



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
DISTRICT GOVERNMENT  
TANK  
AUDIT YEAR 2012-13**

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**AUDITOR GENERAL OF PAKISTAN**

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## **ABBREVIATIONS AND ACRONYMS**

AA	Administrative Approval
AP	Advance Para
AOM&R	Annual Ordinary Maintenance and Repair
BOQ	Bill of Quantity
CPWA Code	Central Public Works Account Code
CPWD Code	Central Public Works Department Code
CSR	Composite Schedule of Rate
CTR	Central Treasury Rules
C&W	Communication and Works
DAC	Departmental Accounts Committee
DAO	District Account Officer
DO	District Officer
DCO	District Coordination Officer
DG	Director General
DHQ	District Headquarter
EDO	Executive District Officer
F&P	Finance and Planning
GFR	General Financial Rules
HRA	House Rent Allowance
KPK	Khyber Pakhtunkhwa
MB	Measurement Book
MS	Medical Superintendent
PAC	Public Accounts Committee
PC-I	Planning Commission Proforma-1
PDMA	Provincial Disaster Management Authority
PHE	Public Health Engineering
RDA	Regional Directorate of Audit
TS	Technical Sanction
WSS	Water Supply Scheme
XEN	Executive Engineer
ZAC	Zilla Accounts Committee

## **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 and Section-115 of the Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended) 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, Tank for the financial year 2010-11 and 2011-12. The Director General of Audit, District Governments, and Khyber Pakhtunkhwa conducted audit during 2012-13 on test check basis with a view to reporting significant findings to the 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 discussion in 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 transmission to the appropriate legislative forum.

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) D.I.Khan, on behalf of the DG District Governments Audit, Khyber Pakhtunkhwa carries out the audit of two District Governments namely D.I. Khan and Tank. This Regional Directorate has a human resource of 05 officers and staff, a total of 1515 man days. The annual budget amounted to Rs6.85 million. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of programmes/ projects.

District Government, Tank conducts its operations under Khyber Pakhtunkhwa Local Government Ordinance, 2001 (as amended). It comprises one Principal Accounting Officer (PAO) covering seven groups of offices i.e. Finance & Planning, Revenue, Works & 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 the District Nazim/Administrator in the form of budgetary grants as per Government of Khyber Pakhtunkhwa, Local Government and Rural Development Department notification No. SO(E-I)E&AD/9-49/2010 dated 20<sup>th</sup> February 2010.

Administratively, District Tank consists of one Tehsil namely Tank. District Administration comprises Zilla Nazim/District Administrator and District Coordination Officer.

### **a. Audit Objectives**

Audit was conducted to ensure that:

1. Moneys shown as expenditure in the accounts were authorized for the purpose for which they were spent.
2. 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 accountal 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 Tank for the financial year 2011-12, was Rs1,017.818 million covering one PAO and 51 formations. Out of this, Regional Directorate Audit (RDA) D.I. Khan audited expenditure of Rs262.712 million which, in terms of percentage, is 21% of total expenditure. Five formations were planned and 100% achievement against the planned activities was made.

**d. Receipts audited**

The receipts of District D.I.Khan for the financial year 2011-12, were Rs1.127 million. Out of this, RDA D.I.Khan audited receipts of Rs1.127 million which, in terms of percentage, is 100% of auditable receipts.

**e. Recoveries at the instance of audit**

Recovery of Rs61.343 million was pointed out during the audit. However, no recovery was effected till the finalization of this report. The recoveries pointed out were not in the notice of the executive before audit.

**f. Desk Audit**

The audit year 2012-13 witnessed intensive application of desk audit techniques in RDA. This was facilitated through SAP connectivity, 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 the identification of high risk areas for substantive testing in the field.

**g. Changes in Rules, Practices and Systems**

On pointation of audit, the management of the District Government 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 case amounting to Rs278 million.<sup>1</sup>
- ii. Irregularities and non compliance were noted in three cases amounting to Rs54.296 million.
- iii. Lack of internal control system noted in eight cases amounting to Rs150.372 million.<sup>3</sup>

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1 Para 1.2.1.1,  
2 Para 1.2.2.1, 1.2.2.2, 1.2.2.3  
3 para 1.2.3.1, 1.2.3.2, 1.2.3.3, 1.2.3.4, 1.2.3.5, 1.2.3.6, 1.2.3.7, 1.2.3.8

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

**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. Strenuous efforts need to be made by the departments to recover long outstanding dues on account of water charges.
- iii. All sectors of District Government need to strengthen internal controls i.e. financial, managerial, operational, administrative and accounting controls etc to ensure that reported lapses are preempted and fair value for money is obtained from public spending.
- iv. Deduction of taxes on supplies and contracts needs to be ensured.
- v. Unspent balances/lapsed deposits need to be deposited into treasury.
- vi. Inquiries need to be held to fix responsibility for losses, irregular payments and wasteful expenditure.
- vii. Decisions taken in DAC meetings need to be implemented.



## SUMMARY TABLES & CHARTS

**Table 1: Audit Work Statistics** (Rs in million)

S.No	Description	No.	Budget
1	Total Entities (PAO) in Audit Jurisdiction	01	1,017.818
2	Total formations in audit jurisdiction	51	1,017.818
3	Total Entities(PAO) Audited	01	262.712
4	Total formations Audited	05	262.712
5	Audit & Inspection Reports	05	262.712
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

**Table 2: Audit observation Classified by Categories** (Rs in million)

S.No.	Description	Amount Placed under Audit Observation
1	Unsound asset management	-
2	Weak financial management	54.296
3	Weak Internal controls relating to financial management	150.372
4	Others	278.00
	<b>Total</b>	<b>482.668</b>

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

S#	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year	Total last year
1	Outlays Audited		18.750	1.127	243.962	262.712	236.861
2	Amount Placed under Audit Observation /Irregularities of Audit	-	127.918		354.75	482.668*	189.384
3	Recoveries Pointed Out at the instance of Audit	-	48.029	-	-	48.029	41.468
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-
5.	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

\* The amount placed under audit observation pertains to 2010-11 & 2011-12.

**Table 4: Table of Irregularities pointed out (Rs in million)**

<b>S.No.</b>	<b>Description</b>	<b>Amount Placed under Audit Observation</b>
1	Violation of Rules and regulations, principle of propriety and probity in public operation	6.267
2	Report cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from NAM <sup>1</sup> , 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.	-
4	Quantification of weaknesses of internal control systems.	150.372
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	48.029
6	Non-production of record	278.00
7	Others, including cases of accidents, negligence etc.	-
	<b>Total</b>	<b>482.668</b>

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<sup>1</sup> The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are based on IPSAS (Cash).

## CHAPTER 1

### 1.1 District Government Tank

#### 1.1.1 Introduction

Activities of District Governments are managed through offices of District Coordination Officer and Executive District Officers under Khyber Pakhtunkhwa Local Government Ordinance 2001 (LGO 2001). District Offices are headed by Executive District Officers (EDOs). 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 offices which manage 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 be responsible to the District Accounts Committee of the Zilla Council. All departments perform functions / activities under provisions of LGO, 2001 and Khyber Pakhtunkhwa District Government Rules of Business, 2001.

#### 1.1.2 Comments on Budget and Expenditure (Variance Analysis)

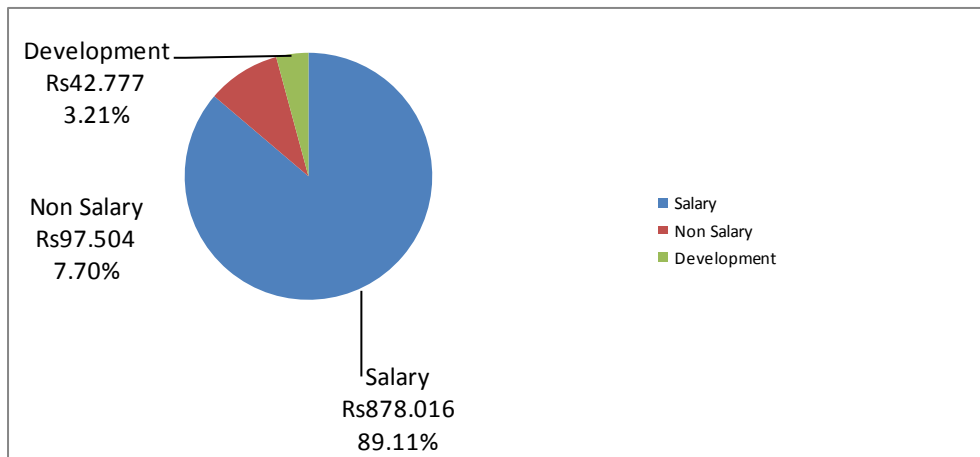
(Rs in million)

2010-11	Budget	Expenditure	Saving/Excess
Salary	1,108.812	878.016	-230.796
Non-salary	99.312	97.504	-1.808
Developmental	42.884	42.777	0.107
<b>Total</b>	<b>1,251.008</b>	<b>1,017.818</b>	<b>-233.190</b>

A budget of Rs1251.008 million was allocated, against which an expenditure of Rs1017.818 million was incurred by the District Government, Tank with a saving of Rs233.190 million during 2011-12.

### EXPENDITURE 2011-12

(Rs in million)



Detail is given at Annex-B

### 1.1.3 Brief comments on the status of compliance with ZAC / PAC Directives

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

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

## 1.2 AUDIT PARAS

### 1.2.1 Non production of record

#### 1.2.1.1 Non production of record-Rs278.00 million

According to Para 17 of GFR Vol-I read with section 14(3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, no such information nor any books or other documents, to which the Auditor General has a statutory right of access, may be withheld from Audit.

XEN C&W Tank awarded various contracts pertaining to restoration of flood damages and construction of Suheli Bridge for Rs278,000,000 during 2011-12 (as detailed below). The tender documents, agreements and contractors documents were not produced to audit for verification.

S.No.	Name of work	Cost of Contract (Rs)
1	Kaur Daraban road	11,886,000
2	Tank Uumer Ada Road KM-7 to KM-9	15,353,000
3	Tank Uumer Ada Road KM-1 to KM-6	18,546,000
4	Pai Draki link Rad KM-8 to KM-14	23,863,000
5	Pai Daraki link Rad KM-1 to KM-7	22,788,000
6	Pezu Tank Road KM-31to KM-37	15,835,000
7	Pezu Tank Road KM-24to KM-30	32,990,000
8	Pezu Tank Road KM-1 to KM-23	20,708,000
9	Suheli Bridge	116,031,000
<b>Total</b>		<b>278,000,000</b>

Audit observed that non production of record was due to non compliance of Government rules, which resulted in non verification of record.

When reported in November 2012, Management stated that detailed reply would be given later on. No progress was intimated till finalization of this Report.

Request for the convening of DAC meeting was made on 30.11.2012. DAC meeting was not convened till finalization of this Report.

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

AP 101 (2011-12) A/C-I

## **1.2.2 Irregularities and Non compliance**

### **1.2.2.1 Non imposition of penalty due to late completion of works -Rs26.715 million**

According to Para 2.40(v) of the B&R Code, a revised sanction may be obtained when the work is not completed in time. Moreover according to Clause-2 of the Contract Agreement, the contractor shall pay compensation amount equal to 1% of the estimated cost for every day that work remains incomplete and the entire amount of compensation shall not exceed 10% of estimated cost.

XEN C&W Tank paid Rs267,159,270 to various contractors during 2011-12. The works were not completed within a stipulated time and thus penalty @ 10% amounting to Rs26,715,927 was required to be imposed and recovered from the contractors, which was not done.

Audit observed that penalty not recovered due to non compliance of Government rules, which resulted in loss to Government.

When reported in November 2012, Management stated that detailed reply would be given later on. No progress was intimated till finalization of this Report.

Request for the convening of DAC meeting was made on 30.11.2012. DAC meeting was not convened till finalization of this Report.

Audit recommends fixing responsibility and recovery of penalty amount under intimation to Audit.

AP 102 (2011-12) AC-I

**1.2.2.2 Excess payment over and above the contract agreements  
-Rs21.314 million**

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

XEN C&W Tank paid Rs213,113,890 to various contractors in various works in the scheme “Construction of DHQ Hospital Tank” over and above the contract agreements as detailed below.

<b>S No</b>	<b>Sub Work Name</b>	<b>Contract Value (Rs)</b>	<b>Payment (Rs)</b>	<b>Overpayment (Rs)</b>
1	Construction of Main Building of DHQ Hospital Tank	120,000,000	129,813,615	9,813,615
2	construction of water supply and sanitary installation of DHQ Hospital Tank	1,574,000	7,649,156	6,075,156
3	construction of overhead tank in DHQ Hospital Tank	4,760,541	1,700,000	3,060,541
4	construction of 4 No Cat-iv qtrs In DHQ Hospital Tank	8,017,578	5,653,000	2,364,578
<b>Total</b>		<b>134,352,119</b>	<b>144,815,771</b>	<b>21,313,890</b>

Audit observed that overpayment was made due to weak internal control, which resulted in loss to Government.

When reported in November 2012, Management stated that detailed reply would be given later on. No progress was intimated till finalization of this Report.

Request for the convening of DAC meeting was made on 30.11.2012. DAC meeting was not convened till finalization of this Report.

Audit recommends fixing responsibility on person(s) at fault and recovery of excess amount under intimation to Audit.

AP 103 AC-I (2011-12)



### 1.2.2.3 Loss to Government -Rs6.470 million

As per NIT name of contractor will be sent for black listing if he offered a bid and then refused to execute the contract.

XEN C&W Tank advertised contract for the “Construction of Ama Khel Mulazai Road KM-1 to KM-6” and different contractors offered lower rates but later on, contractors refused to start works. Though their earnest money was forfeited without black listing their names and recovery of heavy loss of Rs6,267,958 which occurred due to awarding of contract to other contractor at higher rates as detailed below.

S.No.	Name of work	Rates offered previously 1 <sup>st</sup> time (%) a	Rates accepted at 2 <sup>nd</sup> time (%) b	Difference (%) (a-b) c	Contract value (Rs) d	Loss (Rs) (d*c/100) e
1	Constt. of Ama Khel Mulazai Road KM-1to KM-2	21.95 below	9.999 below	11.951	23,112,000	2,762,115
2	Constt. of Ama Khel Mulazai Road KM-3to KM-4	17 below	9.999 below	7.001	21,299,000	1,491,143
3	Constt. of Ama Khel Mulazai Road KM-5 to KM-6	19 below	9.999 below	9.001	24,625,000	2,216,496
<b>Total</b>						<b>6,469,754</b>

Audit observed that Government sustained a loss due to weak internal control, which resulted in loss to Government.

When reported in November 2012, Management stated that detailed reply would be given later on. No progress was intimated till finalization of this Report.

Request for the convening of DAC meeting was made on 30.11.2012. DAC meeting was not convened till finalization of this Report.

Audit recommends fixing responsibility on person(s) at fault and recovery of loss under intimation to Audit.

AP 114 (2011-12) AC-I

### **1.2.3 Internal Control Weaknesses**

#### **1.2.3.1 Irregular retention of public money –Rs63.04 million**

According to Para-290 of CTR Vol-I, drawl of money in advance from Government Treasury is prohibited unless it is required for immediate disbursement.

MS DHQ Hospital, Tank issued supply orders for ambulances, medical equipments and furniture of Rs63,041,060 (detail at Annex-E) to various contractors during 2011-12. The entire supply was not made till the close of Audit on 24.7.2012 and the amount retained in the designated bank account.

Audit observed that irregularity occurred due to weak internal control, which resulted retention of public money unnecessarily.

When reported in July 2012, Management stated that supply orders were issued at the end of June, 2012 and supply would be made within two months. No progress was intimated till finalization of this Report.

Request for the convening of DAC meeting was made on 11.09.2012. DAC meeting was not convened till finalization of this Report.

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

AP 87 (2011-12) A/C-I

### **1.2.3.2 Unauthorized allocation of funds -Rs6.107 million**

According to Para-12 of GFR Vol-I, a Controlling Officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

EDO (F&P) Tank released Rs6,107,800 to W&S Department under head M&R Buildings and Roads during 2010-11, whereas Provincial Government did not provide any funds through District Account-IV under the mentioned head.

Audit observed that unauthorized release of funds was made due to weak financial control, which resulted in unauthorized allocation of funds.

When reported in August 2012, Management stated that relevant proof would be provided in due course of time. No proof was provided till finalization of this Report.

The DAC in its meeting held on 18.12.2012, decided to keep Para stand for verification of record with in seven days. No progress was intimated till finalization of this Report.

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

AP 202 (2010-11)

### **1.2.3.3 Unauthorized award and execution of contracts -Rs33.16 million**

According to S.No.21.3 under Special Powers to Certain Departments of Delegation of Financial Powers Rules 2001, Superintendent Engineer is empowered to accept and approve tenders up to Rs10 million and XEN up to Rs2 million.

XEN PHE Division, Tank awarded and executed various contracts of Water Supply Schemes worth Rs33,163,000 beyond the powers delegated to him during 2011-12. Detail at Annex-F.

Audit observed that unauthorized execution of works occurred due to weak internal control, which resulted in unauthorized allocation of funds.

When reported in August 2012, Management stated that relevant record would be provided in due course of time. No record was produced till finalization of this Report.

Request for the convening of DAC meeting was made on 11.09.2012. DAC meeting was not convened till finalization of this Report.

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

AP 89 (2011-12) A/C-I

#### 1.2.3.4 Illegal award of contracts –Rs19.002 million

According to Terms & Conditions of NIT, Tender Forms for installation of Tube Wells will be issued to those contractors who will be pre-qualified and possess registration or renewal of drilling works for the year 2011-12.

XEN PHE Division Tank awarded various contracts for installation of new tube wells for Rs19,002,000 to those contractors who were neither pre-qualified with PHE Department nor possessed registration or renewal certificates of drilling works for the year 2011-12, as detailed below.

S.No	Name of Contract	Name of Contractor	Cost of Contract (Rs)
1	Construction of 100 No. Water Supply Schemes in KPK SH: Installation of Tube Well-WSS-Diyal	M/S Noor Shahzadin	3,379,000
2	Rehabilitation/ Restoration of Flood Damages of WSS in District Tank. SH: Installation of Tube Well-1 in Memriz Hathala.	M/S Noor Shahzadin	3,379,000
3	SH: Installation of Tube Well-2 in Memriz Hathala	M/S Noor Shahzadin	2,131,000
4	Rehabilitation of existing/ old VDOs Water Supply Schemes in District Tank. SH: Installation of Tube Well at Garra Pather.	M/S Abdul Wahab	2,491,000
5	SH: Installation of Tube Well at Chadhrar,	M/S Aftab Ahmed	2,491,000
6	SH: Installation of Tube Well at Muhammad Akbar.	M/S Khan Brothers	2,640,000
7	SH: Installation of Tube Well at Toran.	M/S Noor Alam	2,491,000
<b>Total</b>			<b>19,002,000</b>

Audit observed that contracts were awarded illegally due to weak internal control, which resulted in unauthorized allocation of funds.

When reported in August 2012, Management stated that the relevant record would be produced. No progress was intimated till finalization of this Report.

Request for the convening of DAC meeting was made on 11.09.2012. DAC meeting could not be convened till finalization of this Report.

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

AP 90 (2011-12) A/C-I

### **1.2.3.5 Unauthorized release of M&R funds -Rs18.75 million**

According to Govt. of Khyber Pakhtunkhwa Finance Department Notification No. BOI/2-7/2005-06/FD dated 23.6.2006 PC-Is for M&R works of Rs500,000 and above require the approval of DDC and while PC-Is for AMM&R works of below Rs500,000 will be approved by the DCO concerned. PC-Is in accordance with approved Annual Plan and be properly approved/ reviewed by the DDC. Moreover as per Para-63 (5) of Government of KPK Budget Rules-2003, no lump sum provisions shall be made in the budget, unless it can be explained.

EDO (F&P) Tank released Rs12,646,000 and Rs6,107,800 for M&R of roads and buildings to W&S Department without approval of PC-Is/ Cost Estimates from DDC and approved Annual Plan during 2010-11. Moreover, lump sum funds were released without reviewing scope / PC-I of the repair works.

Audit observed that unauthorized releases were made due to weak financial control, which resulted in violation of Government rules.

When reported in August 2012, Management stated that the relevant record would be produced. No progress was intimated till finalization of this Report.

The DAC in its meeting held on 18.12.2012, directed to keep Para stand for verification of record with in seven days. No progress was intimated till finalization of this Report.

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

AP 201 (2010-11)

### **1.2.3.6 Unauthorized purchase of stabilizers –Rs5.2 million**

According to S.No.21.4 under Special Powers to Certain Departments of Delegation of Financial Powers Rules 2001, Administrative Department is vested with full powers for the purchase of tools and plants while Chief Engineer is empowered to sanction expenditure up to Rs2,000,000. Moreover according to Para 148 of G.F.R Vol-I, all material received should be examined, counted, measured or weighted and should be taken on stock register.

XEN PHE Division Tank paid Rs5,200,000 on purchase of 26 Automatic Voltage Stabilizers without obtaining sanction for incurrence of expenditure from the competent authority. Moreover, voltage stabilizers were neither taken on stock registers of respective water supply schemes nor issued from the main stock register nor acknowledged by the recipients besides the same items were not available till date of Audit i.e. 17-8-2012.

Audit observed that unauthorized expenditure incurred due to weak internal control, which resulted in violation of Government rules.

When reported in August 2012, Management stated that the stock registers and other relevant record would be produced to audit. No record was produced till finalization of this Report.

Request for the convening of DAC meeting was made on 11.09.2012. DAC meeting was not convened till finalization of this Report.

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

AP 93 (2011-12) A/C-I

### **1.2.3.7 Unauthorized expenditure -Rs2.710 million**

According to Para 2.54(2) of the B&R Code, estimates for annual repair of road and building should be scrutinized and passed by the Superintending Engineer and stereotyped.

XEN C&W Tank paid Rs2,710,000 on executing various works of M&R without obtaining Technical Sanction from the competent authority during 2011-12.

Audit observed that unauthorized expenditure was made due to weak internal control, which resulted in violation of Government rules.

When reported in November 2012, Management stated that detailed reply would be given later on. No progress was intimated till finalization of this Report.

Request for the convening of DAC meeting was made on 30.11.2012. DAC meeting was not convened till finalization of this Report.

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

AP 254 (2011-12)



**1.2.3.8 Unauthorized purchase & issuance of medicine  
-Rs2.403 million**

According to S.No.5 (ii) of Delegation of Financial Powers Rules 2001, DO Live Stock being an Officer of Category-III, can accord sanction to incur expenditure on local purchase of other stores items up to Rs20, 000.

District Officer Live Stock Tank paid Rs2,403,949 on purchase of medicines under head “Cost of other stores” without obtaining sanction from the competent authority during 2009-10 & 2010-11.

Audit observed that unauthorized expenditure was incurred due to weak internal control, which resulted in violation of Government rules.

When reported in May 2012, Management stated that detailed reply would be given later on. No progress was intimated till finalization of this report.

The DAC in its meeting on 22.11.2012, directed to keep Para stand for regularization by the competent authority under the rules. No progress was intimated till finalization of this Report.

Audit recommends implementation of DAC decision and fixing responsibility on person(s) at fault.

AP 218 (2010-11)

**Annex-A****Detail of MFDAC Paras**

<b>S.No.</b>	<b>AP No.</b>	<b>Department</b>	<b>Gist of Para</b>	<b>Rs in million</b>
1.	104 (A/C-I)	XEN C&W Tank.	Unauthorized expenditure	2.114
2.	108 (A/C-I)	XEN C&W Tank.	Unauthorized expenditure	0.200
3.	109 (A/C-I)	XEN C&W Tank.	Overpayment	0.110
4.	117 (A/C-I)	XEN C&W Tank.	Unauthorized release of security	0.249
5.	255 (A/C-VI)	XEN C&W Tank.	Un-economical expenditure	1.226
6.	256 (A/C-VI)	XEN C&W Tank.	Non-deposit of security	0.740
7.	110 (A/C-I)	XEN C&W Tank.	Unauthorized expenditure	0.186
8.	116 (A/C-I)	XEN C&W Tank.	Overpayment due to escalation	5.746
9.	115 (A/C-I)	XEN C&W Tank.	Overpayment due to allowing escalation on cement	0.119
10.	222 (A/C-IV)	D.O Water Management	Un-authentic expenditure	195.87
11.	213 (A/C-IV)	EDO (F&P)	Non recovery of sales and income tax	0.062

## Annex -B

**EDO wise Budget Summary of District Tank 2011-12**

S.No	Name of Office	Salary (Rs)	Non salary (Rs)	Total (Rs)	% of Total expenditure
1.	DCO	59,300,003	6,588,889	65,888,892	6.48
2.	EDO (F&P)	16,524,180	1,836,020	18,360,200	1.81
3.	EDO Education	522,512,699	58,056,967	580,569,665	57.07
4.	EDO (Health)	114,575,040	12,730,560	127,305,600	12.51
5.	EDO (W&S)	71,505,799	7,945,089	79,450,888	7.81
6.	EDO Agriculture	56,334,453	6,259,384	62,593,837	6.14
7.	Revenue & State	17,500,205	1,944,467	19,444,672	1.91
8.	EDO	1,780,194	197,799	1,977,993	0.19
9.	Population welfare	14,294,952	1,588,328	15,883,280	1.56
10.	Social Welfare	1,844,205	204,912	2,049,117	0.20
11.	Sports	1,844,205	151,642	1,516,417	0.15
Total Current Expenditure		<b>878,015,935</b>	<b>97,504,057</b>	<b>975,040,561</b>	
		86.26	9.57		95.82
<b>Total Developmental Expenditure</b>				<b>42,777,666</b>	<b>4.20</b>
<b>Total Expenditure</b>				<b>101,7818,227</b>	<b>100.00</b>

**Annex -C**

**Detail of overpayment by allowing inadmissible quantities**

S.No	Name of W/C	Materials Used	Qty Admissible	Qty Paid (M or No)	Diff: (M or No)	Rate (Rs)	Overpayment (Rs)	Total (Rs)
1	Noor-Ul-Amin	PVC Pipe 5"	500	1,550	1,050	537	563,850	571,645
		Rubber Jain	0	50	50	35	1,750	
		Nut & Bolts	0	403	403	15	6,045	
2	Ishaq Shah	GI Pipe	20	32	12	1,350	16,200	27,650
		Plug	16	18	2	350	700	
		Elbow	16	18	2	2,000	4,000	
		Nipple	25	40	15	450	6,750	
3	Mir Ali Shah	PVC Pipe 5"	1850	1882	32	305	9,760	9,760
4	Ali Akbar	PVC Pipe	914	1,020	106	417	44,202	119,602
		Elbow	18	42	24	690	16,560	
		Nipple	30	44	14	380	5,320	
		GI Pipe	25	60	35	1,350	47,250	
		Flange	30	49	19	330	6,270	
5	Amanullah	PVC Pipe	500	596	96	417	40,032	80,452
		Elbow	15	34	19	690	13,110	
		Nipple	15	34	19	380	7,220	
		GI Pipe	22	30	8	1350	10,800	
		Flange	25	34	9	330	2,970	
		Nut & Bolts	0	307	307	15	4,605	
		Rubber Jain	0	49	49	35	1,715	
<b>Grand Total</b>								<b>809,109</b>

**Annex –D**

**Detail of overpayment due to inadmissible rates**

S.No.	Name of W/C	Materials Used	Rate Admissible (Rs)	Rate Paid (Rs)	Diff: (Rs)	Qty	Overpayment (Rs)	Total (Rs)
1	Rashid-Ud-Din	GI Pipe	570	600	30	20	600	<b>31,540</b>
		PVC Pipe	223	270	47	620	29,140	
		Slauce Value	2,300	2,900	600	2	1,200	
		Bend	860	1,000	140	2	280	
		Flung	285	300	15	8	120	
		Flung Tee	900	1,100	200	1	200	
2	Fazal-Ur-Rehman	GI Pipe	570	870	300	33	9,900	<b>171,640</b>
		PVC Pipe	223	397	174	880	153,120	
		Slauce Value	2,300	3,900	1,600	4	6,400	
		Bend	860	1,250	390	4	1,560	
		Flung	285	340	55	12	660	
<b>Total</b>								<b>203,180</b>

## Annex –E

**Detail of non supply of items**

<b>S.No.</b>	<b>Name of Firm</b>	<b>Particulars</b>	<b>Amount (Rs)</b>
1.	Trade Vision	Medical Equipments	3,750,000
2.	Toyota Frontier Motors	2 Ambulances	10,760,000
3.	Western Scientific Traders	Medical Equipments	288,000
4.	Glow Pak	Medical Equipments	1,796,000
5.	Medi Line	Medical Equipments	2,710,000
6.	Matora Engineering	Medical Equipments	2,241,000
7.	Latif Brothers	Medical Equipments	2,946,500
8.	M/S Surgiquips	Medical Equipments	1,760,490
9.	Popular International	Medical Equipments	345,900
10.	E-Med Engineering	Medical Equipments	858,000
11.	M/S Zafar	Medical Equipments	1,410,000
12.	M/S S.Ejazudin	Medical Equipments	27,500
13.	Sudais Associates	Medical Equipments	1,149,200
14.	M/S Medco	Medical Equipments	1,432,700
15.	F.B Traders	Medical Equipments	13,500
16.	Take Care International	Medical Equipments	512,100
17.	Zaman Medicines Co.	Medical Equipments	609,320
18.	M/S ESAS Technology	Medical Equipments	5,610,000
19.	Paradise Export Co.	Medical Equipments	19,311,621
20.	Sindh Medical Store	Medical Equipments	1,386,000
21.	SIBD Wood Working Center, D.I.Khan	Furniture	4,123,229
<b>Total</b>			<b>63,041,060</b>

**Annex –F****Detail of unauthorized execution of contract**

<b>S. No.</b>	<b>Name of Contract</b>	<b>Cost of Tender (Rs)</b>
1.	Construction of 100 No. Water Supply Schemes in Khyber Pakhtukhwa SH: Installation of Tube Well-WSS-Diyal	3,379,000
2.	SH: Main Supply Line	3,961,000
3.	Rehabilitation/ Restoration of Flood Damages of WSS in District Tank. SH: Installation of Tube Well-1 in Memriz Hathala.	3,379,000
4.	SH: Installation of Tube Well-2 in Memriz Hathala	2,131,000
5.	SH: Construction of 100,000 Gallons Surface Reservoir- WSS Memraiz Hathala	2,500,000
6.	SH: Construction of 100,000 Gallons Surface Reservoir at Tajori	2,500,000
7.	SH: Supply & installation of 3 phase oil cooled automatic voltage stabilizer 26 N0s.	5,200,000
8.	Rehabilitation of existing/ old VDOs Water Supply Schemes SH: Installation of Tube Well at Garra Pather.	2,491,000
9.	SH: Installation of Tube Well at Chadhrar,	2,491,000
10.	SH: Installation of Tube Well at Muhammad Akbar.	2,640,000
11.	SH: Installation of Tube Well at Toran.	2,491,000
<b>Total</b>		<b>33,163,000</b>