA staff is making any effort to vacate the property of TMA and allot the property to new lessors with new rent under the law as a result of confusion between the TMA staff and the lessees due to this TMA Bannu sustained a heavy loss of millions of rupees every year.

Non-auction occurred due to poor financial management which put TMA to financial losses.

When pointed out in April 2021 management replied that detailed reply on case to case basis would be given after checking record.

Request for DAC was made in April 2021 which could not be convened till finalization of this report.

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

### **3.1.9 Non-recovery of Income Tax on auction of contracts-Rs. 5.075 million**

According to Para-10 of Local Government Department of Khyber Pakhtunkhwa Notification No.AO-II/LCB/6-11/2013 dated 01-06-2013, “any kind of revenue already levied during contract/lease period by the Federal Government OR Provincial Government, the contractor shall be bound to comply to pay according to prescribed rates of revenue. Any other revenue/fee etc; imposed by the Provincial or Federal Government during the contract period will also be applied on the contractor/firm who will be bound to pay the same. Section 236 B of the Income Tax ordinance 2001 lays down that income Tax be recovered @ 15 of the bid price in the auction from non-filers.

TMA, Bannu auctioned different contracts for collection of revenues during 2019-20 but income Tax @ 10% was not recovered from the contractors and thus Government sustained a loss of Rs.5, 075,422.

Non-recovery of Income Tax occurred due to poor financial management which put TMA to financial losses.

When reported in April 2021, Management replied that detailed reply would be given after checking record.

Request for DAC meeting was made in April 2021 which could not be convened till finalization of this report.

Audit recommends recovery of Rs.5,075,422 to be made from the contractors under intimation to Audit.

### **3.1.10 Loss due to refusal of contractor-Rs. 5.439 million**

According to Para-26 of Model Terms & Conditions of Contracts issued by the Local Government Department of Khyber Pakhtunkhwa vide Notification No.AO-II/LCB/6-11/2013 dated 20-12-2013; “Contract once awarded to a party shall not be sublet to any other party. If the original contractor is not interested to

continue then contract shall be cancelled and re-auctioned at his risk and cost. The agreement shall have to be entered into with the original highest bidder and not with his partner or agent.

TMA, Bannu auctioned contracts of Fire Wood and Sign Board for the year 2019-20 and M/S Muhammad Mushtaq & M/S Ameer Muhammad Khan offered highest bids of Rs.5,275,000 & Rs.4,490,000 respectively. But later on, the said contractors refused to execute agreements and taking charge of contracts within specified period. The local office re-auctioned the contracts on low bids which resulted into a loss of Rs.5, 439,000 due to refusal of contractor as per detail given below:-

S.No.	Name of Contract	Name of Contractor	Highest Bid offered (Rs.)	Re-auctioned Bid (Rs.)	Loss (Rs.)
1.	Fire Wood	M/S Muhammad Mushtaq	5,275,000	706,000	4,569,000
2.	Sign Board	M/S Ameer Muhammad	4,490,000	3,620,000	870,000
<b>Total</b>					<b>5,439,000</b>

The local office failed to recover the loss from the highest bidder who refused to take over the charge of contract as per Para-26 of model terms & conditions of contracts.

The loss occurred due to poor financial management which put TMA to financial losses.

When reported in April 2021, the department replied that bid was according to rules and no loss given to TMA.

Request for DAC meeting was made in April 2021 which could not be convened till finalization of this report.

Audit recommends recovery from the person(s) at fault.

### **3.1.11 Non preparation of appropriation, finance and financial statements of funds-Rs 754.512 million**

Section 37(1) of the LGA 2013 lays down that The Auditor General of Pakistan shall, on the basis of such audit as he may consider appropriate or necessary, certify the accounts compiled and prepared by the respective accounts officials of local governments for each financial year, showing annual receipts and disbursements for the purposes of each local government and shall submit certified accounts with such notes, comments or recommendations as he may consider necessary to the Government and Nazim of the respective local council.

Budgetary and expenditure position of TMA Bannu for the year 2019-20 is given as under:

<b>Head of Accounts</b>	<b>Revised Budget for 2019-20</b>
Opening Balance on 1 <sup>st</sup> July, 2019	Rs. 3,803,022
Receipts during the year	651,655,14
Total Receipts	655,458,164
Total Expenditure	754,512,311
Closing Balance on 30 <sup>th</sup> June, 2020	Rs. 99,054,147

Audit observed that Appropriation Account, Finance Accounts and Financial Statement were not prepared and submitted to audit to authenticate allocation as well as grant-wise analysis of the expenditures.

Non preparation/maintenance of Appropriation Account, Finance Account and Financial Statement for the year 2019-20 led to the violation of rules.

Irregularity was pointed out in the month of April 2021, the department replied that the notice for future compliance.

Request for DAC meeting was made in April 2021 which could not be convened till finalization of this report.

Audit recommends preparation of Appropriation Account, Finance Account and Financial Statement for the year 2019-20 on the approved form and format as prescribed by the AGP.

## **CONCLUSIONS**

Keeping in view the discussion of issues and comments given in the preceding chapter on revenue collection realization and its accounting system, it can be concluded that TMA Bannu did not collect and realized revenue from own source, economically, efficiently and effectively. The time value for money was not achieved due to ill planning of revenue collection.

The survey conducted for the study has revealed there was no proper accounting mechanism of revenue collection in TMA of District Bannu. TMA failed to achieve receipt target. No action was taken against the defaulting contractors. There was no proper planning to secure revenue resource from wastage. Personal Force of TMA was not empowered in revenue collection. There was decreasing trend of revenue collection due to departmental execution of revenue resources.

## **RECOMMENDATIONS**

It is recommended that the flaws pointed out in the report may be kept in mind while collecting own source revenue in future. There should be proper planning and budgeting and accounting mechanism for maximization of revenue collection and achievement of receipt targets for reducing dependency on Provincial Government for grants. The management should fully auctioned all the revenue generating contracts highest bid by adopting transparent bidding system.

It is also recommended to appoint internal auditor to audit revenue of TMA. Moreover, proper record of printed receipt books with printing from Government. Printing Press be maintained besides collecting staff be made accountable for collection on the basis of issued printed receipts books duly serially numbered with printed face value on each page. Further rotation of staff be ensured so that chances of fraud/ embezzlement could be mitigated.

Furthermore, the study also recommends that;

Revenue resources should not be abolished without order of the competent authority. TMA should search new means of revenue. Moreover legal action should also be taken against the defaulter contractors.

Revenue collected should be deposited only in approved bank accounts and may be reconciled with banks on monthly basis to avoid the chances of misappropriation of revenue.

# ANNEXURES

Annex-A

## QUESTIONNAIRE Survey Questionnaire for Revenue collection, realization and accounting mechanism at selected TMAs

District: Bannu

Name of TMA: Bannu

This survey is a part of a special study planned to be conducted by this Directorate. It covers facts, issues, opportunities and procedures regarding collection and realization of revenue and its accounting mechanism in TMAs. It includes sources of income to a TMA which includes Taxes, sales proceeds, rental income, cattle fare, goat and sheep markets and various fees. This survey also studies the knowledge of rules and procedures of Personal force of TMAs and its skills and efforts towards collection and realization of revenues and cooperation of Tehsil administration towards enhancement and achievement of receipts targets. Most items on this form require either Yes or No response. Whenever appropriate, you can make detailed comments on additional sheets of papers. It is to be filled by each Tehsil Municipal Officer who is also the head of the department in the TMA.

S.No.	QUESTION	RESPONSE	
		Yes	No
1	Is there are any specify rules are available for realization and recording of TMA revenues?		No
2	The TMA staff is familiar with accounting rules?		No
3	There is any training, book is in place regarding accounting and reporting of revenue?		No
4	What are the targets of revenue for the last three years?	Rs.782,163,855	
5	What are the actual receipts against revenue targets?	Rs 773,065,899	
6	Liabilities occurred during the last three years?	Yes	
7	Is the revenue of TMA being sufficient for TMA day to day business?		No
8	What types of the restriction the TMA is facing in collection of revenues?	1.Political Pressure 2.Lack of cooperation of community	
9	Step taken by TMA to clear these restrictions?	Yes	
10	Is the local police and administration are helping the TMA officials in revenue collection?	Minimum help	
11	Are annual accounts of revenue are maintained as per rules?		No
12	Either proper reporting system is in place?	Yes	



13	Both reconciliation with banks and all the related parties are in practice?		No
14	Any embezzlement in revenue reported and their latest position?		No
15	Steps taken against defaulter (the contractors whose files to pay Govt money in due course of time)	Yes	
16	Any penalty imposed on defaulter? if imposed then its status?	Yes	
17	Any report with reference to defaulter submitted to higher up?	Yes	
18	Any legal proceeding taken against the defaulter?	Yes	
19	Whether there is proper reconciliation with banks in place?	Yes	
20	Any study taken to discover new area of revenue?		No
21	Whether Designated Banks Accounts were approved from Finance Department?	50%	
22	Whether guidelines rules/procedures are followed in awarding the contract regarding revenues generation?	Yes	
23	The deduction made by the TMA (like Income Tax, Sale Tax and other third-party payment) are properly and timely transferred to concerned?	Yes	
24	Any reconciliation made with tax authorities?	Yes	
25	There is any difference found in reconciliation with tax authority? And action taken in this regard?		No
26	How many works/activities/contracts which are not auctioned? And its financial impact?	1	
27	The works/activities whose was not auctioned either the department made effort to generate revenue from these activities?	Yes	

**Annexure 1**

**Detail showing Non Recovery of Penalty**

<b>Cattle Fare Market City Bannu Urban</b>					
<b>S.no</b>	<b>due date</b>	<b>Actual Date of Deposit</b>	<b>Delay</b>	<b>Amount of installment</b>	<b>Penalty</b>
1	10.7.19	Nil	10	2536363	405818.08
2	10.8.20	21.08.20	11	2536363	405818.08
Goat and sheep Market Banuu					0
3	10.01.20	Nil	20	584645	93543.2
4	10.02.20	17.02.20	17	584645	93543.2
<b>Slaughter house Bannu</b>					0
5	10.9.19	25.09.19	15	47727	7636.32
6	10.10.19	28.10.19	18	47727	7636.32
7	10.11.19	26.11.19	16	47727	7636.32
8	10.12.19	26.12.19	16	47727	7636.32
9	10.01.20	29.01.19	19	47727	7636.32
<b>Mall Godam Bannu 2019-20</b>					0
10	10.09.19	23.09.19	13	47364	7578.24
<b>Total</b>				<b>6,528,015</b>	<b>1,044,482.40</b>

**Detail of Haved Gate Shops****Annexure 2**

(Amount in Rs)

Sr. No.	Name of Allottee	No. of Shop	Monthly Rent	Outstanding
1	Khisroon Khan	1	3960	Nil
2	Mir Wali	2	2079	7560
3	Saad Ayaz	3	2079	13230
4	Muhammad Jalal	4	2079	2835
5	Noor Ayaz	5	2079	Nil
6	Sher Anjam	6	2288	Nil
7	Abdur Razzaq	7	2080	1890
8	Umar Ali	8	2080	Nil
9	Umar Ali	9	2080	Nil
10	Muhammad Ghani	10	2080	Nil
11	Said Rehman	11	2080	11340
12	Shaheen Badshah	12	2080	Nil
13	Afraz Khan	13	3120	Nil
14	Imtiaz Khan	14	3120	34020
15	Muhammad Hassan	15	3120	22680
16	Muhammad Akram	16	2080	52574
<b>Total</b>				<b>109274</b>

**Detail of GPO Shops**

Sr. No.	Name of Allottee	No. of Shop	Monthly Rent	Outstanding
1	Mir Hatim Shah	1	1857	Nil
2	Gul Riaz	2	1857	Nil
3	Mir Hatim Shah	3	1857	Nil
4	Nadir Shah	4	1857	116780
<b>Total</b>				<b>116780</b>

**Detail of Cantt Plaza Shops**

Sr. No.	Name of Allottee	No. of Shop	Monthly Rent	Outstanding
1	Ahmad Ali	1	2421	153968
2	Mir Ahmed Khan	2	2421	153968
3	Sajda Begum	3	2421	153968
4	Muhammad Ali Shah	4	2421	153968
5	Sajda Begum	5	2421	153968
6	Dost Muhammad Khan	6	2421	153968
7	Dost Muhammad Khan	7	2421	153968
8	Muhammad Javed	8	2421	153968
9	Sardar Muhammad Shah	9	2421	153968
10	Gul Sharif	10	2421	153968

11	Sher Dil	11	2421	153968
12	Nazif Ullah	12	2421	153968
13	Iqbal Ayaz	13	2421	153968
14	Haji Rahim Dil	14	2421	153968
15	Abdul Jalil	16	2421	153968
16	Jahan Zeb	15	2421	127556
17	Akhtar Ali	17	2421	119424
18	Rafi Ullah	18	2421	153968
19	Muhammad Rehman	19	2421	153968
20	Noor Dar Ali	20	2421	153968
21	Nasir Ahmed	21	2421	153968
22	Ghulam Manzoor Shah	22	2421	153968
23	Sher Afzal	23	2421	153968
24	Ashraf Ali Shah	24	2421	153968
25	Ijaz Rasool	25	2421	153968
26	Faiz Rehman	26	2421	153968
27	Jahan Zeb	27	2421	153968
28	Waqas Ali Shah	28	2421	59664
29	Munawar Khan	29	2421	153968
30	Khurshid Khan	30	2421	135824
31	Safina Ijaz	31	2680	50124
32	Abdul Nasir	32	2421	93968
33	Altaf Hussain	33	2680	58464
34	Altaf Hussain	34	2680	58464
35	Altaf Hussain	35	2680	58464
36	Altaf Hussain	36	2680	58464
37	Shah wazir	37	2421	143324
38	Maqbool Rehman	38	2421	153968
39	Balqiaz	39	2421	153968
<b>Total</b>				<b>5,274,844</b>