



**PERFORMANCE AUDIT REPORT  
ON  
EFFECTIVENESS OF WATER SUPPLY  
SCHEMES OF LGE&RDD, TMAs, PHE AND  
WATER & SANITATION SERVICES  
COMPANIES IN  
DISTRICT SWAT**

**AUDIT YEAR 2019-20**

**AUDITOR GENERAL OF PAKISTAN**

## **PREFACE**

The Auditor General of Pakistan conducts audit in accordance with Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001 and Section-37 of the Khyber Pakhtunkhwa Local Government Act 2013. The Performance Audit of "Effectiveness of Water Supply Schemes of LG & RDD, TMA, PHE and WSSC in Swat" was carried out accordingly.

The Directorate General Audit, District Governments, Khyber Pakhtunkhwa conducted performance audit of "Effectiveness of Water Supply Schemes of LG & RDD, TMA, PHE and WSSC in Swat" during 2019-20 for the financial year 2018-19 with a view to report significant findings to stakeholders. Audit examined the effectiveness of these schemes with special focus on economy, and efficiency. Audit also assessed, on test check basis, whether the management complied with the applicable laws, rules and regulations in managing these schemes. The Performance Audit report indicates specific actions that, if taken, will help the management to realize the planned objectives of these schemes.

Most of the observations included in this report have been finalized in light of replies of the management. However DAC meeting was not convened till finalization of this report despite repeated reminder

The Audit Report is submitted to the Governor of Khyber Pakhtunkhwa in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before the Provincial Assembly of Khyber Pakhtunkhwa.

Islamabad  
Dated:

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

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## ABBREVIATIONS AND ACRONYMS

AD	Assistant Director
ADB	Asian Development Bank
AGP	Auditor General of Pakistan
BOD	Board of Directors
CEO	Chief Executive Officer
CIA	Chief Internal Auditor
DAC	Departmental Accounts Committee
DG	Director General
EPA	Environmental Protection Agency
HR	Human Resource
INTOSAI	International Organization of Supreme Audit Institutions
KPCIP	Khyber Pakhtunkhwa Cities Improvement Project
KPI	Key Performance indicators
KPPRA	Khyber Pakhtunkhwa Public Procurement Regulatory Authority
LGA	Local Government Act
LGE & RDD	Local Government Elections & Rural Development Department
MOU	Memorandum of Understanding
PC-I	Planning Commission Proforma-I
PCRWR	Pakistan Council of Research in Water Resources
PESCO	Peshawar Electric Supply Company
PHE	Public Health Engineering
SAMA	Services and Asset Management Agreement
TMA	Tehsil Municipal Administration
UNICEF	United Nations Children's Fund
WAPDA	Water and Power Development Authority
WSSC	Water and Sanitation Services Company
WSS	Water Supply Schemes
XEN	Executive Engineer

## **EXECUTIVE SUMMARY**

The Director General Audit, District Governments, Khyber Pakhtunkhwa conducted performance audit of the “Effectiveness of Water Supply Schemes of Local Government Department, Public Health Engineering Department and Water and Sanitation Services Company in Swat” during February, 2020. The main objectives of audit were to evaluate the status of water supply schemes being functional and dysfunctional, reasons for dysfunctionality, assets management while converting the working water supply schemes from WAPDA to solarization, effectiveness of water supply schemes after solarization, steps taken in this regard by the department, steps taken to for repair and maintenance of rusted and porous pipes of water supply schemes, performance against intended objectives and overall provision of services with respect to economy, efficiency & effectiveness. The audit was conducted in accordance with the INTOSAI Auditing Standards as adopted by the Department of the Auditor General of Pakistan.

Water and Sanitation Services Company, Swat has been established as a corporate sector company owned by the Khyber Pakhtunkhwa Government. WSSC Swat is governed by Board of Directors (BoD). They formulate the policies for adoption by the company. The company was created as separate entity out of the Tehsil Municipal Administration Babuzai to deliver integrated water supply, sanitation and solid waste management services through the signing of services and asset management agreements (SAMA) with the respective TMA in urban union councils. Public Health Engineering Department came into being to provide clean drinking water, hygiene facilities and a healthy environment to the public. It was originally established as a secondary branch in 1974 which was merged with Communication and Works Department in 2001. However, after the realization of its enormous role in the public sphere it was given the status of an independent department in 2009. Presently, PHED divided the province into northern and southern units for administrative purposes. The assigned teams work under two chief engineers who work under the supervision of Administrative Secretary and Chief

Engineers Public Health Engineering Department Government of Khyber Pakhtunkhwa. PHED Swat is currently serving the population water supply in the rural areas of District Swat. Assistant Director, LGE&RDD is working under the Administrative control of Secretary, LGE &RDD. According to rule 3(2) defined in second schedule at S.No 13(vii) of the Khyber Pakhtunkhwa District Government Rules of Business 2015 operational components and business of AD LGE&RDD includes rural development works including water supply, rural access roads, embankment and drainage works. According to rule 29(e) of Local Government Act 2013 that functions of village council and Neighborhood council under administrative control of LGE&RDD improve water supply sources, maintain water supply distribution system and take measures to prevent contamination of water.

Budget and Expenditure of the PHED, WSSC and AD LGE&RDD, Swat responsible for the water supply in district Swat is as under:-

(Rupees in million)

Department	Budget	Expenditure
WSSC	346.312	339.547
PHE	589.292	481.506
AD LGE&RDD	938.654	719.333
TMA Babuzai	1,601.81	959.40

## KEY AUDIT FINDINGS

- i. Failure to enhance capacity building of Water Supply Staff.
- ii. Failure to establish water quality testing laboratories and conducting water quality lab tests.
- iii. Discrepancies in the contract Agreement.
- iv. Non-availability of Water filtration plants facility.
- v. Failure to enhance water supply.
- vi. Deficit of Rs. 142.435 million in water supply services.

- vii. Non establishment of Internal Audit and Monitoring & Supervisory Committee.
- viii. Un necessary creation of 36 posts by puting financial burden on company worthRs. 7.636 million.
- ix. Non conducting of Internal Audit.
- x. Non recovery of outstanding water charges – Rs. 90.513 million.
- xi. Loss of Rs. 305.906 million to WSSC Swat.
- xii. Wasteful expenditure of Rs. 5.166 million on WSS Gumbat Mira.
- xiii. Unauthentic expenditure on tube wells repair -Rs 18.574 million.
- xiv. Failure to functionalize Tube Wells.
- xv. Wasteful expenditure of Rs. 1.350 million.
- xvi. Irregular/ Unauthentic expenditure of Rs. 13.875 million.
- xvii. Loss of Rs 1.328 Million due to defective projection in the planning.
- xviii. Unauthorized/ wasteful expenditure due to solarization of water supply scheme – Rs 5.131 million.
- xix. Non recovery of outstanding against water charges Rs 127.56 million.
- xx. Loss to government of Rs 7.674 million due to Illegal connections of water Users.
- xxi. Irregular/ Unauthentic expenditure of Rs. 14.74million.

## **RECOMMENDATIONS:**

Audit Recommends;

- i. To arrange regularstaff training to make the company/ scheme effective in terms of better service delivery.
- ii. To ensure laboratory tests of water supply schemes monthly, quarterly and bi-annually to supply pure hygienic water to the public.
- iii. To review the SAMA to address the gaps identified.
- iv. Installation of water filtration plant facility.
- v. Whether steps may be taken to enhance the water supply.

- vi. That the WSSC required to carry out such a survey to enhance the revenue through the identification of illegal connection, establish new schemes, take efforts to recover the outstanding water charges, and efforts for solarization of tube wells and gravity scheme.
- vii. Establishment of an internal audit and Monitoring & Supervisory Committees in WSSC and conduct internal audits regularly to safeguard the assets and stock to strengthen the efficiency, effectiveness, and economy.
- viii. Recovery of the arrears/water charges to enhance the capabilities of the department for the provision of water supply to the community.
- ix. Justification for wasteful expenditures of Rs. 5.166 on WSS Gumbat Mira.
- x. Justification for the unauthentic expenditure of RsRs 18.574 million on tube wells repair.
- xi. Justification of wasteful expenditure of Rs. 13.875 million on water supply schemes.
- xii. Functionalization of dysfunctional tube wells.
- xiii. To carefully plan new water supply schemes.
- xiv. Early completion of Shahidabad Fizagat water supply scheme to provide drinking water to the community and avoid a further loss to the government treasury.



# 1 INTRODUCTION

The Director General Audit, District Governments, Khyber Pakhtunkhwa conducted performance audit of the “Effectiveness of Water Supply Schemes of Local Government Department, Public Health Engineering Department and Water and Sanitation Services Company in Swat” during January to March, 2020. The audit was conducted in accordance with the INTOSAI Auditing Standards as adopted by the Department of the Auditor General of Pakistan.

## 1.1 Background

Access to drinking water is a basic human need and it is the responsibility of the Government to ensure its provision to all citizens. Water is a finite and essential resource, the use of which needs to be regulated to avoid wastage and misuse. Water allocation for drinking and other domestic uses like cooking, hygiene, basic sanitation and other domestic uses shall have priority over other uses. Protection of the environment, safeguarding of health and livelihood through integrated management of water resources shall be ensured. The following departments are responsible for provision of such basic rights to the public of District Swat.

**Tehsil Municipal Administration:** Tehsil Municipal Administration (TMA) is an organization associated with each tehsil of District Swat. TMAs are responsible for spatial planning and municipal services and work closely with union councils. TMAs in Khyber Pakhtunkhwa must perform its functions following the Khyber Pakhtunkhwa Local Government Act 2013. District Swat has seven Tehsils i.e. Babuzai, Matta, KhwazaKhela, Barikot, Kabal, Charbagh, and Bahrain. The office of Tehsil Municipal Administration is managed by the Tehsil Municipal Officer. TMA Babuzai handed over 67 tube wells to WSSC Swat for providing water supply to the community in the urban areas of tehsil Babuzai.

**Water and Sanitation Services Company, Swat:** WSSC Swat established as a corporate sector company by Government of Khyber Pakhtunkhwa, has made

Services and Asset Management Agreement (SAMA) with TMA Babuzai which shifted function of water supply to WSSC. WSSC is governed by Board of Directors (BOD) which formulate policies for the company. Currently, majority of finances are provided by the government and company's own generated revenues only contributes to 9-10% of its budget. WSSC is providing services to population of 0.3 million (as per 2017 Census) approx. in 04 urban Union Councils. WSSC has a total of 60 nos of functional tube wells which it uses to provide drinking water to areas falling under its jurisdiction but many of these areas are also left unserved due to lack of distribution networks. Though in many areas, people use personal open wells, shallow wells, domestic bore holes and hand pumps etc. to get water for their consumption. Water is supplied in 3 shifts of 3-4 hours intervals per day to registered consumers. Water tariff is Rs.200per month for domestic consumers.

**Public Health Engineering Department;**PHED came into being to provide clean drinking water, hygienic facilities and a healthy environment to the public. It was originally established as a secondary branch in 1974 which was merged with Communication and Works Department in 2001. However, after the realization of its enormous role in the public sphere it was given the status of an independent department in 2009. Public Health Engineering Department (PHED) Swat presently managing water supply through 232 tube wells out of which 11 schemes were solarised, serving the population for drinking purpose in rural areas. Water is supplied in 3 shifts for 3-4 hours intervals per day in the operational areas for 104657 registered domestic consumers with tariff of Rs. 120 per month.

**Assistant Director Local Government, Elections and Rural Development Department;**Assistant Director, LG&RDD Swat is working under the Administrative control of Secretary, LGE&RDD Khyber Pakhtunkhwa. According to rule 3(2) defined in second schedule at S.No 13(vii) of the Khyber Pakhtunkhwa District Government Rules of Business 2015 operational components and business of ADLGE&RDD includes rural development works including water supply, rural access roads, embankment and drainage works. According to rule 29(e) of Local

Government Act 2013, functions of village council and Neighborhood council under administrative control of ADLGE&RDD are to improve water supply sources, maintain water supply distribution system and taking measures to prevent contamination of water.

## **1.2 Organizational Structure**

TMA Swat is managed by the Tehsil Municipal Officer. He is assisted by a Tehsil Officer (Finance), Tehsil Officer (Regulation) and Tehsil Officer (Infrastructure)

WSSC Swat is managed by the Chief Executive Officer. He is assisted by General Manger, Manager Services, Chief Financial Officer, Manger Admin and Manger Technical. All managerial staffs are assisted by Assistant Manager services, Assistant Manager Finance and Assistant Manager Admin.

PHE Department is managed by the Secretary PHE at Provincial level. He is assisted by Chief Engineer (South) and Chief Engineer (North). XEN PHE is responsible for managing department activities at district level. XEN PHE is assisted by Sub Divisional Officers at tehsil level.

Assistant Director, LG&RDD Swat is working under the Administrative control of Secretary, LGE&RDD Khyber Pakhtunkhwa assisted by the Sub Engineers.

## **2. AUDIT OBJECTIVE**

The major objectives of the audit were:

- To evaluate the status of water supply schemes being functional and dysfunctional.
- Reasons for dysfunctionality.
- Assets management while converting the working water supply schemes from WAPDA to solarisations.

- Effectiveness of the water supply schemes after solarisation.
- Steps taken in this regard by the department.
- Steps taken to replace or repair the porous supply pipe line.

### **3. AUDIT SCOPE AND METHODOLOGY**

#### **3.1 Audit Scope**

Audit focused on the “Effectiveness of water supply schemes of LGE&RDD/TMAs/PHE/Water & Sanitation Services Company in district Swat. The factors of economy, efficiency, and effectiveness were focused while conducting the audit. Expenditure incurred by WSSC Swat responsible for water supply schemes in Urban areas and PHE, TMA Babuzai and AD LGE&RDD Swat for water supply schemes in rural areas is as under:

(Rupees in million)

<b>Department</b>	<b>Budget</b>	<b>Expenditure</b>
WSSC	346.312	339.547
PHE	589.292	481.506
AD LGE&RDD	938.654	719.333
TMA Babuzai	1,601.81	959.40

#### **3.2 Audit Methodology**

The audit was conducted in accordance with International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards as adopted by the Department of the Auditor General of Pakistan. These standards require comprehensive planning to ensure that an audit of high quality is carried out in an economic, efficient and effective way within the planned time and cost. Data was collected as per methodology explained below:

The Audit team visited 15 units of water supply schemes on sample basis which is 23% of total water supply schemes. The objective of the inspection was to

observe physically the efforts made by these offices for effectiveness of Water Supply Schemes in their respective jurisdiction.

A number of officers of WSSC, TMA, PHE& WSSC were contacted and interviewed with a view to obtain information as to how they fulfilled their obligations towards water supply services to the local community.

The officers interviewed included:

- Chief Executive Officer Water & Sanitation Services Company, Swat
- Executive Engineer, Public Health Engineering Department Swat
- Tehsil Municipal Officer, Tehsil Municipal Administration Babuzai, Swat
- Assistant Director Local Government Election & Rural Development Department, Swat

Documents were reviewed to gain an understanding on the Effectiveness of Water Supply Schemes and the role played by offices of the ADLGE&RDD, PHE, TMA and WSSC in this regard. Some of the documents reviewed were;

- Laws, rules and regulations relevant to the subject of audit.
- Khyber Pakhtunkhwa drinking water policy 2015.
- MOU of WSSC Swat with TMA Babuzai.
- PC-Is.
- Water quality monitoring laboratories reports.
- Regularity Audit reports.
- Websites of WSSC and PHE departments.
- Khyber Pakhtunkhwa Environment Protection Act 2014.
- Progress reports
- Master Plan of water supply schemes
- MIS reports.
- Environment impact reports

Analytical procedures were also performed on financial and non-financial data with a view of analyzing the effectiveness of Water Supply Schemes in LGE &RDD/TMAs/PHE/WSSP.

## **4 AUDIT FINDINGS AND RECOMMENDATIONS**

### **4.1 Planning/Organization & Management**

#### **4.1.1 Failure to enhance capacity building of Water Supply Staff.**

According to Para 7.11 (i) of Khyber Pakhtunkhwa Drinking Water Policy 2015. Technical, institutional and financial capacity of water service providers will be strengthened. Comprehensive trainings need assessment exercises will be conducted for all relevant government departments which shall inform the design of training programs to be developed and rolled out in collaboration with development partners, academia and municipal training institutions.

During the performance audit of the effectiveness of water supply schemes of District Swat. it was observed that no training programs/workshops/seminars was conducted by any of the department for capacity building of staff in order to enhance their skills and capabilities.

The lapse occurred due to weak internal controls which resulted poor capacity building of water supply staff.

When pointed out in February, 2020, management stated that training is an important aspect for the capacity building of staff. Few numbers of trainings of lesser magnitude has been arranged regularly. Reply of the management was not tenable as no practical steps were taken by the department for capacity building of the staff.

Request for convening DAC meeting was made in June, 2020 with subsequent remainders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends to arrange regular trainings for staff in order to make the company/ scheme effective in terms of better service delivery.

#### **4.1.2 Non establishment of water quality testing laboratories and conducting water quality lab tests.**

According to Para 7.10 (i) of Khyber Pakhtunkhwa Drinking Water Policy 2015, Water quality Monitoring and surveillance framework will be established to ensure that quality of all public and private water supplies conforms to the required standards. Each service provider shall frame a time table for water quality monitoring of water sources on monthly, quarterly or biannually basis depending upon their capacity and availability of resources.

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

During the course of performance audit, it was observed that water quality testing laboratories were not established by any of the department in order to provide safe water to community. Moreover, no regular water quality tests were conducted to check the water quality.

The lapse occurred due to weak administrative controls and resulted in non-provision of water supply.

When pointed out in February, 2020 management stated that water quality monitoring is very important. We have conducted some tests via PCRWR. However, the lack of laboratory is being felt. We have requested UNICEF for arranging mobile Lab. Reply of the management was not convincing as no concrete steps has been taken by the department for establishment of water quality testing laboratories and conducting of water quality lab tests.

Request for convening DAC meeting was made in June, 2020 with subsequent reminders, however meeting of DAC could not be convened till finalization of this report.



Audit recommends to ensure laboratory tests of water supply schemes monthly, quarterly and biannually to supply pure hygienic water to public.

#### **4.1.3 Failure to functionalize Tube Wells**

As per Khyber Pakhtunkhwa Drinking Water Policy 2015 clause 7.4 (i). Under predetermined criteria, new water drinking water supply systems will be established and existing systems will be rehabilitated and upgraded in urban as well as rural areas.

During the performance audit on Effectiveness of Water Supply Schemes at Swat, It was noticed that various water supply schemes of WSSC, TMA and PHE Swat were dysfunctional and community was deprived of clean drinking water. Details at (**Annexure-1**).

<b>S.No.</b>	<b>Department</b>	<b>Nos of Dysfunctional WSS</b>
1	WSSC, Swat	05
2	TMA, Swat	05
3	PHE, Swat	23

The lapse occurred due to weak administrative controls and resulted in non-functionization of tube wells.

When pointed out in February 2020, management stated that Faizabad No.1 has been replaced by new one after aquifer drying, WSS Rahimabad damaged due to collapse, handed over by TMA in this condition, WSSC arranged alternate supply. WSS Kana has now been replaced. WSS Rahim Abad under testing. PHE management replied, functionalization of schemes an ADP schedule is reflected in ADP 2019-20 and all the 23 Nos of schemes are approved which will be functionalized. Management of TMA stated that the above mentioned schemes have been handed over to WSSC Swat since 26.07.2019 as per the SAMAA agreement. Reply of the management was not tenable as the said 05 Nos of WSS were non-functional and were not in a state to provide water supply to the community.

Request for convening DAC meeting was made in June, 2020 with subsequent remainders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends functionalization of tube wells, since the efficiency & effectiveness of the company is at stake. The same may be ensured in future.

#### **4.1.4 Discrepancies in the contract Agreement**

According to Para 19 (i & ii) of GFR Vol.-I, terms of contract must be precise and definite and there must be no room for ambiguity and misconstruction therein. Legal and financial advice may be taken in drafting of contract before they are finally entered into.

An agreement namely Services and Assets Management Agreement was made amongst the Tehsil Municipal Administration, Swat, and Water and Sanitation Services Company Swat on 26<sup>th</sup> July, 2015.

However, following shortcomings were noticed in the execution of contract agreement: -

1. Agreement was not signed / vetted by the Finance department Khyber Pakhtunkhwa. Peshawar.
2. The WSSC, Swat receives huge amount of funding from KP Government apart from monthly share of salaries transferred to WSSC, Swat. However, no contribution of WSSC, Swat found on record.
3. With the increase of population and increasing demand of water on daily basis. No targets regarding development of new schemes or water sources fixed in the agreement.
4. No instructions mentioned about the arrears balance of water user charges after completion of contract agreement (for the period 2017-2019).
5. Salary structure was not defined in the contract agreement regarding employees to be hired other than TMA staff.

The lapse occurred due to weak internal controls and resulted in discrepancies in the contract agreements.

The irregularities were pointed out in February, 2020. Management stated that Government has authorized LG&RDD to sign agreement, they do not get the required funding from government and TMA, they are empowered to plan and design as per requirement. The board is empowered to discuss and decide the arrears. The company is a corporate body and can enhance or decide the salary structure. Reply of the management was not convincing as WSSC receives huge amount of funding from Government. Moreover, they have not set up the targets for establishment of new water supply schemes to fulfil the daily water supply demand.

Request for convening DAC meeting was made in June, 2020 with subsequent reminders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends to review the current Agreement to address the gaps identified and ensure the effectiveness of the scheme keeping in view the economy of the scheme.

#### **4.1.5 Non-availability of Water filtration/Water treatment plants facility.**

According to 12.2 of the SAMA the second party i.e. WSSC, Mingorashall ensure bring in efficiency in water supply, sanitation and waste collection, treatment and disposal and enhance the level of Services delivery.

During performance audit of effectiveness of water supply schemes in district Swat, it was noticed that not even a single Water filtration/treatment plant has been installed by the departments in district Swat, in order to provide clean drinking water facility.

The lapse occurred due to weak internal control which resulted in non-availability of water filtration plants facility.

When pointed out in February, 2020, management stated WSSC is responsible for provision of water to households. Water filtration plants are required only when the chemical quality is poor. Reply of the management was not correct, the establishment of water filtration plants is utmost important to provide safe and drinking water to people.

Request for convening DAC meeting was made in June, 2020 with subsequent reminders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends installation of water filtration plant facility.

#### **4.1.6 Failure to establish new tube wells to enhance water supply.**

According to Services and Assets management agreement (SAMA) between WSSC Swat and TMA Babuzai dated 26.07.2017, clause 3(iii) Expansion ,increase , enhancement and improvement in existing organizational and financial capability for water and sanitation, introduction of new schemes, plans, programmes,operations, activities, rates, actions, procedures, processes and decision to downsize, discontinue or re design schemes, plans, programs,operations, procedures, processes for the transferred services in accordance with the provisions of the approved budget.

During performance audit of Effectiveness of Water Supply Schemes of District Swat, it was noticed that WSSC Swat is currently providing Water Supply to population of about 364,000 through 59 Nos of Tube Wells while the unserved population under its jurisdiction is about 336,000 approx. To overcome the difference 54 Nos of Tube Wells are required to be established to enhance water supply to fulfil the requirement of urban population.(List of Functional & Non-Functional WSS of WSSC detail at Annexure-2).

Similarly XEN PHE Swat currently provide Water Supply to population of about 818325 through 128 Nos of Tube Wells while the unserved population is 741801. To overcome the difference 186 Nos of Tube Wells are required to be

established to enhance water supply to fulfil the requirement of population. Details are presented below in tabulated form.

S.No.	Department	Available/Functional WSS	Total Nos of WSS Required	Shortage of WSS
1	WSSC Swat	59 Nos	113	54 Nos
2	PHE Swat	128 Nos	314	186 Nos

The lapse occurred due to weak administrative control and resulted in failure to establish new tube wells.

When pointed out in February, 2020, management stated that the department is doing its utmost efforts to serve the population 100 % but due to limited resources, it is not achieving yet. On availability of requisite funds 100 % coverage can be achieved. WSSC management added further that they have initiated the gravity-based water supply schemes with the KPCIP (ADB). Reply of the management was not tenable as no steps has been taken by the company to establish required nosofwater supply schemes to enhance water supply to the public.

Request for convening DAC meeting was made in June, 2020 with subsequent reminders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends that steps may be taken to enhance water supply in order to make the Scheme/Company more efficient & effective.

#### **4.1.7 Failure to initiate public awareness campaign about careful use of water and safe hygiene practices**

According to clause 3(viii) of the SAMA the second party i.e. WSSC has entrusted the function to promote public awareness on the importance of water conservation, waste reduction, resource recovery and comprehensive and efficient performance of the services and fostering understanding of its importance for

conservation, protection and proper use of environment and initiating, carrying out or supporting, by financial means or otherwise, research which, in the opinion of the second Party is relevant to any of the functions envisaged to it.

During the course of performance audit, it was noticed that local administration failed to initiate any public awareness campaign for careful usage of water and adopting better hygiene practices through walks, seminars and/or workshops.

The lapse occurred due to weak internal control and resulted in lack of awareness in public.

When pointed out in February 2020, management stated that various steps were taken i.e seminars/workshops with the help of local NGOs, operational staff and assistant social organizer to aware the public the record of which will be presented. Reply of the management was not convincing as no campaigns were launched by the department to aware public about water conservation, safe hygiene practices e.t.c neither any record of the claimed campaigns were provided to audit during the course of audit.

Request for convening DAC meeting was made in June, 2020 with subsequent reminders, however meeting of DAC could not be convened till finalization of this report.

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

#### **4.1.8 Non-Installation of Signboard of Water Supply Schemes**

According to para 8.3 (i) of Khyber Pakhtunkhwa Drinking Water Policy Mass information, education and communication campaigns shall be developed and implemented to promote water safety, water conservation and hygiene practices. To

this effect, a Provincial Behavioral Change Commission (BCC) strategy will be formulated and implemented.

During physical verification it was observed that PHE & ADLGE did not installed proper signboards specifying the name of water supply schemes, their existing agencies and the amount incurred on each scheme.

The lapse occurred due to weak internal control and resulted in non-installation of signboards.

When pointed out in February 2020, management agreed with the audit and committed that they will install the same. Reply of the department was not convincing as no steps were taken to install signboards on Water Supply Schemes.

Request for convening DAC meeting was made in June, 2020 with subsequent remainders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends justification and installation of sign board for water supply schemes.

## 4.2 Financial Management Issues

### 4.2.1 Deficit of Rs. 142.435 million in water supply services.

According to clause-v (13) of the Memorandum of Association, The Company should take such actions as are considered necessary to raise the funds or to promote the efficiency of the company.

During performance audit on Effectiveness of water supply services, it was observed that WSSC Swat faces a deficit of Rs. 142.435 million per anumper detail given below;

S.No.	Particulars	Amount (Rs)
1	Total Expenditure on Water Services	198,467,412
2	No. of Connections	23,350
3	Cost per Connection	8,500
4	Water Charges from Consumers	2,400
5	Deficit per connection	6,100
<b>Total Deficit per anum</b>		<b>142,435,000</b>

The irregularity occurred due to weak internal contrls and resulted in deficit water supply services.

The irregularity was pointed out in February, 2020. Management stated that they are in the process consolidation, new customers being added to overcome some of the deficit. Whole burden of the operation cannot be transferred to the customers and have to be kept subsidized. Reply of the company was not convincing, the company needs to reduce the deficit to efficiently provide water supply services to the public.

Request for convening DAC meeting was made in June, 2020 with subsequent reminders, however meeting of DAC could not be convened till finalization of this report.



Audit recommends that WSSC should carry out survey to enhance the revenue through identification of illegal connection, establish new schemes, take efforts to recover the outstanding water charges, and efforts for solarization of tube wells and gravity scheme in order to enhance the efficiency & economy of the Company/Scheme.

#### **4.2.2 Non-establishment of Internal Audit and Monitoring & Supervisory Committee and non-conducting of Internal Audit.**

According to section 21 (1) of Public Sector Companies (Corporate Governance) Rules, 2013. The Board shall establish an audit committee whose members shall be financially literate and majority of them, including its chairman, shall be independent Non-Executive Directors, subject to the provisions of sub-rule (2) of rule 12. The names of members of the audit committee shall be disclosed in each annual report of the public sector company.

During the course of the performance audit, It was observed that WSSC has neither Internal Audit Committee nor Monitoring and Supervisory committee and has not conducted annual internal audit hence the financial statements could not be authenticated and verified properly.

The lapse occurred due to weak internal control and resulted in non-establishment of the committees and non conducting of internal audit.

When pointed out in February 2020, management stated that the same will be made good and will be reproduced to audit. Reply of the management was not tenable as they lacks Internal Audit and Monitoring & Supervisory committees. No steps were taken in this regard till concluding of the audit.

Request for convening DAC meeting was made in June, 2020 with subsequent reminders, however meeting of DAC could not be convened till finalization of this report.

Audit Recommends establishment of an internal audit and Monitoring & Supervisory Committees and conducting annual internal audit to strengthen the efficiency, effectiveness and economy.

**4.2.3 Un necessary creation of 36 posts -Rs. 7.636 million.**

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

During Performance audit of the WSSC Swat on effectiveness of water supply schemes it was observed that TMA Swat transferred 349 Nos of personal including 105 personnel for Water Supply staff to WSSC for operation of the 64 Nostubewell / water supply schemes. The WSSC further recruited 171 personnel including 36 for water supply services and put the company into huge financial burden. Detail is given below; -

<b>S. No</b>	<b>Designation</b>	<b>No of employees</b>
1	Office Assistant	1
2	Valve Operator	5
3	Tube Well Operator	21
4	Valve Man	4
5	Computer Operator	2
6	Welder	3
<b>Total</b>		<b>36</b>

The lapse occurred due to weak financial controls and resulted in unnecessary creation of 36 posts.

When pointed out in February, 2020, management stated that the posts are required for efficient system operation and enhancing revenue system. Reply of the management was not convincing as creation of these posts and recruitment of staff in

addition to the staff provided by TMA put extra financial burden on the company without any significant enhancement and improvement in water supply services.

Request for convening DAC meeting was made in June, 2020 with subsequent reminders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends to rationalize the recruitment process in order to ensure economy of the company.

#### 4.2.4 Wasteful expenditure of Rs. 1.350 million.

According to clause 7.9 (iii) of Khyber Pakhtunkhwa Drinking Water Policy 2015. Due consideration will be given to the adverse impact of climate change, vulnerability and fragility in planning and development of drinking water supply systems.

An amount of Rs. 1.350 million was incurred on the following schemes by ADLGE & RDD Swat.

S.No.	Name of the Project	Location	Capital Cost (Rs)
1	Construction of Drinking Water Supply Scheme at NC; Gar Shin, Tehsil KhwazaKhela, Swat	Nawykaly, NaghaVc Gar Shin	150,000
2	Construction of Drinking Water Supply Scheme at VC: Lakhar, Tehsil KhwazaKhela, Swat	MohallahGhozasar to peza, LakharKoza& Bara dari, Mena Sar, Awaroo to Gerookhwar to shah draman, jrandu to gat, AmlookBarai to Seda, Totky to Asharinala, Nawona to Malak Abad &VcLakhar	1,200,000
<b>Total</b>			<b>1,350,000</b>

During physical verification of sites audit observed that water from the above mentioned schemes was not enough to fulfil the requirement of the

community and that the water sources were situated in polluted and garbage dump area. Furthermore, neither water test was available nor safety measures were taken. Furthermore the pipelines of the schemes were rusted and in porous condition.

The lapse occurred due to lack of technical and managerial controls and resulted in wasteful expenditure.

The irregularity was pointed out in February 2020. Management stated that due to winter season, less water is available from source, the water is available in sufficient quantity in summer. Reply of the department was not convincing as due to lesser quantity of water production from the above mentioned WSS the community suffers from the shortage of water even after incurring huge amount of expenditures which resulted in loss to government.

Request for convening DAC meeting was made in June, 2020 with subsequent reminders, however meeting of DAC could not be convened till finalization of this report.

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

#### **4.2.5 Irregular expenditure of Rs. 13.875 million**

According to Para 7.1.2 of Khyber Pakhtunkhwa Drinking Water Policy 2015. "The District Government shall be responsible for schemes identification, prioritization, planning, implementation and operation and maintenance of local water supply schemes implemented by PHED out of district government funds. Small and technologically simple community-based schemes constructed by LGRDD out of district government funds shall be handed over to concerned beneficiaries for operation and maintenance.

During scrutiny of the record of ADLGE & RDD Swat it was observed that an amount of Rs. 13.875 million was released under the District ADP for the fiscal year 2017-18 but after more than three years the WSS neither completed the schemes

nor handed over to the community. Furthermore, initial survey report, payment vouchers, feasibility study, Water sample test report was not provided to audit therefore the amount of Rs. 13.875 million was not authenticated and the community was deprived from the safe drinking water facility.

The lapse occurred due to weak financial control and resulted in irregular expenditure.

The irregularity was pointed out in February 2020. Management stated that the record will be provided to the audit. However, no record were provided to the audit till the closing of the audit.

Request for convening DAC meeting was made in June, 2020 with subsequent remainders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends justification / corrective action against the person at fault.

#### **4.2.6 Loss of Rs 1.328 Million due to defective projection in the planning**

According to Para 7.6 (ii) of Khyber Pakhtunkhwa Drinking Water Policy “A well-articulated scheme selection methodology will be developed by public service provider to ensure that investments in drinking water and sanitation sector are based on felt needs & demand of the community instead of political influence.

During scrutiny of the record of ADLGE & RDD Swat it was observed that an amount of Rs. 1.328 million has been incurred on water supply project namely “Construction of DWSS at UC Qalagay, Tehsil Babozai; Swat. As per PC-I the Nos of beneficiaries are 198 but in original during physical verification. It was observed that the water supply scheme provide water supply to only 10 households.

The lapse occurred due to weak financial control and resulted in loss to the government.

The irregularity was pointed out in February 2020. Management fully agreed with the audit therefore, responsibility may be fixed for the loss incurring to government due to defective projection in the planning.

Request for convening DAC meeting was made in June, 2020 with subsequent remainders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends justification / corrective action against the person at fault.

#### **4.2.7 Irregular expenditure of Rs. 14.74million.**

According to Para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect. The officer receiving the store should also be required to give a certificate that he has actually received the material and recorded them in the appropriated stock register.

During scrutiny of the record of TMA Mingora it was observed that an amount of Rs. 14.74 million shown incurred on drinking water supply scheme Shahid Abad Fizagat, Swat but after more than three years the TMA neither completed the scheme nor handed over to WSSC, Swat. Furthermore, initial survey report, payment vouchers, feasibility study, Water sample test report not found obtained on record therefore the amount of Rs. 14.74 million cannot be authenticated and the community deprived from the safe drinking water facility.

The irregularity/un-authentication occurred due to weak financial control and resulted in incomplete schemes and non-provision of water sample test reports.

The irregularity was pointed out in February 2020. Management stated that the scheme under reference is near to completion and will be handed over to WSS

for proper operationalization. Reply of the department was not convincing as the said scheme is incomplete for the last three years. TMA has neither completed nor handed over the same to WSSC even after incurring huge amount of expenditures which resulted in loss to government treasury.

Request for convening DAC meeting was made in June, 2020 with subsequent reminders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends justification.

#### **4.2.8 Wasteful expenditure of Rs. 18.44 million on WSS Barama.**

According to clause 7.9 (iii) of Khyber Pakhtunkhwa Drinking Water Policy 2015. Due consideration will be given to the adverse impact of climate change, vulnerability and fragility in planning and development of drinking water supply systems.

Tehsil Municipal Administration Swat incurred an expenditure of Rs.18.44 million on the tube well scheme WSS Barama during 2018-19. However, it was observed that no water could be get out of it. Resultantly distribution lines were also not installed. The expenditure on borehole and tube well become wasteful due to wrong selection of site.

The lapse occurred due to weak financial control and resulted in wasteful expenditure.

The irregularity was pointed out in February 2020. Management stated that the scheme under reference failed due to lower water table whereas machinery and all other equipment installed therein has no purpose. Reply of the department was not correct that said scheme was failed due to defective planning and wrong selection of site.

Request for convening DAC meeting was made in June, 2020 with subsequent reminders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends for enquiry and remedial action so that the loss so incurred is made good at the earliest.

#### **4.2.9 Non-reconciliation with WSSC Mingora – Rs 166.097 million**

According to sections 11.1 and 11.4 of the agreement between TMO Mingora and WSSC Mingora that 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 Mingora) for inclusion in the annual and revised budget estimates of the First Party (TMO Mingora) and recoverable. Accounts departments of both the parties shall carryout reconciliation of figures of receipts realized during the quarter and the budgeted and payable amount to be transferred to the Second Party during the ensuing month immediately which shall be adjusted on the basis of actual collection as ascertained through such reconciliation.

According to the section 3(xiv) of the said agreement “All audit reports and accounts of the Second Party (WSSC) shall be appropriated with First Party (TMO) within one month of finalization thereof or as soon as possible.

TMO Mingora paid Rs 166,096,861 to Water Supply and Sanitation Services Company (WSSC) Mingora during 2018-19 in connection with the agreement signed between TMO Mingora and WSSC Mingora. The following irregularities were noticed:

1. Budget Estimates for receipts on the account of taxes, fees, and user charges etc. in connection with the services provided to the



consumers was not prepared and reported to the TMO Mingora for inclusion in its annual and revised budget estimates.

2. Annual Receipts not reconciled with TMA to ascertain the actual budget assessment of WSSC.
3. The payment made to the WSSC remained unverified as the auditable record i.e. pay and allowances, contingencies and receipts was not produced to audit for verification.
4. Receipts recovered from the water connections were not intimated to TMO Mingora by WSSC.
5. Final excess and savings were not submitted to TMA and hence the revised budget of WSSC Mingora cannot be ascertained. Similarly, an amount of Rs57,593,849 was paid in excess than the budgeted amount during 2018-19.
6. WSSC did not submit audit report to verify the payment made by TMO and hence the total expenditure paid to the Company remained doubtful and unauthentic.

The lapse occurred due to weak internal controls and resulted in non-reconciliation with WSSC Mingora..

When pointed out in February, 2020, the management stated that the matter will be reported to WSSC Swat. Reply was evasive since no progress was shown till finalization of this report.

Request for convening DAC meeting was made in June, 2020 with subsequent reminders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends earlier reconciliation.

### 4.3 Sustainability Issues

#### 4.3.1 Non-recovery of outstanding water charges – Rs. 90.513 million

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

During Performance audit of Water and Sanitation Services, Swat it was found that the office did not realize outstanding amount of water rate Rs.90.513 million as per detail given below:

(Rs. In million)

S. No.	Financial Year	Recovery	Arrears
01	2017-18	8.519	28.227
02	2018-19	33.641	62.286
<b>Total</b>			<b>90.513</b>

The lapse occurred due to weak administrative control which resulted in non-recovery of outstanding charges.

The irregularity was pointed out in February 2020. Management stated that revenue system started from July, 2018. The system was not digitized. Now the system has been digitized and duplication and erroneous arrears are being eliminated. Reply of the management was not tenable as neither the arrears against water charges have not been realized by the company nor taken any concrete steps to recover the arrears.

Request for convening DAC meeting was made in June, 2020 with subsequent remainders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery of the arrears in order to enhance the capabilities of the department to achieve the objectives of providing water to the community in an efficient manner while ensuring economy of financiers.

#### **4.3.2 Loss of -Rs.305.906 million to WSSC Swat**

According to clause 3(ix) of the SAMA agreement executed between TMA Babuzai and WSSC Swat, the WSSC is required to propose and determine cost recovery measures for the services provided and suggest action regarding taxes, fees, user charges, surcharges, cesses, rents rates in respect of the services, receiving and appropriating all receipts and recoveries in respect thereof.

During Performance audit of Chief Executive Officer, Water and Sanitation Services Company, Swat for financial year 2018-19. It was observed that heavy expenditure was incurred on account of operational and administrative expenses amounting to Rs.339.547 million, whereas the total revenue earned against the expenditure was Rs. 33.641 million.

Audit observed the following irregularities: -

1. No significant increase was noticed in the number of water users as handed over from TMAs/PHED to WSSP.
2. The sustainability of the company was mostly relying on government supported grants.
3. There was a huge difference of Rs. 305.906 million between income earned and expenditure during the years 2018-2019.
4. Surprisingly recovery percentage is 35.3% which means that out of 95.927 million only Rs. 33.641 million is recovered.

The lapse occurred due to weak financial controls and resulted in loss to WSSC Swat.

The irregularity was pointed out in February 2020. Management stated that revenue system was in development phase, revenue increased two-fold in six months, the gap will be reduced in coming years and that they will try their best to increase it after enforcement powers are delegated by Government. Reply of the company was not convincing as the company could not improve the water supply services, handed over by the TMA Swat. The company did not take any initiatives to reduce the gap between the expenditures and revenue of the company.

Request for convening DAC meeting was made in June, 2020 with subsequent reminders, however meeting of DAC could not be convened till finalization of this report.

Audit suggests to recover the outstanding water charges and to use advance techniques and economy measures in order to ensure the achievement of objectives in more economic manner.

#### **4.3.3 Wasteful expenditure due to solarization of water supply scheme – Rs5.131 million**

According to PC-I of Drinking Water Supply Schemes, the electric machinery should be replaced with solar machinery and electric machinery and installations should be shifted to other schemes

As per Provincial Cabinet Khyber Pakhtunkhwa meeting held on 01.10.2015 “Electric power connection may be disconnected from those tube wells where solar energy system has been installed”

XEN PHE Division Swat paid Rs 5.131 million to contractor on account of “Solarization of Water Supply Schemes Khwazakhela No.3 Swat”. The electric machineries and installations were not disconnected from WAPDA electricity.. Expenditure on solarization and electricity charges simultaneously resulted in loss to Government.

The lapse occurred due to weak administrative controls and resulted in wasteful expenditure.

The irregularity was pointed out in February 2020. Management stated that the schemes were solarized due heavy load shedding in the past. After solarization the electricity installations are placed as standby with zero rate bills. Reply of the department was not tenable as electricity installations were not disconnected from the solarized WSS and it is not shifted to other water supply schemes hence resulted in loss to government.

Request for convening DAC meeting was made in June, 2020 with subsequent remainders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends investigation in the matter for fixing responsibility and action against person (s) at fault.

#### **4.3.4 Non recovery of outstanding water charges Rs 127.56 million**

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.

Executive Engineer, PHE Division Swat Division failed to recover water charges outstanding Rs 127.56 million against various water users during 2018-19.

The lapse occurred due to inadequate administrative and financial control and resulted in non-recovery.

The irregularity was pointed out in February 2020. Management stated that PHE departments swat is struggling to recover all dues and it is evident from record that during CFY 100 % target has been achieved and that various actions have been taken against the defaulters.

Request for convening DAC meeting was made in June, 2020 with subsequent remainders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery from water users under intimation to audit.

#### **4.3.5 Loss to government of Rs7.674 million due to Illegal connections of water Users.**

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.

Executive Engineer, PHE Division Swat failed to disconnect illegal connection and recovered water charges from the defaulters concerned, and government sustained heavy loss of Rs7.674 million.

<b>Detail of connections of PHE Division Swat</b>			
1	Total Nos. of Connections	28800	Per connection rate: 1900 P.A
2	Legal connections	24761	Total Registered connections
3	Illegal connections	4039	Identified connections
4	Per connection rate	Rs. 1,900	P.A
5	Loss due illegal connections	Rs.7,674,100	P.A

The lapse occurred due to inadequate administrative and financial control and resulted in loss to government.

The irregularity was pointed out in February 2020. Management stated that during scrutiny illegal connections were identified and they were served notices and illegal connection will be discontinued. Reply of the department was not convincing as no concrete steps has been taken by the department to disconnect the illegal connections nor the arrears has been recorded from them.

Request for convening DAC meeting was made in June, 2020 with subsequent remainders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends recovery from water users under intimation to audit.

#### **4.3.6 Un-authorized payment on electricity charges of Solarized tube wells– Rs 0.866 million**

As per Provincial Cabinet Khyber Pakhtunkhwa meeting held on 01.10.2015 “Electric power connection may be disconnected from those tube wells where solar energy system has been installed”

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

Executive Engineer, PHE Division Swat spent Rs 866,340 on account of electricity charges of solarized tube wells during 2018-19. On scrutiny it was observed that electricity payment on solarized tube wells was un-justified and needs recovery. (Detail at Annexure-4).

The lapse occurred due to weak internal controls and resulted in un-authorized payments.

The irregularity was pointed out in February 2020. Management stated that all the electricity installations are discontinued however due to continuously rainy/cloudy seasons/days, to provide clean drinking water, electricity is used in extreme cases. Reply of the management was not tenable as the electricity installation were neither disconnected nor shifted to other WSS which resulted in loss to government.

Request for convening DAC meeting was made in June, 2020 with subsequent remainders, however meeting of DAC could not be convened till finalization of this report.

The matter is therefore reported for investigation and fixing responsibility against the person(s) at fault.

#### **4.3.7 Wasteful expenditure of water supply scheme Tarogai.**

According to clause 7.9 (iii) of Khyber Pakhtunkhwa Drinking Water Policy 2015. Due consideration will be given to the adverse impact of climate change, vulnerability and fragility in planning and development of drinking water supply systems.

During performance audit of XEN PHE Swat it was observed that an amount of Rs. 1.436 was incurred on Gravity based Water Supply Scheme Tarogai in PK-86 to provide water to the inhabitants through HDPE pipe of 50mm dia as a supply main connected to high level reservoir (1000 Gallons).

During physical verification of WSS Tarogai PK-86, it was found that the main source was broken down and the main supply line also found disconnected. Hence the people were deprived from the safe drinking water and were facing great hardship in this regard.

The lapse occurred due to weak managerial control and resulted in wasteful expenditure.

The irregularity was pointed out in February 2020. Management stated that the source of scheme was damaged by unknown persons for which FIR has been launched and the case is in court. Department agreed with the observation therefore, Water supply to the consumers may be resumed from an alternate source and responsibility may be fixed for incurring loss to government by damaging the main



supply line as due to the stoppage of water supply to community people are facing difficulties to fulfil their day-to-day needs.

Request for convening DAC meeting was made in June, 2020 with subsequent remainders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends remedial action against the person at fault.

## **4.4 Asset Management**

### **4.4.1 Wasteful expenditure of Rs. 5.166 million on WSS Gumbat Mira.**

According to clause 7.9 (iii) of Khyber Pakhtunkhwa Drinking Water Policy 2015. Due consideration will be given to the adverse impact of climate change, vulnerability and fragility in planning and development of drinking water supply systems.

During performance audit of Water & Sanitation Services Company Swat.it was observed that an amount of Rs. 5.166 million was incurred on account of WSS Gumbat Mira. The Tube Well scheme installed at the sight of main Swat drainage where human and animal waste is concentrated. Furthermore, No survey report, water sample test, feasibility report and estimation of useful life of Tube Well from a reputed testing firm not found obtained on record.

The lapse occurred due to lack of technical and managerial control and resulted in wasteful expenditure.

When pointed out in February 2020, management stated that the aquitor of almost 1/3<sup>rd</sup> area on JambelKhar has dried. The surroundings tube wells are continuously drying. This was a desperate attempt to get water for the starving people. The samples have been tested and found good. Reply of the management was not tenable as the said WSS is installed at the sight of main swat drainage. Furthermore, no feasibility report, and water quality tests from reputable testing firm provided to audit to support the management's reply.

Request for convening DAC meeting was made in June, 2020 with subsequent reminders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends justification for the same, as the same expenditure put the economy of the company at stake.

#### **4.4.2 Unauthentic expenditure on tube wells repair -Rs 18.574 million**

According to Rule 74(2) (a) of the Khyber Pukhtunkhwa District or City District Governments Budget Rules 2016, each head of office is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

During Performance audit of Water & Sanitation Services Company Swat incurred expenditure of Rs 18.574 million on repair and maintenance of tube wells, audit observed the following:

- Initial survey report of damages/malfunction not available.
- Complaints record of the operators was not available.
- Whereabouts of replaced parts were not available on record.

Furthermore, Physical verification of the stock and stores was also not conducted to authenticate the expenditure.

The lapse occurred due to weak internal controls and resulted in un-authentic expenditure.

The irregularity was pointed out in February 2020. Management stated that the turnaround time of tube wells have been reduced from 72 hours to 24 hours. This is public utility of basic human necessity. They respond within an hour and inspect the problem on site. All the works are done with proper due diligence. Reply of the company was not tenable as nothing was found on record; no initial survey report, no complaint record of tube well operators and no whereabouts of the replaced parts were provided to audit to support their reply.

Request for convening DAC meeting was made in June, 2020 with subsequent remainders, however meeting of DAC could not be convened till finalization of this report.

Audit recommends justification for the same as the principle of economy has been violated by the company. The same may be ensure in future.

## **4.5 Overall Assessment**

### **i. Relevance:**

The offices of TMA, ADLG&RDD, PHE and WSSC, Swat was in line with government's sectoral policies.

### **ii. Efficacy:**

The goals of the Water Supply Schemes by WSSC, ADLGE & RDD, PHE and TMA with reference to originally concerned objectives have been achieved to some extent. Staffs are under qualified to effectively operate and manage quality test kit, equipment and facilities.

### **iii. Efficiency:**

WSSC Swat Supplies about 6,144,000 (Gal) of water approximately to a population of about 364,000 people through 59 Nos of Tube Wells while the population demand is 10,860,000 (Gal) per day having a deficit of about 4,716,000 (Gal). To overcome the difference 54 Nos of Tube Wells are required to be established to enhance water supply to fulfil the requirement of urban population.

### **iv. Economy:**

The Revenue recovered by the company is Rs 33.641 million against the huge operational and Administrative expenses amounting to Rs. 339.547 million on water supply services. Difference in expenditures incurred revenue raised indicates non achieving of targeted revenue.

**v. Effectiveness:**

The Water and Sanitation Services Company Swat has failed to enhance capacity building of staff, install water filtration plants, Water quality testing laboratories, establishment of enough Water supply schemes.

**vi. Asset Management:**

After converting of 18 Nos. WSS to Solarization the WAPDA Electricity has not disconnected and is at the same position as prior to solarization.

## **5. CONCLUSION**

There is no formal water supply plan or legislation that provides management regularity tools to ensure access to clean safe drinking water. Without a formalized framework it is difficult to coordinate the effort and roles of agencies i.e. TMA, PHE, WSS, ADLGE&RDD, EPA and Health Department in order to reduce the risk of duplication or non-performance of activities. The monitoring, implementation and supervision is still in infant form. New and advance technology with new era approach should be adopted to reduce the deficit upto an appropriate ratio. The conversion of existing WSS from WAPDA to solarization also have some risks which include shortage of water during night, during long cloudy / rainy season during which the community arrange water from alternate sources. It is concluded to install solar based pumping machineries in new tube wells and gravitybased water supply schemes to fulfill the drinking water requirement for sustaining life.

## **ACKNOWLEDGEMENT**

We wish to express our appreciation to the management of the Water Supply and Sanitation Company Swat, Assistant Director LGE&RDD, Tehsil Municipal Administration Swat and Xen Public Health Engineering Division Swat for the assistance and cooperation extended to the auditors during this assignment.



## ANNEXURES

### Annexure-1

#### List of Non-Functional Water Supply Schemes Non-functional schemes of PHE Department swat

	Name of Scheme	REMARKS BY XEN PHED	REMARKS BY PESCO / WAPDA
1	WSS GharaiKhazana PK-6	DISPUTE ON RIGHT OF WAY	DISPUTE ON RIGHT OF WAY
2	WSS DoopShenaiMaira PK-3	DISPUTE ON RIGHT OF WAY (MATERIAL SHIFTED TO SITE)	DISPUTE ON RIGHT OF WAY (MATERIAL SHIFTED TO SITE)
3	WSS Barikot PK-6	WORK NOT YET STARTED	WORK NOT YET STARTED
4	WSS Malook Abad PK-5	Dispute on right of way	Dispute on right of way
5	WSS Dedawar	Poles Installed, Transformer Awaited	Poles Installed, Transformer Awaited
6	WSS BadaKaramar& Surrounding Area UC Chuprial	WORK NOT YET STARTED	WORK NOT YET STARTED
7	WSS AzikheliBaffalo Breeding Form Charbagh	WORK NOT YET STARTED	WORK NOT YET STARTED
8	WSS GhowandNingolai.	WORK NOT YET STARTED	WORK NOT YET STARTED
9	WSS Khairabad UC Kalakalay	WORK IN PROGRESS	WORK IN PROGRESS
11	WSS DheroKhaimdara	WORK NOT YET STARTED	WORK NOT YET STARTED
12	WSS KashalaManyar	WORK NOT YET STARTED	WORK NOT YET STARTED
13	WSS Shekh Abad UC Kanju	WORK NOT YET STARTED	WORK NOT YET STARTED
14	WSS Salaind UC Shawar	WORK NOT YET STARTED	WORK NOT YET STARTED
15	WSS Galshah	WORK NOT YET STARTED	WORK NOT YET STARTED
16	WSS Shokhdara	WORK NOT YET STARTED	WORK NOT YET STARTED
17	WSS BadarSer	WORK NOT YET STARTED	WORK NOT YET STARTED
18	WSS Aligram	WORK NOT YET STARTED	WORK NOT YET STARTED
19	WSS Gharib Abad Baidara	WORK NOT YET STARTED	WORK NOT YET STARTED
20	WSS Titai	WORK NOT YET STARTED	WORK NOT YET STARTED
21	WSS Madina Colony Kanju	WORK NOT YET STARTED	WORK NOT YET STARTED
22	WSS Chamtalai	WORK NOT YET STARTED	WORK NOT YET STARTED
23	WSS KamelPurCharbagh	WORK NOT YET STARTED	WORK NOT YET STARTED

#### NON-FUNCTIONAL WATER SUPPLY SCHEMES OF TMA SWAT

S.No	Dysfunctional Water Supply Scheme	Location
1.	GumbadMaira	GumbadMaira Mingora

2.	NawayKalay	NawayKalay Mingora
3.	Saidu Sharif	Saidu Sharif
4.	Gulkada	Gulkada Mingora
5	Panr	Panr Mingora

**NON-FUNCTIONAL WATER SUPPLY SCHEMES OF WSSC SWAT**

<b>S.No</b>	<b>Name of Tube Well/Scheme</b>	<b>Location</b>
1	WSS Faizabad No. 1	On Shana Krapa Road
2	WSS Rahim Abad No. 1	Near Nadra Office Saidu Road
3	WSS Kana Baba No. 3	On Canal Road Hayatabad
4	WSS Rahim Abad No. 5 C/O CEO	Near Marguzar town bridge Rahim Abad
5	WSS WatkiNawakalay MNG	Near infront of Police line nawakaly

**Annexure-2**

**List of Functional and Non-Functional Tube Wells of Water & Sanitation Services, Company Swat.**

S.No.	NAME OF SCHEME	BY	Location in which T/w is situated	REMARKS
1	WSS Akhun Baba	TMA	Akhun Baba(Khawar Side)	FUNCTIONAL
2	WSS Shagai	TMA	In front of boys high school shagai	FUNCTIONAL
3	WSS Khona Cham	TMA	In khonacham spring	FUNCTIONAL
4	WSS Saidu Sharif No.1	TMA	Near DIG office	FUNCTIONAL
5	WSS Saidu Sharif No.2	TMA	In shaibaghmohallah	FUNCTIONAL
6	WSS Saidu Sharif No.3	WSSC	Near Medical College saidu Sharif	FUNCTIONAL
7	WSS Saidu Sharif No.4		Near Cancer hospital	FUNCTIONAL
8	WSS Afsar Abad	TMA	Near lalnoor hospital	FUNCTIONAL
9	WSS College colony No.2	TMA	Near wadudia school	FUNCTIONAL
10	WSS College colony No.1	TMA	Near old nadra office saidu road	FUNCTIONAL
11	WSS Faizabad No.1	TMA	On shanakrapa road	FUNCTIONAL
12	WSS Faizabad No.2	TMA	Near faizabad bridge	FUNCTIONAL
13	WSS Amankot No.1	TMA	Chinar Colony	FUNCTIONAL
14	WSS Amankot No.2	TMA	In transfer station	FUNCTIONAL
15	WSS Amankot No.3	TMA	Mia ganochamamankot	FUNCTIONAL
16	WSS Amankot No.4	TMA	Bangladesh Mohallah	FUNCTIONAL
17	WSS Zahidabad	TMA	Zahidabad	FUNCTIONAL
18	WSS Rahim abad No.1		Near Nadra office Saidu road	ABBONDED
19	WSS Rahim abad No.2	TMA	Farammohallah Near police station Rahim Abad	FUNCTIONAL
20	WSS Rahim abad No.3		Gujar Abad	FUNCTIONAL
21	WSS Rahim abad No.4	WSSC	Near police station Rahim Abad	FUNCTIONAL
22	WSS Rehmanabad	TMA	By pass chowak near Qamber	FUNCTIONAL
23	WSS Ingarodehrai	TMA	Near high school ingarodehri (boys)	FUNCTIONAL
24	WSS Yousafabad	TMA	Ingarodehrai	FUNCTIONAL
25	WSS Tahirabad	TMA	Tahirabad	FUNCTIONAL
26	WSS Usmanabad	TMA	Usmanabad	FUNCTIONAL
27	WSS Banr	TMA	High school banr	FUNCTIONAL

28	WSS Nawakalay No.2	TMA	Near Bashamand khan adv house NAWAKALAY	FUNCTIONAL
29	WSS Amir khan MOH	TMA	Nawakalayamir khan mohallah	FUNCTIONAL
30	WSS Kana Baba No.1	TMA	Hayat Abad	FUNCTIONAL
31	WSS Kana Baba No.3	TMA	On canal road Hayat Abad	UNDER CONSTRUCTION
32	WSS Kana Baba No.4	TMA	Hayat Abad	FUNCTIONAL
33	WSS Kana Baba No.5	TMA	Hayat Abad	FUNCTIONAL
34	WSS Kana Baba No.6	TMA	Hayat Abad	FUNCTIONAL
35	WSS Kana Baba No.7	TMA	Hayat Abad	FUNCTIONAL
36	WSS Rang Mohallah	TMA	Fizagat By pass	FUNCTIONAL
37	WSS Malookabad	TMA	Fizagat at park madyn road	FUNCTIONAL
38	WSS Fateh khan khel	TMA	Mohallahmalakanamingora	FUNCTIONAL
39	WSS Dawlatkhel	TMA	Near girls primary school	FUNCTIONAL
40	WSS Mula baba	TMA	Near boys primary school mula baba	FUNCTIONAL
41	WSS Makanbagh	TMA	Near press club mingora	FUNCTIONAL
42	WSS Fire brigade	TMA	Makanbaghmingora	FUNCTIONAL
43	WSS Gull kada no 1	TMA	GulKadamingora	FUNCTIONAL
44	WSS Gull kada no 2	TMA	GulKadamingora	FUNCTIONAL
45	WSS Gull kada no 3	TMA	Bangladesh near Kamran khan HS	FUNCTIONAL
46	WSS Panr	WSSC	Near bridge (newly constructed)	FUNCTIONAL
47	WSS Sharif abad	TMA	Kwajaabad	FUNCTIONAL
48	WSS Barama	TMA	On kokari road	FUNCTIONAL
49	WSS Rang Mohallah	WSSC	Serai newly constructed t/w	FUNCTIONAL
50	WSS Gumbatmaira	TMA	Near High school haji baba	FUNCTIONAL
51	WSS Surghar	TMA	Near High school haji baba	FUNCTIONAL
52	WSS Kukariadda	TMA	Kukariadda(old)	FUNCTIONAL
53	WSS Malookabad (Boosting)	TMA	Near Malook Abad Tank	FUNCTIONAL
54	WSS Raja abad	WSSC	KabaladdaMadyan Road	FUNCTIONAL
55	WSS Hayat Abad 1	PARCA	Fizagat	FUNCTIONAL
56	WSS Hayat Abad 2	PARCA	Fizagat	FUNCTIONAL
57	WSS ShnaKrapaSaidu Sharif	PHED	Shnakrapa near Iftekhar house faizabad	FUNCTIONAL
58	WSS YOUSAF ABAD NAWAKALAY	PHED	Nawaakalay	FUNCTIONAL
59	WSS Gulkada No 3 TMO	PARCA	AjrangGulkadamingora	FUNCTIONAL

	Swat			
60	WSS ChailShagai	PARCA	Near Shahin Abad Road ChailShagaimarguzar road	FUNCTIONAL
61	WSS Shagai CO TMO	PARCA	Near Forest ColunyShagai Check post marguzar road	FUNCTIONAL
62	WSS Siraj Abad C/O CEO	WSSC	Near latifabadNawakalay	FUNCTIONAL
63	WSS Rahim Abad No 5 C/O CEO	WSSC	Near Marguzar town bridgh Rahim abad	UNDER TESTING
64	WSS WatkiNawakalay MNG	WSSC	Near infront of Police line nawakaly	UNDER TESTING
<b>SUMMARY</b>				
FUNCTIONAL		60		
ABBONDEND		1		
UNDERTESTING		2		
UNDER CONSTRUCTION		1		
TOTAL		64		

**Annexure-3****Water & Sanitation Services Company, Swat Detail of Arrears**

<b>Arrears 2018-19</b>	
SHAHDARA-NAWANKALY	4,726,824
BANR/USMAN ABAD	3,308,170
MALOOKABAD	4,152,925
GUMBAT MAIRA/RANG MOHALLAH	5,024,362
LANDIKASS/MALAKANAN	3,718,042
RAHIM ABAD	4,418,682
AMANKOT/FAIZABAD	4,274,110
GULKADA/PANR KHWAJA ABAD	5,546,748
SAIDU SHARIF/SHAGAI	4,270,862
COMMERCIAL	3,804,558
	<b>43,245,283</b>

**Annexure-4**

**List of 67 numbers of tube wells of Tehsil Municipal Administration Babuzai handed over to Water & Sanitation Services Company (WSSC) Swat**

<b>S #</b>	<b>Name of Tube wells</b>	<b>Location</b>	<b>detail of Transformer</b>	<b>Detail of Regulators</b>	<b>Detail of Motors</b>
1.	Saidu Sharif No.1	Saidu Sharif	50 KVA	02	Submersible 50 HP
2.	Saidu Sharif No.2	Saidu Sharif	100 KVA	01	Submersible 50 HP
3.	Barn Usman Abad	Barn Usman Abad Mingora	50 KVA	02	Turbine 20 HP
4.	Barn School	Barn School Mingora	50 KVA	01	Turbine 20 HP
5.	IngaroDerai	IngaroDerai Mingora	25 KVA	02	Turbine 20 HP
6.	Kana BaBa No .07	Kana BaBa Mingora	100 KVA	02	Turbine 50 HP
7.	NawayKalay No.01	NawayKalay Mingora	Nil		Direct
8.	NawayKalay No.02	NawayKalay Mingora	50 KVA	03	Submersible 50 HP
9.	Barama	Barama Mingora	100 KVA	01	Submersible 80 HP
10.	GumbadMaira No.01	GumbadMaira Mingora	100 KVA	03	Turbine 80 HP
11.	Kana BaBa No .05	Kana BaBa Mingora	50 KVA	01	Turbine 40 HP
12.	Kana BaBa No .06	Kana BaBa Mingora	100 KVA	02	Turbine 60 HP
13.	Faiz Abad No.1	Faiz Abad Amankot	100 KVA	01	Turbine 50 HP
14.	Faiz Abad No.2	Faiz Abad Amankot	100 KVA	02	Turbine 50 HP
15.	Amankot No.01	Amankot Mingora	100 KVA	02	Turbine 50 HP
16.	Amankot No.02	Amankot Mingora	100 KVA	02	Turbine 50 HP
17.	Amankot No.03	Amankot Mingora	100 KVA	02	Submersible 60 HP

18.	Rahim Abad (Farm) No.01	Rahimabad Mingora	100 KVA	02	Turbine 50 HP
19.	Rahim Abad 02	Rahimabad Mingora	100 KVA	02	Turbine 80 HP
20.	MalakananLandikass	MalakananLandikass Mingora	50 KVA	01	Turbine 50 HP
21.	Zahid Abad	Zahidabad Mingora	50 KVA	02	Turbine 30 HP
22.	Gulkada No.1	Gulkada Mingora	50 KVA	01	Turbine 50 HP
23.	Gulkada No.2	Gulkada Mingora	100 KVA	03	Submersible 60 HP
24.	Gulkada No.3	Gulkada Mingora	100 KVA	02	Submersible 50 HP
25.	College Colony	College Colony Saidu Sharif	100 KVA	01	Turbine 50 HP
26.	Panr Tube Well	Panr Tube Well Mingora	50 KVA	02	Turbine 50 HP
27.	MulaBaBa	MulaBaBa Mingora	50 KVA	01	Turbine 40 HP
28.	MakanBagh	MakanBagh Mingora	50 KVA	02	Turbine 40 HP
29.	Kokarai Ada	Kokarai Ada Mingora	50 KVA	01	Turbine 30 HP
30.	Khona Chum	Khona Chum Saidu Sharif	50 KVA	01	Submersible 50 HP
31.	Afsar Abad	Afsar Abad Saidu Sharif	100 KVA	02	Turbine 50 HP
32.	Gujar Abad	Gujar Abad Mingora	100 KVA	01	Submersible 50 HP
33.	By Pass Rahman Abad	Rahim Abad Rahmanabad	100 KVA	02	Submersible 50 HP
34.	Amir Khan	Amir Khan Mingora	50 KVA	01	Submersible 40 HP
35.	Ada Tube Well	Ada Mingora	50 KVA	01	Submersible 50 HP
36.	Kana BaBa No .04	Kana BaBa Mingora	100 KVA	01	Turbine 60 HP
37.	Fizagat Park	Fizagat Park Mingora	100 KVA	01	Submersible 80 HP
38.	Water Pump Malook Abad	Malook Abad Mingora	100 KVA	01	Turbine 50 HP



39.	GumbadMaira No.02	GumbadMaira Mingora	100 KVA	01	Submersible 50 HP
40.	Surghar	Surghar Mingora	100 KVA	01	Submersible 50 HP
41.	Gulkada	Gulkada Mingora	100 KVA	01	Turbine 50 HP
42.	MakanBagh	MakanBagh Mingora	50 KVA	01	Turbine 50 HP
43.	DawlatKhel	DawlatKhel Mingora	50 KVA	01	Submersible 50 HP
44.	Gulkada Bangladesh	Gulkada Bangladesh Mingora	50 KVA	01	Submersible 50 HP
45.	Tahir Abad (New)	Tahir Abad Mingora	50 KVA	01	Turbine 50 HP
46.	AkhoodBaBa	AkhoodBaBaShagai	50 KVA	01	Submersible 40 HP

**Detail list of Army package Tube wells**

s#	Name of Tube wells	Location	Detail of Transformer	Detail of Regulators	Detail of Motors
1.	Gulkada	Gulkada Mingora	50 KVA	Nil	Submersible 40 HP
2.	Panr Tube Well	Panr Mingora	50 KVA	01	Submersible 50 HP
3.	Medical College	Medical College Saidu	50 KVA	Nil	
4.	Rang Mohalla	Rang Mohalla Mingora	Nil	Nil	Nil

**List of UAE Tube wells**

1.	Khona Chum	Khona Chum Saidu Sharif	50 KVA	01	Submersible 40 HP
2.	Wadudia School	Wadudia School Saidu Road	100 KVA	01	Submersible 50 HP
3.	Police station Saidu Sharif	Saidu Sharif	50 KVA	01	Submersible 50 HP

**List of PDMA PARRSA Tube wells**

1.	NawayKalay	NawayKalay Mingora	50 KVA	01	Submersible 40 HP
2.	Shagai Tube Well	Shagai	100 KVA	01	Submersible 40 HP

3.	ChailShagai	ChailShagai	100 KVA	01	Submersible 40 HP
4.	Fizagat Tube Well	Fizagat Mingora	100 KVA	01	Submersible 40 HP
5.	Hayat Abad No.1	Hayat Abad Mingora	100 KVA	01	Submersible 40 HP
6.	Hayat Abad No.2	Hayat Abad Mingora	100 KVA	01	Submersible 40 HP
7.	Gulkada	Gulkada Mingora	50 KVA	Nil	Submersible 30 HP
8.	Barama	Barama Mingora	100 KVA	01	Submersible 40 HP
9.	Fire Brigade	Fire Brigade Mingora	100 KVA	01	Submersible 40 HP

**LIST OF NON FUNCTIONAL TUBE WELLS**

5.	GumbadMaira	GumbadMaira Mingora			
6.	NawayKalay	NawayKalay Mingora			
7.	Saidu Sharif	Saidu Sharif			
8.	Gulkada	Gulkada Mingora			
9.	Panr	Panr Mingora			





رسم افتتاح بھارت مبارک  
ڈاکٹر حیدر علی خان

پارسیانی سیریز ای کریشن خیر پختون خوا  
MPA/PK-86

سکیم: وائر سٹیل اینڈ سسٹم  
اور گرنڈنواچ یونین کونسل خ

تخمینہ لاگت: 20.31 ملین

زیگرائی: محکمہ پبلک ہیلتھ انجینئرنگ ڈویژن سوات

سوات ڈویژن سوات









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Longitude: 72.4819421  
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Pakhtunkhwa, Pakistan







