



**AUDIT REPORT
ON
THE ACCOUNTS OF
DISTRICT GOVERNMENT
TORGHAR**

AUDIT YEAR 2013-14

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AOM&R	Annual Ordinary Maintenance and Repair
AP	Advance Para
ADP	Annual Development Programme
BHU	Basic Health Unit
CPWA Code	Central Public Works Account Code
CPWD Code	Central Public Works Department Code
CSR	Composite Schedule of Rate
C&W	Communication and Works
DAC	Departmental Accounts Committee
DCO	District Coordination Officer
DDAC	District Development Advisory Committee
DDC	District Development Committee
DDO	Deputy District Officer
DHO	District Health Officer
DHQ	District Headquarter
DOR&E	District Officer Revenue & Estate
DPR	Disabled Person Rehabilitation
DSM	District Support Manager
DTL	Drug Testing Laboratory
EDO	Executive District Officer
EMIS	Education Management Information System
GFR	General Financial Rules
HRA	House Rent Allowance
MCC	Medicine Coordination Cell
MFDAC	Memorandum for Departmental Accounts Committee
MS	Medical Superintendent
M&R	Maintenance & Repair
PAO	Principal Accounting Officer
PAC	Public Accounts Committee
PCC	Plain Concrete Cement

PHE	Public Health Engineering
PPHI	People's Primary Healthcare Initiative
RDA	Regional District Audit
SDM	Sub Divisional Magistrate
WSS	Water Supply Scheme
XEN	Executive Engineer

Preface

Articles 169 &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, Section-115 of the Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended) and Section 168 of Local Government Act 2012 require the Auditor General of Pakistan to conduct audit of the receipts and expenditure of District Fund and Public Account of District Government.

The report is based on audit of the accounts of various offices of District Government, Tor Ghar for the financial year 2012-13. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit on test check basis during 2013-14 with a view to reporting significant findings to the relevant stakeholders.

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

The observations included in this report have been finalized in the light of written responses of the departments and discussions in the DAC meetings.

The Audit Report is submitted to the Governor of Khyber Pakhtunkhwa in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 115 of Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended), for causing to be laid before the Provincial Assembly of Khyber Pakhtunkhwa.

Islamabad

Dated:

(Muhammad Akhtar Buland Rana)

Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General District Governments Audit, Khyber Pakhtunkhwa carries out the audit of 25 District Governments. Regional Directorate of Audit (RDA) Abbottabad, on behalf of the DG District Governments Audit, Khyber Pakhtunkhwa carries out the audit of Six District Governments namely Abbottabad, Mansehra, Haripur, Battagram, Kohistan and Tor Ghar. This Regional Directorate has a human resource of 10 officers and staff, a total of 3030 mandays. The annual budget amounting to Rs 13.221 million was allocated to this office during the financial year 2012-13. The office is mandated to conduct regularity (financial attest audit & compliance with authority audit) and performance audit of programs/ projects.

District Government, Tor Ghar conducts its operations under Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended) and Local Government Act 2012. It comprises one Principal Accounting Officer (PAOs) covering nine groups of offices i.e. Finance & Planning, Revenue, Communication & Works, Public Health Engineering, Municipal Services, Education, Health, Community Development and Agriculture. Financial provisions of the Ordinance describe the Government as District Local Fund and Public Account for which Annual Budget Statement is authorized by District Administrator in the form of budgetary grants.

District Administration comprises District Administrator and District Coordination Officer.

a. Audit Objectives

The audit was conducted with the objectives to:

1. Ascertain whether the expenditure was authorized for the purpose for which it was spent.
2. See that the expenditure incurred was in conformity with the law, rules and regulations framed to regulate the procedure for expending the public money.

3. Every item of expenditure was incurred with the approval of the competent authority in the Government for expending the public money.
4. Public money was not wasted.
5. The assessment, collection and allocation of revenue were done in accordance with the law and there was no leakage of revenue which legally should come to Government.

b. Audit Methodology

Audit was carried out against the standards of financial governance provided under various provisions of the Khyber Pakhtunkhwa LGO,2001 (as amended), GFR Vol-I, Delegation of Financial Powers and other relevant overriding laws, which govern the propriety of utilization of the financial resources of the District Government in accordance with the regularity framework provided by the relevant laws.

The selection of the audit formations i.e. DDOs was made keeping in view the significance and risk assessment, samples were selected after prioritizing risk areas by determining significance and risk associated with identified key controls. Sample size selected in the audited formations ranged between 15% to 30%.

c. Expenditure audited

Total expenditure of the District Government, Dir Upper for the financial year 2012-13 was Rs873.090 million covering one PAO and 21 formations. Out of this, Regional Directorate Audit (RDA) Abbottabad audited an expenditure of Rs849.613 million which, in terms of percentage, was 97% of auditable expenditure. Six (10) formations were planned in Audit Plan and 100% achievement against the planned activities was made.

d. Receipts audited

The receipts of District Tor Ghar for the financial year 2012-13, was Rs 0.113 million. Out of this, RDA Abbottabad audited receipts of Rs 0.113 million which, in terms of percentage, was 100% of auditable receipts.

e. Recoveries at the instance of audit

Recovery of Rs 43.117 million was pointed out during the audit. However, no recovery was affected till finalization of this report. Out of the total recoveries pointed out, Rs41.906 million was not in the notice of the executive before audit.

f. Desk Audit

The audit year 2013-14 witnessed intensive application of desk audit techniques in RDA Abbottabad. This was facilitated through internet and review of permanent files which helped auditors in understanding the systems, procedures, environment and the audited entity before starting field activity. Desk Audit greatly facilitated in the identification of high risk areas for substantive testing in the field.

g. Changes in Rules, Practice and Systems

At the instance of audit, the management of the District Government Tor Ghar agreed to conduct physical verification of the government assets. The management also agreed to deposit various government dues into government treasury. Audit stressed upon reconciliation of receipts and expenditure with the respective accounts office to which they agreed.

h. Key audit findings of the report;

- i. Non production of record was noted in one case¹.
- ii. Irregularities & non compliance of rules in 10 cases amounting to Rs174.606 million were noted.²
- iii. Internal control weaknesses in five cases amounting to Rs123.655million were noted.³

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

¹ 1.2.1.1

² 1.2.2.1, 1.2.2.2, 1.2.2.3, 1.2.2.4, 1.2.2.5, 1.2.2.6, 1.2.2.7, 1.2.2.8, 1.2.2.9, 1.2.2.10

³ 1.2.3.1, 1.2.3.2, 1.2.3.3, 1.2.3.4, 1.2.3.5

i. Recommendations

- i. Disciplinary actions need to be taken to stop the practice of violation of the rules and regulations in spending the public money.
- ii. Audit needs to be facilitated through production of all auditable record.
- iii. Strenuous efforts need to be made by the departments to recover long outstanding dues on account of water charges.
- iv. Departments need to strengthen internal controls mechanisms to ensure that types of lapses reported in this audit report are preempted and fair value for money is obtained from public spending.
- v. Deduction of taxes on supplies and contracts need to be ensured.
- vi. Lapsed deposits need to be timely credited into treasury.
- vii. Inquiries recommended by the DAC need to be held regularly in order to fix responsibility for losses, irregular payments and wasteful expenditure.

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rs in million)

S. No	Description	No.	Budget
1	Total Entities (PAO/EDOs) in Audit Jurisdiction	07	*873.090
2	Total formations in audit jurisdiction	21	873.090
3	Total Entities(PAO/EDOs) Audited	05	#849.726
4	Total formations Audited	05	849.726
5	Audit & Inspection Reports	05	849.726
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

*Included receipt of Rs0.113 million.

#Included receipt of Rs0.113 million.

Table 2: Audit observations Classified by Categories

(Rs in million)

S. No	Description	Amount Placed under Audit Observation
1	Unsound asset management	-
2	Weak financial management	174.606
3	Weak Internal controls relating to financial management	123.655
4	Others	0
	Total	298.261

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

S.No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year	Total last year
1	Outlays Audited	28.365	608.436	0.113	212.812	849.726	82.432
2	Amount Placed under Audit Observations /Irregularities of Audit	3.410	221.690	-	73.161	298.261	17.814
3	Recoveries Pointed Out at the instance of Audit	-	43.117	-	-	43.117	11.951
4	Recoveries Accepted /Established at the instance of Audit	-	1.211	-	-	1.211	4.426
5	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

Table 4: Table of Irregularities pointed out

(Rs in million)		
S. No	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations, principle of propriety and probity in public operation	12.682
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	0
3	Accounting Errors (accounting policy departure from NAM ⁴ , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	0
4	Quantification of weaknesses of internal control systems.	127.803
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	43.117
6	Non production of record	0
7	Others, including cases of accidents, negligence etc.	114.659
Total		298.261

⁴The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are IPSAS (Cash) compliant.

CHAPTER – 1

1.1 District Government Tor Ghar

1.1.1 Introduction

Activities of District Government are managed through offices of District Coordination Officer and Executive District Officers under Khyber Pakhtunkhwa Local Government Ordinance 2001 (LGO 2001) and Local Government Act 2012. Each group of District Offices consists of an Executive District Officer (EDO). The EDO by means of a standing order distributes the work among the officers, branches, and/or sections of each district office. Following is the list of departments which manages the activities of District Government.

1. District Coordination Officer (DCO)
2. Executive District Officer (Agriculture)
3. Executive District Officer (Community Development)
4. Executive District Officer (Education)
5. Executive District Officer (Finance and Planning)
6. Executive District Officer (Health)
7. Executive District Officer (Revenue)
8. Executive District Officer (Works and Services)

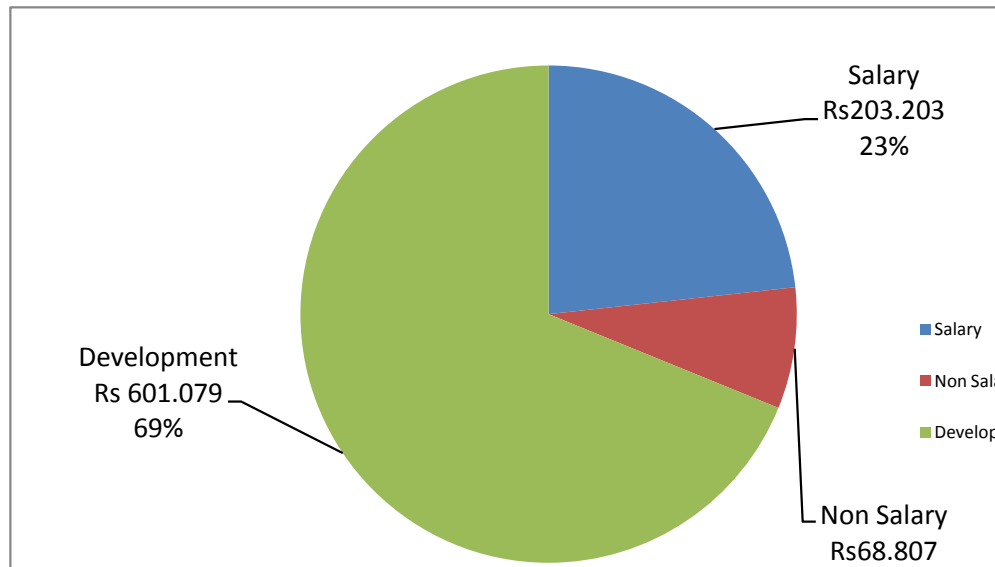
Under Section 29(k) of the Khyber Pakhtunkhwa LGO 2001, Executive District Officer (EDO) act as Departmental Accounting Officer for his respective group of offices and he is responsible to the District Accounts Committee of the Zilla Council. All departments perform functions / activities under provisions of LGO, 2001, Khyber Pakhtunkhwa District Government Rules of Business, 2001 and provisions of Local Government Act 2012.

1.1.2. Comparison of budget and expenditure 2012-13 (Variance analysis)

(Rs in million)

2012-13	Budget	Expenditure	Saving/Excess	%age Saving/Excess
Salary	240.044	203.203	36.841	15.35%
Non-salary	326.421	68.807	257.613	78.92%
Developmental	617.831	601.079	16.752	2.71%
Total	1184.296	873.089	311.206	26.28%

EXPENDITURE 2012-13



Detail is given at annexure - B

1.1.3 Compliance with PAC/ZAC directives

This is the first audit report of the District Government Tor Ghar

1.2 AUDIT PARAS

1.2.1 Non production of record

1.2.1.1 Non production of EMIS Data and reports and other record

According to Section 14(1-b) & (3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 the Auditor General has the authority to require any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to transactions to which his duties in respect of audit extend hence any person or authority hindering the auditorial functions of the Auditor General of Pakistan regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Executive District Officer (School & Literacy) Torghar did not produce Education Management Information System Data to audit for verification of the following record during 2011-12.

1. No of closed school in the district Tor Ghar.
2. No of schools with zero enrollments.
3. Schools without teaching staff.
4. Basic facilities provided in school during the year.
5. Implementation of rationalization policy of Khyber Pakhtunkhwa Government.

Due to non availability of Education Management Information System record audit was unable to know factual position of education system in Torghar District.

Similarly District Officer Revenue and Estate Torghar was requested by the audit team to provide auditable record for the financial year 2012-13. Partial record was produced and the following auditable record was not provided:

1. Record such as land compensation assessment of land owners to verify the actual claim and payments

2. Bank statement of designated bank account was also not provided and audit was unable to verify receipts as well as payment there from.

Audit observed that auditable record was not produced due to weak management control, which resulted in non verification of record.

When pointed in February 2013, Management stated that District Tor Ghar District has been established in May 2011 and no staff of EMIS had been appointed/provided. However, 1st EMIS data has been collected in October 2012 and sent to Provincial Government in February 2013.

DAC in its meeting held on 05.12.2013 directed the production of record within 15 days. No progress was intimated till finalization of this Report.

Audit recommends appropriate action against person(s) at fault under intimation to audit.

AP 68 (2011-12) & AP 35 (2012-13)

1.2.2 Irregularity and Non Compliance

1.2.2.1 Loss to Government due to allowing excess premium-Rs2.373 million

According to Finance Department Govt of Khyber pakhtunkhwa Notification No. BOI//FD 1-7/2010-11 (CSR) dated 26.03.2011, premium @ 41% is allowed on light quality GI pipe.

During financial year 2012-13, Executive Engineer (PHE) Torghar overpaid Rs 2,372,609 to contractors due to wrong calculation of premium, resulting in loss to the Government as per detail at Annex C.

The irregularity occurred due to lack of internal financial and administrative control.

When pointed out in July 2013, management stated that premium was paid in compliance with finance department No. BO/1-7/2006-07 FD CSR dated 30.12.2005.

Request for the convening DAC meeting was made in September 2013. DAC meeting could not be convened till finalization of this Report.

Reply of the management was not convincing, Recovery of whole amount should be made..

AP 04 (A/c-I) (2012-13)

1.2.2.2 Loss to Government due to allowing higher rates- Rs2.124 Million

As per CSR 2009 rate for “ Excavation as in foundation (Item No. 03-23-b) ” is Rs. 105.1/ M3 and rate for “Excavation as in open cut (Item No. 03-11-a) is Rs 267.12/M3.

Executive Engineer (C&W) Torghar over paid Rs 2,123,789 to contractors on account of allowing higher rates during the year 2012-13 as detail in Annex D.

Due to allowing higher rates Government sustained loss.

When pointed out in November 2012, Department said that the rates are paid to contractor according to site requirement and have been regularized in detail TS/Estimate.

Request for the convening DAC meeting was made in September 2013. DAC meeting could not be convened till finalization of this Report.

Reply of the management was not convincing, recovery of whole amount should be made.

AP 18 (A/c-I) (2012-13)

1.2.2.3 Unjustified payment for doubtful completion of WSS - Rs25.977 million

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

Para 209 (d) of CPWA code provides that it is the incumbent upon the person responsible for measurement of the measurement Book to record the correct and actual figures.

During 2012-13, Executive Engineer (PHE) Torghar paid Rs25.977 Million for the execution of Water Supply scheme Karor Mada Khel. The payment is held irregular and unjustified on the following grounds:

1. Progress Report for the month of April 2013 issue vide letter No. 02 AC-07 dated Torghar 06.05.2013 showed that 60% work have been completed and 40% work incomplete whereas Final Bill No. 09 TG

24.06.2013 amounting to Rs25.977 Million revealed that work was completed on 03.10.2012.

2. Vr. No. 01TG SD 04.04.2013 amounting to Rs23.04 million showed that 60% of work completed and 40% work was incomplete but on 24.06.2013 only 11% work was added to previous bill and the scheme was shown completed and final bill was drawn.
3. progress report for the month of April 2013(Photo copy attached) revealed that Physical progress on job “Supply main was 70%, Distribution System was 0% and Surface Tank 20000 gallon was 0% but final bill showed that all the work was completed on 03.10.2012, 06 months before the issuance of this progress report.
4. Final bill showed completion of work on 03.10.2012 whereas the SDO vide his letter No. 02/W-1/ dated 06.11.2012 reported to The XEN PHE Torghar that the contractor of the scheme was not serious to complete the job well in time. In spite of repeated telephonic, verbal and written directions, the matter is still as it is, while the time period has been expired on 11.10.2012.

In light of above mentioned points audit concludes that local office drew the funds against fake progress and fake MBs.

The irregularity occurred due lack of internal financial control.

When pointed out in July 2013, Management stated that proper reply would be given after scrutiny of record.

Request for the convening DAC meeting was made in September 2013. DAC meeting could not be convened till finalization of this Report.

Audit recommends detailed inquiry to ascertain the facts and action against the person(s) at fault.

AP 05 (A/c-1) (2012-13)

1.2.2.4 Non Recovery of penalty on late completion of schemes- Rs32.966 million

Clause-2 of the conditions of the Contract Agreement clearly provides that the contractor has to pay compensation @ 1 per cent per day or maximum 10% of the estimated cost day for the delay in completion of work.

During financial year 2012-13, Executive Engineer PHE Tor Ghar executed 4 Water supply Schemes with an estimated cost of Rs97.967 million which were not completed in stipulated period of time. Audit held that penalty of Rs9.796 million be imposed and recovered from the contractors concerned for late completion as per detail at Annex E.

Similarly During 2012-13, Executive Engineer C&W Tor Ghar executed various developmental schemes with an estimated cost of Rs231.702 million which were not completed in stipulated period of time. Audit held that penalty of Rs23.170 million be imposed and recovered from the contractors concerned for late completion as per detail at Annex F.

The irregularity occurred due to lack of financial management due to which Government sustained loss.

When pointed out in July 2013, Management stated that cases of time extension are under process.

Request for the convening DAC meeting was made in September 2013. DAC meeting could not be convened till finalization of this Report.

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

AP 08 & 12 (A/c-I) (2012-13)

1.2.2.5 Irregular payment of - Rs34.562 million

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

During 2012-13, Executive Engineer PHE Torghar paid Rs34.562 million to the different contractors on account of various schemes as detail below.

S. No	Vr. No & date	Amount paid (Rs in million)
1	2 TG 19 .06.2013 MB No. 402 PHE	20.840
2	5 TG 24.06.2013	6.883
3	6 TG 24.06.2013 MB No. 01/PHE	4.500
4	8 TG 24.06.2013 405/PHE	2.339
Total		34.562

Audit observed the following irregularities:

1. Work was not actually done and payment was made against the supply of G.I. Pipes.
2. Premium was granted on supply of G.I Pipes.
3. Contractors were paid for supply of pipes minus labor rates.

The irregularity occurred due to lack of internal financial and administrative control.

When pointed out in July 2013, management stated that detailed reply would be given after scrutiny of record.

Request for the convening DAC meeting was made in September 2013. DAC meeting could not be convened till finalization of this Report.

Audit recommends detailed inquiry and action against the person(s) at fault under intimation to audit.

AP 07(A/c-I) (2012-13)

1.2.2.6 Overpayment due to non deduction of 11% voids-Rs1.033 million

According to clause 20(d) of contract agreement 11% deduction of voids is required to be made on random rubble stone masonry laid dry in retaining wall and stone filling behind retaining wall.

Executive District Officer C&W Torghar during the year 2012-13 paid Rs9,394,356 for an item of work “stone boulder filling behind retaining wall” during execution of various scheme without deducting 11% voids amounting to Rs1,033,412 as per detail given below.

S.No	Name of Scheme	Voucher No.	Amount paid on stone boulder filling behind retaining wall	11% Voids not deducted
1	Const: BHU Kameser	6/E 5.6.13	276058x1.08x1.28=381622	41,978.48
2	Imp: of Thakot Darband Road 45-50	12/E 20.12.12	3319456 x 1.08 x 1.28= 4588815	504,769.8
3	Do	2E 10.01.13	1990 x 768.93 x 1.28 x 1.08 = 2115307	232,683.9
4	Do (51-54)	21/E 14.02.13	1470.66x768.93x1.08x1.28=1563265	171,959.2
5	Const: of compound wall Res: building	2/E2.4.13	701.47x768.93x1.08x1.28=745640	82,020.48
Total			9,394,356	1,033,412

The irregularity occurred due to lack of internal financial and administrative control due to which Government sustained loss.

When pointed out in July 2013, management stated that in maximum bills deductions have been made, however detail reply will be furnished after consulting the record.

Request for the convening DAC meeting was made in September 2013. DAC meeting could not be convened till finalization of this Report.

Audit suggests recovery and action against the person(s) at fault under intimation to audit.

AP 17 (A/c-I) (2012-13)

1.2.2.7 Irregular retention of Government money- Rs54.979 million

Para 209 of GFR provides, “Unless otherwise ordered by Government, every grant made for a specific object is subject to the implied conditions:

- (i) that the grant will be spent upon the object within a reasonable time, if no time limit has been fixed by the sanctioning authority and
- (ii) that any portion of the amount which is not ultimately required for expenditure upon that object, should be duly surrendered to Government”.

District Officer Revenue and Estate Torghar received Rs86,662,772 on account of land compensation of different departments out of which Rs31,683,657 were paid to the land owners and Rs54,979,115 remained undisbursed in designated bank account. Audit held that the balance amount shall be surrendered to Government. Detail is as under:

S. No	Particulars	Date	Amount received(Rs)	Disbursed (Rs)	Balance (Rs)
1	Received from police depot.	30.07.2012	50,412,772	29,953,182	20,459,590
2	Received from C&W TG on a/c of circuit house	7.05.2013	1,250,000	605,853	644,147
3	Received from C&W TG District Complex	03.04.2012	31,000,000	0	0
4	-do-	08.10.2012	4,000,000	1,124,622	33,875,378
Total			86,662,772	31,683,657	54,979,115

The irregularities occurred due to lack of financial and administrative control.

When pointed out in October 2013 Management did not submit any reply.

DAC in its meeting held on 05.12.2013 directed the production and verification of record within 15 days. No progress was intimated till finalization of this Report.

Audit suggests regularization and action against the person(s) at fault under intimation to audit.

AP 32(2012-13)

1.2.2.8 Unauthorized excess payment- Rs3.410 million

Para 23 of GFR Vol. I provides, “Every Government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence”.

During 2012-13, Deputy Commissioner Torghar overpaid Rs 3,410,000 as detail below.

S.No	Particular	Amount Rs
1	Payment made against purchase of 10 No Single Cabin Pickup	24.410.000
2	Approved cost of 10 No Single Cabin Pickup	21,000,000
Excess payment (1-2)		3,410,000

Govt. treasury sustained loss due to unauthorized excess payment of Rs3,410,000.

The irregularity occurred due to lack of financial and administrative control.

When pointed out in October 2013, Management stated that reply in detail would be submitted after verification of record.

DAC in its meeting held on 05.12.2013 directed the matter will be taken by the local Government department for clarification. No progress was intimated till finalization of this report.

Audit suggests regularization and action against the person(s) at fault under intimation to audit.

AP 28(2012-13)

1.2.2.9 Irregular drawl of PTC funds by the DDO-Rs12.682 million.

According to Director General Audit Khyber Pakhtunkhwa Letter No. F-182/Coord/Misc/PTC Funds/2010-11/8554-61 Dated 24.05.2012 and Govt. of khyber Pakhtunkhwa Elementary and Secondary Education department Letter No. ESRU/MO/1-07/PTC/2007-08/1298 Dated 28.03.2011, requires the transfer of PTC funds directly into the PTC bank account instead of designated bank account of DDO.

Executive District Officer (School & Literacy) Torghar drawn Rs12,682,000 on simple receipt on account of PTC funds out of which Rs1,466,000 were transferred to the DDO's designated bank account No. 9400 NBP Mansehra during 2011-12.

Drawl of PTC funds on simple receipt and its transfer to designated bank account of DDO is violation of the above-mentioned rules.

The irregularity occurred due to weak management control, which resulted in unauthorized drawl of fund.

When pointed in February 2013, Management stated that Rs12,682,000 were released to A/C-IV of district Torghar for petty repair and CRC through Parent Teacher Councils in the district, out of which only Rs1,466,000 were drawn while the remaining amount is available as unspent in A/C-IV. The drawn amount was deposited in designated account and then transferred to the respective accounts of the Parent Teacher Council without delay. However, it is noted for future compliance.

DAC in its meeting held on 05.12.2013 directed the production of actual payee receipts from concerned PTC of schools within 30 days. No progress was intimated till finalization of this report.

Audit recommends inquiry and fixing responsibilities against person(s) at fault under intimation to audit.

AP 69 (2011-12)

1.2.2.10 Un-necessary blockage of Government funds –Rs4.5 million

Treasury Rule 290 provides that no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not possible to draw money from the treasury in anticipation of demand or to prevent the lapse of budget.

Executive District Officer (Health) Torghar drawn Rs4,568,030 from Government treasury on account of purchase of medicines and kept the same amount in the designated bank account of the department till the date of audit. This unnecessary drawl and blockage of Government money needs justification.

The irregularity occurred due to lack of internal financial and administrative control which resulted in blockage of Government funds.

When pointed out in November 2013, Management stated that proper reply would be submitted in due course of time.

DAC in its meeting held on 05.12.2013 directed for completion of supply and imposition of penalty for late supply. No progress was intimated till finalization of this report.

Audit suggests regularization and action against the person(s) at fault under intimation to audit.

AP 44(2012-13)

1.2.3 Weak Internal Control

1.2.3.1 Irregular expenditure on execution of schemes without Technical Sanction-Rs113.659 million

Para 58 of CPWD read with para 32 of CPWA Code Volume-I provides that no work shall be executed without Administrative Approval / Technical Sanction and Budget allotment.

Xen C&W Torghar paid Rs47.904 million for the execution of a number of developmental schemes during the year 2012-13 without obtaining technical sanction. Execution of developmental schemes in violation of above mentioned criteria is held unauthorized and irregular as per detail at Annex G.

Similarly, Xen PHE Torghar paid Rs65.755 million for the execution of a number of developmental schemes during the year 2012-13 without obtaining technical sanction. Execution of developmental schemes in violation of above mentioned criteria is held unauthorized and irregular as per detail at Annex H.

The irregularity occurred due to lack of internal control.

When pointed out in August 2013, Management stated that Technical Sanctions are under process and intimate to audit in due course.

Request for the convening DAC meeting was made in September 2013. DAC meeting could not be convened till finalization of this Report.

Audit recommends obtaining of Technical Sanctions immediately, practice of execution of work without obtaining Technical sanction should be discontinued and action against the person(s) at fault.

AP 11 & 10A (A/c-I) (2012-13)

1.2.3.2 Unjustified payment to contractor- Rs2.463 million

Para 23 of GFR Vol. I provides, "Every Government officer should realize fully and clearly that he would be held personally responsible for any loss

sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence”.

Executive Engineer C&W Tor Ghar paid Rs2,463,132 to contractors during financial year 2012-13 for carriage of 4366.40 tons of asphalt from plant to site @ Rs5.35 per ton per Km for 88 Km in a work “Imp.widening & B/toppin of Thakot darband road 45-54Km as detailed below:

S.No	Work	Vr. No./date	Contractor	Qty	lead	Rate	Amount (Rs)
1	Imp.widening & B/toppin of Thakot darband road 45-50Km	2-E/10.01.2013	M/S Naik Muhammad	2376.51	78	5.33	988,010
2	Imp.widening & B/toppin of Thakot darband road 51-54Km	21-E/14.02.2103	M/S Mehboob ali	1989.89	78	5.35	830,381
S.Total				4366.4			1,818,391
	Add 8% factor cost						145,471
	Add 28% premium on 830,381						232,507
	Add 27% preium on 988,010						266,763
Grand total							2,463,132

Audit is of the view that asphalt could not be transferred for 88Km and then used properly, which needs justification.

The irregularity occurred due to lack of internal control.

When pointed in August 2013, Management stated that detail reply would be submitted after scrutiny of record.

Request for the convening DAC meeting was made in September 2013. DAC meeting could not be convened till finalization of this Report.

Audit suggests recovery and action against the person(s) at fault under intimation to audit.

AP 24 (A/c-I) (2012-13)

1.2.3.3 Non-utilization/blockage of funds- Rs1.211 million

Para 12 of GFR provides, "A controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided".

Executive Engineer C&W Torghar received Rs1,211,000 from Xen C&W Mansehra in September 2011 on account of balance fund for repair of office building (Lively office) as is evident from the S/No. 2/2 of Deposit-III register as well as form CPWA-65 and schedule of deposit-III for the month of 06/2013. The local office did not utilize the same till the end of June 2013. Furthermore, Agreement, work order, TS and PC-1 etc. were not available to verify the facts and figures in respect of date of commencement and completion. Audit held that funds allotted were not utilized which resulted in blockage of Government money.

Non-utilization of fund occurred due to non-observance of Government rules.

When pointed out in July-August 2013, the amount will be surrendered to concerned agency as the scheme has already been completed by C&W Mansehra.

Audit suggests regularization and action against the person(s) at fault under intimation to audit.

AP 22(A/c-I) (2012-13)

1.2.3.4 Irregular expenditure of Rs1.00 million on account of repair and maintenance

The Para 191 of GFR requires all original works and special repairs costing more than Rs25,000 relating to buildings and other works the administrative control of which vests in other civil departments should be executed through the agency of the public works department as a deposit works.

In the office of EDO (E&S) Education Torghar during 2011-12 it was observed that Rs1.00 million were incurred for Construction/special repair and maintenance of schools as detail below.

S. No	Name of School	Simple Receipt No	Vr. No	Amount (million)
1	GPS Kander Tarum	1300 17.06.13	507 Tg	0.500
2	GPS Torum	-do-	-do-	0.500
Total				1.000

Audit held:

- 1 Funds were granted to School teachers/PTC instead of Works & Services department.
- 2 PC-I/scope and technical sanction of work was not available in the office.
- 3 Expenditure was incurred without measuring the work executed. No MB was maintained.
- 4 The work was executed in piece meal fashion without wide publicity to get economical rates through healthy competition
- 5 Record of expenditure was not maintained.
- 6 The local office had no technical competency to execute the work.
- 7 PC-IV completion report was not available.

In light of the above shortcomings the payment is held irregular and chances of misappropriation cannot be ruled out.

The irregularity occurred due to lack of internal control.

When pointed out in August 2013, management stated that it was tied grant for expenditure through PTC instead of Communication and Works Department. As per instructions no technical formalities and procedure was applicable for the same grant.

DAC in its meeting held on 05.12.2013 directed the verification and regularization of matter. No progress was intimated till finalization of this report.

Audit suggests investigation, fixing responsibility and immediate corrective measures under intimation to audit.

AP 08(2012-13)

1.2.3.5 Unjustified/irregular payment against non-BOQ items of work- Rs5.322 million

Para 56 of CPWD Code, if subsequent to the grant of technical sanction, material structural alterations are contemplated, orders of the original sanctioning authority should be obtained, even though no additional expenditure may be involved by the alterations.

Chief Engineer (EQAA) C&W Department Khyber Pakhtunkhwa, vide his letter No. 913/8-C dated 17.03.2102 states, “no deviation from the approved scope of work shall be made”.

Executive Engineer C&W Torghar paid Rs5,321,808 to contractors for the execution of non-BOQ items of work in violation of above mentioned rule which is held irregular as per detail at Annex I.

The irregularity occurred due weak internal control.

When pointed out in July-August 2013, management stated that detail reply would be furnished after consultation of record.

Request for the convening DAC meeting was made in September 2013. DAC meeting could not be convened till finalization of this Report.

Audit suggests regularization and action against the person(s) at fault under intimation to audit.

AP 20(A/c-I) (2012-13)

ANNEXURE

Annex-A

Detail of MFDAC Paras

(Rs in million)

S. No	AP No	Department	Caption	Amount
1	1	PHE	Un-authentic expenditure on account of Pay and Allowances during the absent period	0.03
2	4	PHE	Un-authorized payment on account of Transfer grant	0.03
3	10	Education	Loss to Government due to less-deduction of Sales tax	0.05
4	14	C&W	Un-Authorized Payment of Conveyance Allowance	0.08
5	31	Revenue & Estate	Irregular Payment of TA/DA	0.17
6	33	Revenue & Estate	Recovery of Conveyance Allowance	0.06
7	34	Revenue & Estate	Unauthorized payment on account of Honoraria	0.1
8	59 (11-12)	Revenue & Estate	Excess payment of on account of conveyance allowance	0.06
9	61 (11-12)	Revenue & Estate	Excess payment of daily allowance and hotel charges	0.05
10	67 (11-12)	Education	Un-authorized payment of conveyance allowance	0.52
11	74 (11-12)	Education	Loss to Government due to non collection of student's funds	0.12
Total				1.289

**EDO Wise Expenditure Summary
District Torghar 2012-13**

S. No	Department	Salary	Non Salary	Total Expenditure	%age
1	General Administration	5,778,370	28,006,239	33,784,609	3.870%
2	Finance	2,629,510	3,680,565	6,310,075	0.723%
3	Revenue & Estate Dept.	5835935	1,480,591	7,316,526	0.838%
4	Excise & Taxation	1,074,330	706,478	1,780,808	0.204%
5	Education	151,521,644	8,576,673	160,098,317	18.337%
6	Health	18,075,282	5,824,926	23,900,208	2.737%
7	Works & Services	7,524,564	3,913,169	11,437,733	1.310%
8	Works & Services (Road Repair)	0	7,356,806	7,356,806	0.843%
9	Public Health Engineering	3,217,079	1,422,181	4,639,260	0.531%
10	Local Government Dept.	487,397	0	487,397	0.056%
11	Agriculture	2,038,015	1,849,794	3,887,809	0.445%
12	Animal Husbandry	3,748,746	2,589,874	6,338,620	0.726%
13	Social Welfare	0	1,182,134	1,182,134	0.135%
14	Population Welfare	1,272,446	2,218,263	3,490,709	0.400%
Total Current Expenditure		203,203,318	68,807,693	272,011,011	0.310%
Percentage		23%	8%	31%	
Developmental Expenditure				601,079,718	69%
Grand Total				873,090,729	100

Detail of excess premium

(Amount in Rs)

S. No	Scheme	GI pipe executed	Amount	Premium @41%	Premium paid	Overpayment
1	WSS Bimbal Bilani Bill No. 04 Tg 24.06.13	3' dia	676,941			
	-do-	2.5' dia	862,,300			
	-do-	2' dia	2,481,077			
	-do-	1.5' dia	685,648			
	-do-	1.25' dia	186,944			
	-do-	1' dia	249,899			
	-do-	0.75' dia	590,584			
	S. Total		4,872,255	1,997,624	3,461,384	1,463,760
2	WSS Karoor Madakhel Bill No. 09 Tg 24.06.13 Supply Main	3'' dia	11,639,319	4,772,120	5,680,969	908,849
Grand total			16,511,574	6,769,744	9,142,353	2,372,609

Annex- D**Detail of higher rates payment****(Amount in Rs)**

Name of Work	Voucher No.	Item	Rate paid Rs/M3	Rate Allowed Rs/M3	Difference	Qty M3	Overpayment
Construction: Secretariat Building	35/E 19.06.13	Excavation as in foundation 03.23.b	220.1	105.1	115	6863.04	789250
Construction: Rest house	14/E 05.06.13	-do-	187.2	105.1	82.1	4784.22	392784
-do-	-do-	Excavation as in open cut sot rock 03.11.a	341.17	267.12	74.05	4784.22	354271
Total							1536306
Factor Cost 8%							122904
Sub Total							1659210
Premium 28%							464579
Grand Total							2123789

Annex- E**Detail of penalty on late completion of schemes (PHE)****(Rs in million)**

S.No	Name of Scheme	Est. Cost	Date of commencement	Req: date of completion	Actual Completion	Penalty @ 10%
1	Water Supply Sch: Bilyani Bimbal	15.390	24.01.12	24.01.13	17.06.13	1.539
2	WSS Karoor Madakhel	25.978	12.10.11	12.10.12	In progress as per SDO Letter attached	2.597
3	Sanitatioan Sch; Judbah	22.532	15.06.12	15.06.13	In progress	2.253
4	WSS Maira Akazai	34.067	15.06.12	15.06.13	In progress	3.4067
Total		97.967				9.7957

Annex- F**Detail of penalty on late completion of schemes (C&W)****(Rs in million)**

S. No	Name of Scheme	Est. Cost	Date of commencement	Req: date of completion	Actual Completion	Penalty @ 10%
1	Reconstruction of GHS Kalsona	9.095	13.07.12	12.07.13	In progress	0.909
2	GGPS Lakwal	6.50	13.07.12	12.07.13	In progress	0.65
3	Construction type V quarter at THQ Kander	11.762	20.03.12	19.03.13	In progress	1.176
4	Construction of GMS Shattal	9.996	13.07.12	12.07.13	In progress	0.999
5	Improvement and widening of Thakot Darband Road 45-50 KM	92.829	23.12.11	23.12.12	In progress	9.283
6	Improvement and widening of Thakot Darband Road 51-54 KM	101.520	19.12.11	18.12.12	In progress	10.152
Total		231.702				23.170

Annex-G**Detail of schemes without TS (C&W)****(Rs in million)**

S.No	Name of Scheme	A.A Cost	Expenditure upto date	Remarks
1	Construction of Rest House at Judbah	37.0	5.594	TS not obtained
2	Construction of District Secretrait	30.731	15.025	Do
3	Constr: of Tehsil Head Qaurter KANDER Office	56.658	42.873	Do
4	Constr: of Tehsil Head Qaurter KANDER Residency	72.635	39.195	Do
5	Cont: Type V Quarter at Kander	12.460	5.934	Do
6	Const: Residentail building at THQ Kander	39.703	27.181	Do
7	Contr: of Sub Tehsil Office Mara Mada Khel	41.444	2.434	Do
8	Contr: Shingle Road from Kunhary to Chapra	35.69	14.023	Do
9	Contr: Shingle Road from karor to Maira nadrey	42	19.318	Do
10	Impr; widening of Road from Shungli bandy to gavey 6-10 KM	96.090	33.166	Do
11	Impr; widening of Road from Shungli bandy to gavey Tilli 16 TO 20 KM	99.15	22.362	Do
12	Repr and Rehbilitation of Thakot Darband Road			Do
13	Major BHU Darbani	11.064	4.631	Do
14	Recons: of BHU Kamsher	49.802	18.319	Do
15	Recons: of BHU Shnaglidar	59.613	15.238	Do
16	Const: of new BHU Kander	57.590	9.716	Do
Total			47.904	

Annex-H**Detail of schemes without TS (PHE)****(Rs in million)**

S.No	Name of Scheme	Cost	Expenditure upto date	Remarks
1	Water Supply Scheme Bilani Bimbal	14.991	15.390	TS not obtained/Signed
2	Water Supply Scheme Darbani Mashkot	16.00	9.032	Do
3	Drinking Water Supply arrangement for the office and Distt; Head Quarter at Judbah	2.957	2.179	Do
4	Water Supply Scheme Judbah Phase-	46.905	20.850	TS not obtained
5	Sanitation Scheme Kunder Hasan Zai	17.360	5.498	TS not obtained
6	Water Supply Scheme Mara Mada Khel	17.133	7.482	TS not obtained
7	Construction of Shingle Road Zawar banda to Dilo bala Phase-11	2.0	1.2	TS not obtained
8	Pavement of street Kunhar Sharif	1.00	0.8	TS not obtained
9	Pavement of street Mareer Hasan Zai Phase-II	0.8	0.555	TS not obtained
10	Pavement of street Palosia Sydian	1.00	0.649	TS not obtained
11	Construction of 10 No latrines at Kunhar Sharif	1.5	0.893	TS not obtained
12	Construction of 10 No latrines at Khadang Dilayari	1.5	0.628	TS not obtained
13	Pavement of street Bimbal Akazai	0.8	0.599	TS not obtained
Total		123.946	65.755	

Annex-I**Detail on non BOQ items****(Amount in Rs)**

S.No	Nome of work	V.No./date	item of work	Quantity	Rate	Amount	C.F + Premium	Total amount
1	Type V Qtr. THQ Kandar	10-E/05.06.13	S/F of Steel windows with steel chowkates	1088.3	353	384,152	138,295	522,447
2	Bachelor hostel	13-E/05.06.13	PCC 1:3:6 as in mass concrete using 50% bolder s	197.67	2211	437,048	157,337	594,386
3	Bachelor hostel	13-E/05.06.13	executing & removing formwork to concrete in any shape	996.73	306.6	305,587	110,011	415,599
4	Const. of Rest house judba	14-E/05.06.13	Execution in open cut soft rock	4784.1	341.2	1,632,195	587,590	2,219,785
5	Const. GMS Shatal	18-E/06.06.13	Rock 50% excluding dressing	485.56	341.7	165,901	59,724	225,626
6	Const. GMS Shatal	18-E/06.06.13	RR masonry as in r/wall	310.27	3185	988,210	355,756	1,343,966
Total						3,913,094	1,408,714	5,321,808