



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

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, Mardan" 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, Mardan 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 Policies and Procedure Manual |
| CNG | Compressed Natural Gas |
| CTR | Central Treasury Rules |
| DAC | Departmental Accounts Committee |
| DAO | District Accounts Officer |
| FAOs | Field Audit Offices |
| HQ | Headquarter |
| KP/ KPK | Khyber Pakhtunkhwa |
| LCB | Local Council Board |
| LGA | Local Government Act |
| LGO | Local Government Ordinance |
| MC | Municipal Committee |
| MOU | Memorandum of Understanding |
| NOC | No Objection Certificate |
| PIFRA | Project to Improve Financial Reporting and Auditing |
| PSO | Pakistan State Oil |
| RTA | Regional Transport Authority |
| ROB | Rules of Business |
| ICT | Information and Communication Technologies |
| SAMA | Services & Assets Management Agreement |
| TDR | Term Deposits Receipts |
| TMA | Tehsil Municipal Administration |
| TMO | Tehsil Municipal Officer |
| TO | Tehsil Officer |
| TO (F) | Tehsil Officer (Finance) |
| TO (R) | Tehsil Officer (Regulation) |
| VCs/NCs | Village & Neighborhood Councils |
| Vol. | Volume |
| WSSC | Water Supply and Sanitation Company |

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 Mardan 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. The collection mechanism of long outstanding dues is very weak and slow.
- ii. There is variation in figures regarding collection among various sections of TMA. The reconciliation/coordination system is not adequate.
- iii. The TMA Mardan is unable to prepare the financial statements and balance sheet.

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 Mardan”.

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 Mardan 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 Mardan 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 Mardan 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.

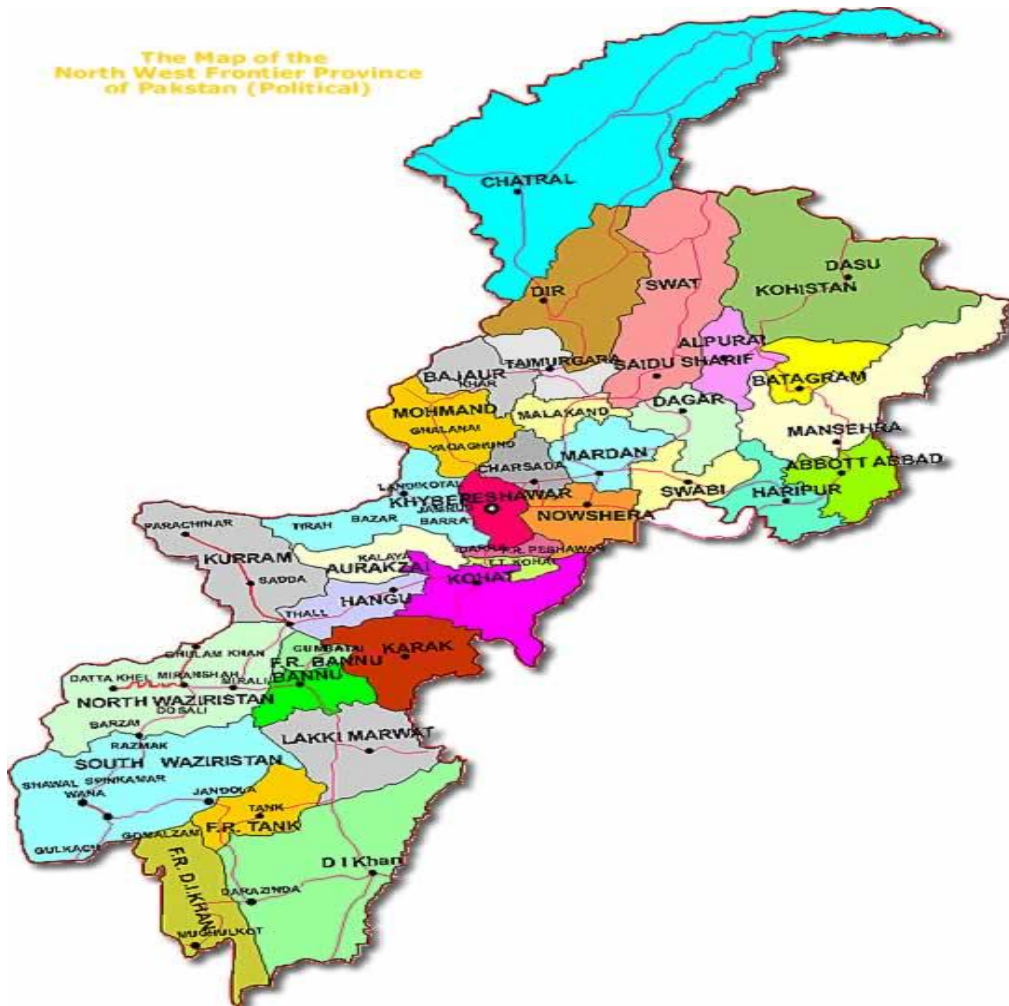
1.3.2 For data analysis, desk audit was performed and subsequently a detailed questionnaire was prepared. The results were compiled in TMA Mardan covering major stakeholders under Local Government Act 2013, highlighting recommendations to resolve issues and hurdles in revenue collection.

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 Mardan.

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 Mardan.

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 Recurring loss in million due to non-conducting the survey for receipts / taxation.

According to sub rule-(6) of second schedule (distribution of business amongst Tehsil officers) of the TMAs budget rules 2016 the Tehsil officer (Finance) will Carry out regular surveys of the revenue base – current and potential – and develop periodic reports of financial analysis for the Council.

According to Local Council Board vide letter /notification No. AOII/LCB/9-1/2016 dated 11.05.2016, a proper survey report is required in order to streamline the recovery from various sources under the jurisdiction of TMAs.

TMO Mardan failed to conduct the survey of business / trade activities such as Private Hospitals, Doctor Clinics, Motor Car Bargains, food / juice shops, bookshops, bakeries, restaurant, hotels, Suzuki stands, rickshaw stands, truck stand, car mechanics, battery dealers, Distributors (Battery, Food items, Beverages, Medicine etc.), Marriage Halls etc. under the jurisdiction of TMA during the year 2019-20.

Non-conducting survey of business activities in the jurisdiction of TMA occurred due to weak internal control resulting in un-realistic realization of revenue and loss to the authority.

When pointed out in April, 2021, the management did not respond to the audit observation.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends that fresh survey may be conducted by the TMA in order to assess income from the trade properly besides conducting inquiry in to the matter.

3.1.2 Non-preparation of financial statement & non-preparation of the budget in accordance with Chart of Accounts of expenditure – Rs.822.055.

According to sub rule-(s) of rule 22 of the appendix-A of the TMA budget rules 2016 and schedule 1of the Khyber Pakhtunkhwa Tehsil and Tehsil Municipal Administration Rules of Business, 2015, the Tehsil Officer Finance will prepare financial statements and present them for internal and external audit in the manner as may be prescribed.

According to sub-rule (1) of rule-8 (budget classification) of the TMA budget rules 2016, the budget shall be prepared in accordance with Chart of Accounts issued by the Auditor General of Pakistan.

The Tehsil Municipal Officer Mardan did not prepare financial statements of total expenditure of Rs. 822,055,308 which were required to be presented for internal & external audit as required under the rules. Furthermore, the budget was not prepared in accordance with charts of accounts issued by the auditor general of Pakistan. Detail is given below:

| Particulars | Budget (Rs) | Expenditure (Rs) |
|---|----------------------|-------------------------|
| Salary | 559,413,000 | 403,673,727 |
| Non Salary | 170,955,000 | 99,041,026 |
| Development 30% ADP | 424,800,000 | 40,434,555 |
| Beautification (Provincial ADP) | 235,580,000 | 116,703,000 |
| Special Initiative Programme (Provincial ADP) | 121,098,161 | 76,857,000 |
| District ADP | 195,554,961 | 85,346,000 |
| Total | 1,707,401,122 | 822,055,308 |

Irregularity occurred due to violation of rules, which caused non-disclosure of the financial position of the TMA to stakeholders.

When pointed out in April, 2021, the management did not respond to the audit observation.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends preparation of the financial statements & presentation to external audit & stake holders besides action against the person(s) at fault.

3.1.3 Non submission of Accounts to the District Government –Rs 523.176 million.

According to section 36(2)(b) of the Khyber Pakhtunkhwa Local Government Act 2013, the Tehsil Accounts Officer shall maintain the accounts of Tehsil Municipal Administration and submit to DAO concerned for consolidation of the accounts of local government at the District Accounts Office quarterly and annually separately for receipts from the Government and local resources.

Tehsil Municipal Officer of TMA Mardan received Rs 523,176,000 as receipts from the Government and own sources during financial year 2019-20 but did not submit the accounts to the District Accounts Officer for consolidation at district level as required under Khyber Pakhtunkhwa Local Government Act, 2013. Detail is given below:

| S. No | Particulars | Total Receipts (Rs) |
|--------------|-----------------------------|----------------------------|
| 1 | Own sources Receipts | 267,261,000 |
| 2 | Government sources receipts | 255,915,000 |
| Total | | 523,176,000 |

Irregularity occurred due to violation of LGA 2013, which resulted in incorrect accounting information in the financial statements at district level.

When pointed out in April 2021, the management stated that the practice of depositing of profit of our own source i.e local fund is not vague in TMAs, however, the recommendation of the audit would be followed in letter and spirit

in future. Reply was not convincing as the LGA rules were not followed as required.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault for non-compliance with the rules and for incorrect financial statements at the district level.

3.1.4 Weak budgeting due to allocation of excess funding-Rs 885.345 million.

Rule-7 (2) (d) of TMAs budget rules 2016 states that gross underestimation and overestimation are serious budgetary irregularities.

Scrutiny of the accounts record of the Tehsil Municipal Officer Mardan for the financial year 2019-20, it was revealed that Rs 1707.401 million was allocated as salary, non-salary & developmental budget. However, against the allocation an expenditure of Rs 822.055 million was spent during the year resulting a total savings of Rs 885.345 million. Hence 52 % budget was overstated. This shows overall weak internal control of the management. Detail is given below:

| Particulars | Budget (Rs) | Expenditure (Rs) | Excess/Saving (Rs) |
|---|----------------------|-------------------------|---------------------------|
| Salary | 559,413,000 | 403,673,727 | 155,739,273 |
| Non Salary | 170,955,000 | 99,041,026 | 71,913,974 |
| Development 30% ADP | 424,800,000 | 40,434,555 | 384,365,445 |
| Beautification (Provincial ADP) | 235,580,000 | 116,703,000 | 118,877,000 |
| Special Initiative Programme (Provincial ADP) | 121,098,161 | 76,857,000 | 44,241,161 |
| District ADP | 195,554,961 | 85,346,000 | 110,208,961 |
| Total | 1,707,401,122 | 822,055,308 | 885,345,814 |

Weak budgeting occurred due to weak financial management which resulted in overstatement of expenditure.

When pointed out in April, 2021, the management did not respond to the audit observation.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

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

3.1.5 Non-depositing of profit earned on placement of public funds in designated bank accounts – Rs - 7.005 million

According to Para 1 and 2 of Finance Department Khyber Pakhtunkhwa letter No. 2/3-(F/L)/FD/2007-08/Vol-IX dated 10th February 2014, Khyber Pakhtunkhwa Finance Department has time to time allowed sanctioned Bank accounts in the commercial bank for various Departments/Autonomous/ Semi-Autonomous Bodies/Corporations in Khyber Pakhtunkhwa for particular and specific purposes. Such accounts may be converted to PLS mode and the profit earned be deposited in Government Treasury under relevant head of account immediately and not later than a week when declared by the concerned bank.

Tehsil Municipal Officer TMA Mardan placed securities of contractors in two designated saving bank accounts and earned profit of Rs 5,303,167 during financial year 2019-20 but did not deposit the profit into government treasury. Similarly, grant in aid of Rs 400.00 million for street lights was released by the provincial government which was also kept in PLS account and profit of Rs 1,702,358 (other than agreed monthly profit on TDR) was credited by the bank semi-annually which was also required to be deposited into government treasury but was not done. Detail is given below:

| S. No | Name of bank and branch | Bank account No. | Purpose of account | Total profit earned during 2019-20 (Rs) |
|--------------|--------------------------------|-------------------------|---------------------------|--|
| 01 | UBL Shamsi Road Mardan | 000250325801 | Security Account | 2,797,488 |
| 02 | NBP Shamsi Road Mardan | 3311023439 | Security Account | 2,505,679 |
| 03 | Khyber Bank Mardan | 3039774243 | Endowment fund/TDR | 1,702,358 |
| Total | | | | 7,005,525 |

Audit observed that non deposit of profit occurred due to violation of rules which resulted in loss to the Government.

When pointed out in April 2021, the management stated that as per precedent the amount of profit retained in the accounts for the purpose of quick delivery of municipality in time. Reply was not convincing as the profit earned on deposits should be deposited into Government treasury.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends immediate deposit of the profit into Government treasury and action against the person(s) at fault.

3.1.6 Non reconciliation of accounts

According to sections 11.1 and 11.4 of the SAMA (Services & Assets Management Agreement) between TMA and WSSC Mardan, estimates of the receipts on account of taxes, fees, and user charges etc. in connection with the services shall be prepared by the Second Party (WSSC Mardan) for inclusion in the annual and revised budget estimates of the First Party (TMA Mardan) and recoverable. Accounts departments of both the parties shall carry out reconciliation of figures of receipts realized during the quarter and the budgeted and payable amount to be transferred to the Second Party during the ensure of month immediately which shall be adjusted on the basis of actual collection as ascertained through such reconciliation.

During the scrutiny of the record of TMO Mardan it was observed that as per above mentioned agreement of SAMA the WSSC Mardan is bound to reconcile the figures of receipts realized during the quarter, however, the same was not carried out. Moreover, the local office did not reconcile the cash balances of cash book and bank accounts.

Non reconciliation of accounts occurred due to weak financial control which resulted in violation of rules.

When pointed out in April, 2021, the management did not respond to the audit observation.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends reconciliation of balances as required under the rules and action against the person(s) at fault.

3.1.7 Loss due to less crediting of profit on TDR-Rs 17.725 million

According to MoUs signed on 24.9.2011 and 10.9.2012 between The Bank of Khyber and TMA Mardan, TMA Mardan placed Rs 250,000,000 and Rs.150,000,000 as fixed deposit for 30 years with the Bank of Khyber Mardan @14.61% and 11.50% profit per annum respectively.

TMO Mardan did not recover a profit of Rs 17,725,412 from the Bank of Khyber on fixed deposits during financial year 2019-20. The Bank of Khyber Mardan was required to credit a profit of Rs 53,775,000 as per MOUs but it only credited Rs 36,049,558 into TMA account which resulted in less credit of profit for Rs 17,725,412. Detail is as under:

| S # | TDR No. & date | Principal amount Rs) | Rate of Profit | Profit earned for year 2019-20 | Profit credited to TMA account | Difference (less Credit) |
|--------------|-------------------------------|-----------------------------|-----------------------|---------------------------------------|---------------------------------------|---------------------------------|
| 1 | TDR NO 8386 dated 24.9.2011 | 250,000,000 | 14.61% | 36,525,000 | 22,530,991 | 13,994,009 |
| 2 | TDR NO 33174 dated 10.09.2012 | 150,000,000 | 11.50% | 17,250,000 | 13,518,597 | 3,731,403 |
| Total | | | | 53,775,000 | 36,049,588 | 17,725,412 |

Less crediting of profit occurred due to lack of financial management which resulted in loss to the TMA.

When pointed out in August 2020, management stated that the case is subjudice and detailed reply would be furnished after decision of the court. No reply was furnished till finalization of this report.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends recovery of the short paid profit besides action against person(s) at fault.

3.1.8 Non-transfer of 3% RTA share of GBS income-Rs 1.048 million

According to Rule-259 Sub Rule (3) of West Pakistan Motor Vehicles Rules 1969, the Government share will be 3% of the gross receipt from fee shown by the TMA for a period of one year.

Tehsil Municipal Officer, TMA Mardan collected a sum of Rs 34,944,290 as a receipts from following bus stands during financial year 2019-20 but did not transfer 3% RTA share amounting to Rs 1,048,329 as per detail given below:

| S. No | Own source | Receipts (Rs) | 3% RTA share (Rs) |
|--------------|-----------------------------|----------------------|--------------------------|
| 1 | General Bus Stand Mardan | 32,491,030 | 974,731 |
| 2 | General Bus Stand Toru | 479,750 | 14,393 |
| 3 | General Bus Stand Bakhshali | 681,510 | 20,445 |
| 4 | Wagon Stand Fee | 1,292,000 | 38,760 |
| Total | | 34,944,290 | 1,048,329 |

Non transfer of RTA share occurred due to weak internal controls, which resulted in loss to Government.

When pointed out in April 2021, the management stated that the said RTA share has been deposited. Reply was not convincing as the department did not produce documentary evidence to authenticate the same.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends transfer of RTA share and action against the person(s) at fault.

3.1.9 Unauthorized remission of two installments of fee of latrine – Rs140,000

According to condition No.25 of terms and conditions for 2019-20, circulated to all TMOs vide Khyber Pakhtunkhwa, Local Government & Rural Development Department (Local Council Board) letter No.AO-II/LCB/6-11/2011 dated 01.06.2019, No clause for remission shall be provided in the agreement or in the auction notices. Remission could however, be considered in case of wide spread civil disturbance provided it disrupts the normal trade in big way. Small local strikes will not be taken into consideration for remission. No remission on account of rain shall be allowed in any way.

Tehsil Municipal Officer, TMA Mardan auctioned the contract of Latrines Bus stand for the financial year 2017-18 and awarded to the highest bidder M/S Waladit Khan for Rs 770,000. The contractor deposited only Rs 630,000 and the remaining amount of Rs 140,000 was outstanding till date. On the written requests of the contractor, the Tehsil Council granted remission for the installments of two months in its meeting held on 9th August 2018 under agenda item No. 25 due to construction works during the said two months. Audit held that under the relevant terms & conditions, the remission was unauthorized.

Audit observed that non recovery of latrine fee occurred due to weak financial control and violation of rules which resulted in loss to the TMA.

When pointed out in April 2021, management stated that the Council was empowered for the said remission through provincial Government. Reply was incomplete and unclear as no approval from the provincial Government was obtained for the remission while no remission was allowed as per terms and conditions framed by the provincial government for the auctions.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends recovery and depositing of latrine fee in the account of the TMA and action against the person(s) at fault.

3.1.10 Loss in millions due to unauthorized allotment of commercial plot on the lowest monthly rent without open auction.

According to para 11 of GFR Vol.-I, each head of the department is responsible for enforcing financial order and strict economy at every step.

Tehsil Municipal Officer, TMA Mardan allotted a commercial plot of 11 Marla situated at Shamsi Road near TMA office during financial year 2012-13 for 15 years on the lowest monthly rent of Rs 5,022 with 10% annual increase, without open auction and without proper assessment, to the existing tenant due to which loss was sustained by the TMA in millions as the plot situated in commercial area.

Audit observed that allotment of commercial plot was made on monthly rent in violation of relevant policy which resulted in loss to the TMA.

When pointed out in April 2021, the management stated that the said approval was granted by the Provincial Government in the year 2012. Reply was not convincing as the local office endorsed the application and offer of the tenant with favorable recommendation, in violation of the policy and instructions, on the basis of which the LCB granted approval which was itself violation of the policy of the provincial Government and repeated instructions of the provincial Finance Department for bringing the rates of rents of all properties at par with private properties. As per policy referred to above in the criteria, the occupant of the property would be given an option to keep the property with him as a lessee at the market rate.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends recovery of loss and fixing responsibility on the persons at fault under intimation to audit.

3.1.11 Non recovery of Annual Tax and NOC Fee from Petrol Pumps - Rs1.350 million

According to Government of KPK, Local Government Department Letter No. AOII/LCB/2-15/3008 date 07.04.2008, annual tax & NOC fee on petrol/ CNG pumps has been fixed as Rs 25,000 & Rs 50,000 respectively.

According to Local Council Board Government of Khyber Pakhtunkhwa office memo No. AOII/LCB/6-11/2010 dated 21-04-2011, & instruction of Senior Minister in Minutes of Meeting vide Para No. 05, tax shall be imposed on Petrol/ CNG pumps by all TMAs/ MCs in KPK at the prescribed rate.

Tehsil Municipal Officer Mardan did not collect Rs. 1,350,000 on account of annual tax from the owners of 54 Petrol/ CNG Pumps situated at the approach roads under the jurisdiction of TMA Mardan during Financial Year 2019-20. Detail is given at the attached annexure-1.

The irregularity occurred due to lake of interest of the controlling officer towards generation of revenue which resulted in loss to the Council.

When pointed out in April 2021, the management stated that the Local Council cannot collect any fee according to section 42 of LGA 2013, however, some petrol pumps paid the annual license fee as the Council imposed. Reply was not convincing as according to the above quoted rules TMAs are bound to recover such fees from CNG/ Petrol Pumps.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends recovery of NOC and annual fee from the owners of CNG/Petrol pumps and action against the person (s) at fault.

3.1.12 Non recovery of rent of shops –Rs 17.765 million

According to rule 1 of Annexure A to para 38 of GFR Vol.-I, the departmental authorities are primarily responsible to see that all revenues are correctly and promptly assessed, realized and credited to government treasury.

TMO Mardan neither recovered Rs 17,764,679 on account of rent of TMA's shops in various localities during financial year 2019-20 nor the local office made serious efforts for collection of the rent. Detail is given below:

| S. No | Particular of shops/ Plaza | Amount(Rs) |
|--------------|---|-------------------|
| 1 | MC Plaza Bank Road Mardan | 4,598,354 |
| 2 | Rent Arrears shops in G.B.S Mardan | 2,442,499 |
| 3 | Medical & Shopping Complex Plaza Shamsi Road Mardan | 10,723,826 |
| Total | | 17,764,679 |

Non recovery of rent occurred due to lack of financial control which resulted into loss to the Council.

When pointed out in April 2021, the management stated that recovery from shops is under process and would be shown in next audit. No response was shown till finalization of this report.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends immediate recovery of the rent of shops besides action against the person(s) at fault.

3.1.13 Unauthentic deposit of contractual receipts – Rs 225.913 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.

TMO Mardan recovered Rs 225,912,520 on account of local/ contractual receipts during financial year 2019-20, however, the amount was not verified

from the bank accounts of the Council. Moreover, the local office did not produce the Bank Accounts and hence the audit also did not verify the payments from the Bank accounts. Detail of the contractual receipts is attached at annexure- 2.

Unauthentic deposit of contractual receipts occurred due to weak financial and internal control, which resulted in unauthentic deposits of receipts.

When pointed out in April 2021, the management did not respond to the audit observation.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends verification of the local receipts and action against the person(s) at fault.

3.1.14 Loss due to auction of Contracts at lower rates – Rs 86.675 million.

According to Para 2 of the Contract No. AO-II/LCB/6-11/2019 dated 26-04-2019 terms and condition of LG & RDD Local Council Board “The advertisement of the Contract should be published in the renowned and widely circulated newspapers through Information Department at least seven working days before the date fixed for auction of the contract and the same practice shall continue to achieve the maximum increase of 20% over the last year approved bid or more reasonable bid”.

Tehsil Municipal Officer Mardan recovered less local taxes from the contractors than 20% increase on previous Financial Year, which resulted in a loss of Rs 86,674,526 during financial year 2019-20. Detail is given at annexure-

Audit observed that the less realization from the local contracts occurred due to weak financial control and lack of interest in realizing the public revenue.

When pointed out in April 2021, the management stated that the contract of 2% Property Tax and Building Plan approval fee are running departmentally

and the other contracts were advertised for open auction nine times but due to less interest of the contractors, it remained to be run departmentally. Reply was not convincing as the local office did not produce any documentary proof in support of the reply.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends accrued realization of revenue and action against the person(s) at fault.

3.1.15 Non recovery of monthly installments from the contractors-Rs 2.640 million

Para 28 of GFR Vol.-I states that no amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

TMO Mardan awarded contracts of local fund receipts to different contractors during financial year 2019-20, however, the contractors failed to deposit the monthly installments of Rs 2,640,092 and remained outstanding till date of audit i.e. May, 2021. Detail is as under:

| S# | Name of contract | Bid Cost (Rs) | Paid (Rs) | Amount not paid (Rs) |
|-----------|---------------------------|----------------------|-------------------|-----------------------------|
| 1 | Cattle fair Shahbaz Garhi | 3,850,000 | 3,304,135 | 545,865 |
| 2 | Cattle fair Bakhshali | 2,600,000 | 2,416,000 | 184,000 |
| 3 | Cattle fair Toru | 1,751,000 | 1,502,660 | 248,340 |
| 4 | Cattle fair Baghdada | 3,950,000 | 2,860,000 | 1,090,000 |
| 5 | Latrine Flash System | 1,301,417 | 1,110,300 | 191,117 |
| 6 | Cycle Mela | 533,090 | 152,320 | 380,770 |
| | Total | 13,985,507 | 11,345,415 | 2,640,092 |

Non recovery of installments occurred due to weak financial and internal controls resulted in loss to the Council.

When pointed out in April 2021, the management stated that the case is pending with the Provincial Government. However, no progress was intimated till finalization of this report.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

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

3.1.16 Non collection of Income Tax from the contractors - Rs 2.463 million

According to section 336 A of Income Tax Ordinance 2001, any person making sale by public auction/tender of any property or goods including award of lease to any person shall deduct Income Tax @ 10% .

TMO Mardan awarded contracts of different sources of local fund receipts during financial year 2019-20 but Income Tax of Rs 2,462,976 @ 10% from the contractors was not collected. Detail is given at annexure – 4.

Non collection and non-depositing of Income Tax occurred due to weak financial controls which resulted in loss to Government.

When pointed out in April 2021, the management stated that the payment of income tax is pending with the Provincial Government. Reply was not cogent as according to the rules income tax was required to be deducted from the contractors.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends recovery of the Income Tax amount and depositing of the same into Government treasury besides action against the person(s) at fault.

3.1.17 Doubtful deposit of income tax in Government treasury – Rs 292,740

Rule 174 of CTR Vol-I states, that all payments must be supported with acknowledgements.

TMO Mardan deducted income tax amounting to Rs 292,740 from the contractors during financial year 2019-20, however, acknowledgement from the Income Tax Department was not produced to audit to ascertain that the income tax was not properly deposited into Government treasury. Detail is given annexure – 5.

Doubtful deposit of Income Tax occurred due to weak financial controls which resulted in loss to Government.

When pointed out in April 2021, the management stated that due to covid-19 the amount could not be deposited. Reply was not convincing as the payment of income tax should be acknowledged immediately.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends depositing of tax into Government treasury and action against the person(s) at fault.

3.1.18 Loss due to non-recovery of Professional Tax – Rs 54,000

According to letter No. 2233-60 dated 15-03-2013 of the Excise and Taxation Officer, Peshawar, Professional tax is to be deducted from the contractors at the prescribed rates as below:

| | |
|---|-----------------|
| (i) when exceeding Rs 10,000 but not exceeding Rs 0.50 million; | Rs 4,000 P.A. |
| (ii) when exceeding Rs 0.50 million but not exceeding Rs one million | Rs 5,000 P.A. |
| (iii) when exceeding Rs one million but not exceeding Rs 2.50 million | Rs 7,000 P.A. |
| (iv) when exceeding Rs 2.50 million but not exceeding Rs Ten million | Rs 18,000 P.A. |
| (v) when exceeding Rs 10.00 million but not exceeding Rs 25 million | Rs 25,000 P.A. |
| (vi) when exceeding Rs 25 million but not exceeding Rs 50 million | Rs 30,000 P.A. |
| (vii) when exceeding Rs 50 million and above | Rs 100,000 P.A. |

Tehsil Municipal Officer, Mardan awarded the contracts of various public places to different contractors through open auction during Financial Year 2019-20. However, the local office did not recover Professional Tax at the prescribed rate from the concerned contractors total amounting to Rs 54,000. Detail is given at annexure – 6.

Audit observed that non recovery of professional tax occurred due to weak financial control, which resulted in loss to the Government.

When pointed out in April 2021, the management did not respond to the audit observation.

Request for convening of DAC meeting was made in May 2021, however, meeting of DAC was not convened till finalization of this report.

Audit recommends recovery of professional tax and DPR fund besides action against the person(s) at fault.

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 Mardan 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 Mardan. 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 and Accounting mechanism at TMA

District: Mardan

Name of TMA: Mardan

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 | Questionnaire | Response (Yes/ No) |
|-------|---|--|
| 1 | Is there are any specify rules are available for realization and recording of TMA revenues? | Yes |
| 2 | The TMA staff is familiar with accounting rules? | Yes |
| 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. 743.522 million |
| 5 | What are the actual receipts against revenue targets? | Rs 634.545 million |
| 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? | Not too much |
| 10 | Is the local police and administration are helping the TMA officials in revenue collection? | Yes |
| 11 | Are annual accounts of revenue are maintained as per | No |

| | | |
|----|---|--------------|
| | rules? | |
| 12 | Either proper reporting system is in place? | No |
| 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) | No |
| 16 | Any penalty imposed on defaulter? if imposed then its status? | No |
| 17 | Any report with reference to defaulter submitted to higher up? | Yes |
| 18 | Any legal proceeding taken against the defaulter? | No |
| 19 | Whether there is proper reconciliation with banks in place? | No |
| 20 | Any study taken to discover new area of revenue? | No |
| 21 | Whether Designated Banks Accounts were approved from Finance Department? | No |
| 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? | Partial |
| 24 | Any reconciliation made with tax authorities? | No |
| 25 | There is any difference found in reconciliation with tax authority? And action taken in this regard? | NA |
| 26 | How many works/activities/contracts which are not auctioned? And its financial impact? | Not provided |
| 27 | The works/activities whose was not auctioned either the department made effort to generate revenue from these activities? | Yes |

Annexure – 1

Detail of petrol/ CNG pumps under the jurisdiction of TMA Mardan

| S.No. | Name | CNG / PETROL PUMP | LOCATION | Annual Fee (Rs) |
|-------|--------------------------|-------------------------|---|--------------------|
| 1 | Muhammad Saleem | Petrol Pump | Shamsi road Mardan | 25,000 |
| 2 | Mehtab Ahmed Quraishi | CNG | Nowshera Road ,P.k near Station Godown Mardan | 25,000 |
| 3 | Dr.Murad | CNG | Near surgical Hospital Mardan | 25,000 |
| 4 | Umer Farooq Kaka Khel | CNG | Near Nazim e Aala office Mardan (Closed) | 25,000 |
| 5 | Masood Khan | CNG | Mashal CNG, Near Premier Shogar Mills Mardan | 25,000 |
| 6 | Q CNG | CNG | In front of Premier Shogar Mill Nowshera road Mardan | 25,000 |
| 7 | Attock | Petrol Pump | In front of Premier Shogar Mill Nowshera road Mardan | 25,000 |
| 8 | Sky | CNG | In front of Premier Shogar Mill Nowshera road Mardan | 25,000 |
| 9 | PSO | Petrol Pump | Near K.T.C Nowshera road Mardan | 25,000 |
| 10 | Shell | Petrol Pump | In front of Masiti Houses Nowshera road Mardan | 25,000 |
| 11 | TM CNG | CNG | In front of Masiti Houses Nowshera road Mardan | 25,000 |
| 12 | PSO | Petrol Pump | In front of Masiti Houses Nowshera road Mardan | 25,000 |
| 13 | TORU CNG | CNG | Toru Nawa Kali, Nowshera road Mardan | 25,000 |
| 14 | UNIQUE CNG | CNG | In front of CNIC office Nowshera road Mardan | 25,000 |
| 15 | Farooq khan | Petrol Pump | In front of CNIC office Nowshera road Mardan | 25,000 |
| 16 | PSO | Petrol Pump | Near Sui Gas office Nowshera road Mardan | 25,000 |
| 17 | Mastan | CNG | Near Small Industries Nowshera road Mardan | 25,000 |
| 18 | Yousafzai | CNG | Ghala dir,Nowshera road Mardan | 25,000 |
| 19 | Haji Zareen | Petrol Pump | Naer Haji Zareen Masjid Bypass road Mardan | 25,000 |
| 20 | Attock | Petrol Pump | Near Taroon Shadi Hall bypass road Mardan | 25,000 |
| 21 | | CNG | Near City school bypass road Mardan | 25,000 |
| 22 | Noor Muhammad khan | CNG | Bypass road Mardan | 25,000 |
| 23 | | CNG | Near Railway Phatak adda bypass road Mardan | 25,000 |
| 24 | Ijaz Ali Shah | CNG | Skyway adda College chowk Mardan | 25,000 |
| 25 | PSO | Petrol Pump | D.I.G Malakand road Mardan | 25,000 |
| 26 | Shell | Petrol Pump | Malakand road near Sadar Police station Mardan | 25,000 |
| 27 | Nasir Khan | Petrol | Malakand road, Mardan | 25,000 |

| | | Pump | | |
|--------------|--------------------|-------------|---|------------------|
| 28 | Nasir Khan | CNG | Malakand road Mardan | 25,000 |
| 29 | Waqar Azam Khan | CNG | Malakand road Mardan | 25,000 |
| 30 | Taza Gram | CNG | Malakand road Mardan | 25,000 |
| 31 | Ijaz Khan | CNG | Malakand road Mardan | 25,000 |
| 32 | Aurang Zaib Khan | Petrol Pump | Malakand road Mardan | 25,000 |
| 33 | Ijaz Khan | CNG | Malakand road, Gojar ghari Mardan | 25,000 |
| 34 | Gohar khan | CNG | Malakand road, Gojar ghari Mardan | 25,000 |
| 35 | Momand Khan | Petrol Pump | Par Hoti Bridge Mardan | 25,000 |
| 36 | Aspandiyar Khan | Petrol Pump | Mukam chowk Swabi road | 25,000 |
| 37 | Naeem khan | CNG | Baghdada Swabi road | 25,000 |
| 38 | Haider Khan | Petrol Pump | Baghdada bridge | 25,000 |
| 39 | Abrar Khan | Petrol Pump | Swabi road dagi stop | 25,000 |
| 40 | Faiz Muhammad Khan | CNG | Swabi road dagi stop | 25,000 |
| 41 | Bashir Khan | CNG | Swabi road | 25,000 |
| 42 | Zahir khan | CNG | Swabi road | 25,000 |
| 43 | Abas Khan | Petrol Pump | Nehar Chowk Swabi road | 25,000 |
| 44 | Haji Khalid | CNG | Nehar Chowk Swabi road | 25,000 |
| 45 | Shell | Petrol Pump | Swabi road | 25,000 |
| 46 | Khalid khan | Petrol Pump | Swabi road | 25,000 |
| 47 | Munir khan | CNG | Swabi road | 25,000 |
| 48 | Haji Kareem Khan | CNG | Swabi road | 25,000 |
| 49 | Tariq Khan | CNG | Swabi road | 25,000 |
| 50 | Raheem Khan | CNG | Swabi road | 25,000 |
| 51 | Khair ul Mateen | Petrol Pump | Swabi road | 25,000 |
| 52 | PSO | Petrol Pump | Charsada road near Engineering University | 25,000 |
| 53 | Aid More | Petrol Pump | Area Finance near Charsada road | 25,000 |
| 54 | PSO | Petrol Pump | Kachehri Chowk Mardan | 25,000 |
| Total | | | | 1,350,000 |

Annexure – 2**Detail showing unauthentic deposit of contractual receipts**

| S.N | Nature of contract | Actual Recovery (Rs) |
|--------------|---------------------------|-----------------------------|
| 1 | 2% Property Tax | 164,497,582 |
| 2 | Building Plan | 7,269,436 |
| 3 | GBS Mardan | 32,491,030 |
| 4 | GBS Bakhshali | 526,370 |
| 5 | GBS Toru | 370,980 |
| 6 | Cattle fair baghdada | 4,243,740 |
| 7 | Cattle fair shbaz gari | 3,850,000 |
| 8 | Cattle fair bakhshali | 2,600,000 |
| 9 | Cattle fair Toru | 1,751,000 |
| 10 | Signboard | 1,125,100 |
| 11 | Cycle Mela | 943,935 |
| 12 | Qingqing Licence Fee | 2,621,355 |
| 13 | Food license fee | 1,605,555 |
| 14 | Latrine | 1,301,437 |
| 15 | Tanga/ donkey cart | 715,000 |
| Total | | 225,912,520 |

Annexure – 3

Detail showing less recovery of Local Taxes from the contractors

(Amount in Rs)

| S. No | Particulars | Recovery in 2017-18 | 2018-19 | | | 2019-20 | | | Total Less Recovery |
|--------------|----------------------|---------------------|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|---------------------|
| | | | 20% Increase | Actual Recovery | Less Recovery | 20% Increase | Actual Recovery | Less Recovery | |
| 1 | 2% Property Tax | 146,167,116 | 175,400,539 | 175,680,174 | - | 210,480,647 | 164,497,582 | 45,983,065 | 45,983,065 |
| 2 | Building Plan | 7,818,096 | 9,381,715 | 8,403,036 | 978,679 | 11,258,058 | 7,269,436 | 3,988,622 | 4,967,301 |
| 3 | GBS Mardan | 39,898,330 | 47,877,996 | 38,275,120 | 9,602,876 | 57,453,595 | 32,491,030 | 24,962,565 | 34,565,441 |
| 4 | GBS Bakhshali | 483,750 | 580,500 | 681,510 | - | 696,600 | 532,370 | 164,230 | 164,230 |
| 5 | GBS Toru | 530,950 | 637,140 | 479,750 | 157,390 | 764,568 | 370,980 | 393,588 | 550,978 |
| 11 | Cycle Mela | 927,970 | 1,113,564 | 1,062,395 | 51,169 | 1,336,277 | 943,935 | 392,342 | 443,511 |
| 12 | Qingqing Licence Fee | 1,410,000 | 1,692,000 | 4,000,000 | - | 2,030,400 | 2,621,355 | - | - |
| Total | | 197,236,212 | 236,683,454 | 228,581,985 | 10,790,114 | 284,020,145 | 208,726,688 | 75,884,412 | 86,674,526 |

Annexure – 4

Detail showing Non-collection of Income Tax from the contractors

| S # | Name of contracts | Bid Cost (Rs) | 10% Income Tax payable (Rs) | Income Tax Paid (Rs) | Income Tax not paid (Rs) |
|--------------|---------------------------|----------------------|------------------------------------|-----------------------------|---------------------------------|
| 1 | Sign Boards | 11,250,100 | 1,125,010 | 0 | 1,125,010 |
| 2 | Cattle fair Shahbaz Garhi | 3,850,000 | 385,000 | 35,000 | 350,000 |
| 3 | Cattle fair Bakhshali | 2,600,000 | 260,000 | 105,000 | 155,000 |
| 4 | Cattle fair Toru | 1,751,000 | 175,100 | 16,000 | 159,100 |
| 5 | Cattle fair Baghdada | 3,950,000 | 395,000 | 0 | 395,000 |
| 6 | Latrine Flash System | 1,301,417 | 130,141 | 20,000 | 110,141 |
| 7 | Annual License fee | 1,605,552 | 160,555 | 30,000 | 130,555 |
| 8 | Cycle Mela | 533,090 | 53,309 | 15,240 | 38,069 |
| Total | | 27,556,159 | 2,755,616 | 292,740 | 2,462,876 |

Annexure – 5**Detail showing Doubtful deposit of income tax in Government treasury**

| S # | Name of contracts | Bid Cost (Rs) | 10% Income Tax payable (Rs) | Income Tax Paid (Rs) |
|--------------|---------------------------|----------------------|------------------------------------|-----------------------------|
| 1 | Cattle fair Shahbaz Garhi | 3,850,000 | 385,000 | 35,000 |
| 2 | Cattle fair Bakhshali | 2,600,000 | 260,000 | 105,000 |
| 3 | Cattle fair Toru | 1,751,000 | 175,100 | 16,000 |
| 4 | Latrine Flash System | 1,301,417 | 130,141 | 20,000 |
| 5 | Annual License fee | 1,605,552 | 160,555 | 30,000 |
| 6 | Cycle Mela | 33,090 | 53,309 | 15,240 |
| Total | | 27,556,159 | 2,755,616 | 292,740 |

Annexure – 6**Detail showing non deduction of Professional Tax**

| S.N | Nature of contract | Contractual amount (Rs) | Professional tax (Rs) |
|--------------|---------------------------|--------------------------------|------------------------------|
| 1. | Cattle fair Baghdada | 4,243,740 | 7,000 |
| 2. | Cattle fair Shbaz gari | 3,850,000 | 7,000 |
| 3. | Cattle fair Bakhshali | 2,600,000 | 7,000 |
| 4. | Cattle fair Toru | 1,751,000 | 7,000 |
| 5. | Signboard | 1,125,100 | 7,000 |
| 6. | Food license fee | 1,605,555 | 7,000 |
| 7. | Latrine | 1,301,437 | 7,000 |
| 8. | Tanga/ donkey cart | 715,000 | 5,000 |
| Total | | 17,191,832 | 54,000 |