



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

**AUDIT YEAR 2016-17**

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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
DC	Deputy Commissioner
GFR	General Financial Rules
IPSAS	International Public Sector Accounting Standards
KPRA	Khyber Pakhtunkhwa Revenue Authority
LGA	Local Government Act
MFDAC	Memorandum for Departmental Accounts Committee
PAO	Principal Accounting Officer
PAC	Public Accounts Committee
PC-I	Planning Commission One
PCC	Plain Cement Concrete
PHE	Public Health Engineering
RCC	Reinforced Concrete Cement
RDA	Regional Directorate of Audit
RHC	Rural Health Center
TS	Technical Sanction
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-37 of Khyber Pakhtunkhwa Local Government Act 2013 require the Auditor General of Pakistan to conduct audit of the receipts and expenditure of District Fund and Public Account of District Governments.

The report is based on audit of the accounts of various offices of District Government, Tank for the financial year 2015-16. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2016-17 on test check basis with a view to report significant findings to the relevant stakeholders. The main body of the audit report includes the systemic issues and significant audit findings. Relatively less significant issues are listed in the Annexure-1 of the Audit Report. The audit observations listed in the Annexure-1 shall be pursued with the Principal Accounting Officer at the DAC level. In all cases where the PAO does not initiate appropriate action, the audit observation will be brought to the notice of District Accounts Committee through the next year's Audit Report.

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 replies of the departments, however in some observations department did not submit written replies. DAC meetings were not convened despite repeated requests.

The Audit Report is submitted to the Governor, Khyber Pakhtunkhwa in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 37 of Khyber Pakhtunkhwa Local Government Act, 2013, for laying before the appropriate legislative forum.

Islamabad  
Dated:

**(Rana Assad Amin)**  
**Auditor General of Pakistan**

## EXECUTIVE SUMMARY

The Director General Audit District Governments, Khyber Pakhtunkhwa carries out the audit of 25 District Governments. Regional Directorate of Audit D.I.Khan, on behalf of the Director General Audit, District Governments, Khyber Pakhtunkhwa carries out the audit of two District Governments namely D.I.Khan and Tank.

This Regional Directorate has a human resource of 7 officers and staff, with a total of 1750 man-days. The annual budget amounting to Rs 9.439 million was allocated during financial year 2015-16. The office is mandated to conduct regularity (financial attest audit and compliance with authority audit) and performance audit of programs/ projects.

District Government, Tank conducts its operations under Khyber Pakhtunkhwa Local Government Act 2013. It comprises one Principal Accounting Officer (PAO) covering eighteen groups of offices as mentioned in Chapter –1 of this report. Financial provisions of the Act describe the Government fund as District Local Fund and District Public Account for which Annual Budget Statement is authorized by the District Council in the form of budgetary grants.

### **a. Scope of audit**

There are 52 formations in District Tank out of which the accounts of four formations were examined in detail. These formations were selected for detailed audit by excluding the last year audited entities keeping in view the available man days.

The total expenditure of District Government Tank for the Financial Year 2015-16 was Rs 1,474.051 million. Out of this, RDA D.I.Khan audited an expenditure of Rs 439.612 million which, in terms of percentage, was 35% of auditable expenditure.

The receipts of District Government Tank, for the Financial Year 2015-16, were Rs 13.661 million. Out of this, RDA D.I.Khan audited receipts of Rs 3.531 million which, in terms of percentage, was 23% of auditable receipts.

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

Recovery of Rs 19.747 million was pointed out during the audit. Out of the total recoveries pointed out, Rs 8.715 million was not in the notice of the executive before audit.

**c. Audit Methodology**

Audit was conducted after understanding the business processes of District Government Tank with respect to their functions, control structure and key controls. This helped auditors in understanding the systems, procedures, environment, and the audited entity before starting the audit. Audit used desk audit techniques for analysis of compiled data and review of actual vouchers called for scrutiny and substantive testing.

**d. Audit Impact**

Audit pointed out various irregularities of serious nature to the management. However, no impact was visible as the management failed to reply and the irregularities could not come to the light in the proper forum i.e. DAC.

**e. Comments on Internal Control and Internal Audit department**

The purpose of internal control system is to ensure effective operation of an organization. It consists of measures employed by the management to achieve objectives, safeguard assets, ensure accuracy, timeliness and reliability of financial and accounting information for decision making.

Another basic component of internal control, as envisaged under section 37(4) of LGA 2013, is internal audit which was not found in place in the domain of District Government.

**f. Key audit findings of the report;**

- i. Non-Production of Record of Rs 19.400 million were noticed in two cases. <sup>1</sup>
- ii. Irregularities and Noncompliance of Rs 23.273 million were noticed in six cases. <sup>2</sup>
- iii. Internal Control Weakness of Rs 81.340 million were noticed in eight cases <sup>3</sup>

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<sup>1</sup> 1.2.1.1 to 1.2.1.2

<sup>2</sup> 1.2.2.1 to 1.2.2.6

<sup>3</sup> 1.2.3.1 to 1.2.3.7

Minor irregularities/weaknesses pointed out during the audit are being pursued separately with the authorities concerned, as detailed at Annex-1.

**d. Recommendations**

- i. Corrective actions/ 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. Departments need to strengthen internal controls mechanisms to ensure that lapses of the kind reported in this audit report are preempted and fair value for money is obtained from public spending.
- iv. Deduction of taxes on supplies and contracts need to be ensured.
- v. Internal controls in all areas i.e. financial, managerial, operational, administrative and accounting need to be strengthened to pre-empt the reported lapses and fair value for money is obtained from public spending.
- vi. Inquiries need to be held to fix responsibility for losses, irregular payments and wasteful expenditure.

## SUMMARY TABLES & CHARTS

**Table 1: Audit Work Statistics**

(Rs in million)

Sr. No.	Description	No.	Budget		
			Expenditure	Receipts	Total
1	Total Entities (PAO) in Audit Jurisdiction	01	1,474.051	13.661	1,487.712
2	Total formations in audit jurisdiction	52	1,474.051	13.661	1,487.712
3	Total Entities (PAO) Audited	01	439.612	3.531	443.143
4	Total formations Audited	04	439.612	3.531	443.143
5	Audit & Inspection Reports	04	439.612	3.531	443.143
6	Special Audit Reports	-	-	-	-
7	Performance Audit Reports	-	-	-	-
8	Other Reports	-	-	-	-

**Table 2: Audit observations Classified by Categories**

(Rs in million)

Sr. No.	Description	Amount Placed under Audit Observation
1	Unsound asset management	0
2	Weak financial management	23.273
3	Weak Internal controls relating to financial management	81.340
4	Others	19.400
<b>Total</b>		<b>124.013</b>



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

S.No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year 2015-16	Total last year 2014-15
1	Outlays Audited	-	221.407	3.531	218.205	443.143	-
2	Amount Placed under Audit Observations /Irregularities of Audit	-	93.256	-	30.757	124.013	-
3	Recoveries Pointed Out at the instance of Audit	-	8.715	-	11.032	19.747	-
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-
5.	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

**Table 4: Table of Irregularities pointed out**

<b>(Rs in million)</b>		
S. No	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations, principle of propriety and probity in public operation	18.770
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	-
3	Accounting Errors (accounting policy departure from NAM <sup>4</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.	66.096
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	19.747
6	Non-production of record	19.400
7	Others, including cases of accidents, negligence etc.	-
<b>Total</b>		<b>124.013</b>

**Table 5: Cost Benefit Ratio**

<b>(Rs in million)</b>		
S #	Description	Amount
1	Outlays Audited (item 1 of Table 3)	443.143
2	Expenditure on audit	9.439
3	Recoveries realized at the instance of audit	0
	Cost-Benefit Ratio	1:0

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

## CHAPTER-1

### 1.1 District Government Tank

#### 1.1.1 Introduction

Activities of District Government are managed through offices of Deputy Commissioner and District Officers under Khyber Pakhtunkhwa Local Government Act 2013 (LGA 2013). Each group of District Offices is headed by a District Officer (DO). The DO by means of a standing order distributes the work among the officers, branches, and/or sections of each district office. The offices which manage the activities of District Government are Deputy Commissioner (DC), XEN C&W, XEN Public Health Engineering Department, District Officers Agriculture, Education, Health, Water Management, Fisheries, Population Welfare, LG & RDD, Sports, Enterprises & Investment Promotion, Live Stock & DD, Soil Conservation, Cooperation, Social Welfare, Public Transport and Municipal Services.

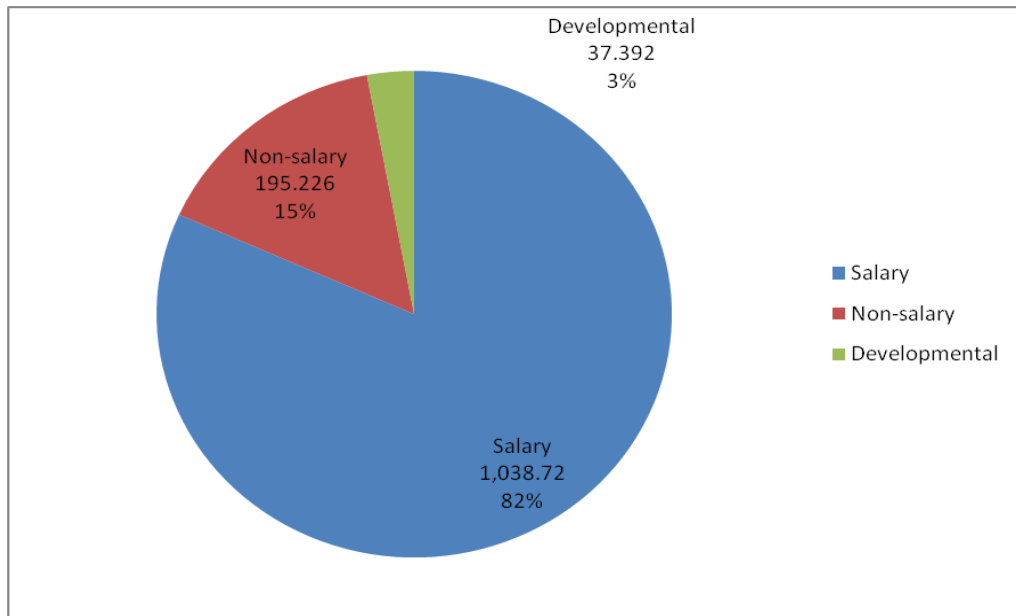
#### 1.1.2 Comments on Budget and Accounts (Variance Analysis)

(Rs in million)

2015-16	Budget	Expenditure	Saving/Excess	%age
Salary	1,237.104	1,038.722	(198.382)	16.03%
Non-salary	218.312	195.226	(23.086)	10.57%
Developmental A/C-IV	18.696	18.696	0	0%
Developmental A/C-I	222.008	221.407	-	
<b>Total</b>	<b>1,696.12</b>	<b>1,474.051</b>	<b>222.069</b>	<b>13%</b>
<b>Receipts</b>	<b>0</b>	<b>13.661</b>	<b>0</b>	<b>0</b>

The savings of Rs 222.069 million indicate weakness in the capacity of District Government Departments to utilize the allocated amount.

### EXPENDITURE 2015-16



### **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:

<b>Sr. No.</b>	<b>Audit Year</b>	<b>PAC/ZAC meeting</b>
1	2002-03	Not Convened
2	2003-04	Not Convened
3	2005-06	Not Convened
4	2006-07	Not Convened
5	2007-08	Not Convened
6	2008-09	Not Convened
7	2009-10	Not Convened
8	2010-11	Not Convened
9	2011-12	Not Convened
10	2012-13	Not Convened
11	2013-14	Not Convened

## **1.2 AUDIT PARAS**

### **1.2.1 Non-Production of Record**

#### **1.2.1.1 Non-production of record - Rs 17.280 million**

Section 14 (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provides that 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.

XEN PHE, Tank incurred expenditure of Rs 17,279,947 on account of execution of various developmental schemes during 2013-14 but record including tender documents, PC-1s, contract agreements, MBs and vouchers were not produced to audit. Detail of expenditure is as under.

<b>S.No.</b>	<b>Name of Schemes</b>	<b>Expenditure (Rs )</b>
1.	WSS of Judicial Lockup	2,423,000
2.	WSS of Saif-ud- Din Karoona	1,000,500
3.	WSS of Kot Akram	1,000,500
4.	AOM&R of Electrical Work	9,455,994
5.	AOM&R of Civil Work	3,399,953
<b>Total</b>		<b>17,279,947</b>

The veracity of expenditure could not be authenticated due to non-production of record.

When reported in September 2016, management did not respond to audit observation.

Request for convening DAC meeting was made on 13.9.2016. DAC meeting could not be convened till finalization of this Report in December, 2016.

Audit recommends production of record and action against the person(s) at fault.

AP# 85 (2015-16)

#### **1.2.1.2 Non-production of record-Rs 2.120 million**

Section 14 (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provides that 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.

Deputy Commissioner, Tank withdrew Rs 2,120,000 through Simple Receipt from DAO, Tank vide Cheque No.0564296 dated 12-5-2016 on account of Polio Campaign but neither detail of further utilization of funds was produced to Audit nor any documents regarding disbursement of same among Polio Workers & acknowledgement was available on record.

The veracity of expenditure could not be authenticated due to non-production of record.

When reported in August 2016, management did not respond to the audit observation.

Request for convening DAC meeting was made on 23.8.2016. DAC meeting could not be convened till finalization of this Report in December, 2016.

Audit recommends production of record and action against the person(s) at fault.

AP # 54 (2015-16)



## **1.2.2 Irregularities and Non-Compliance**

### **1.2.2.1 Unauthorized and doubtful expenditure on M&R work- Rs 11.004 million**

According to S.No. 21.5 of Special Powers to Certain Departments of Delegation of Powers Rules, 2001, XEN & Superintendent Engineer is empowered to accord sanction of expenditure on repair of Tools & Plants up to Rs 30,000 & Rs 50,000 respectively subject to approval of Zilla Council/ Government. Moreover, according to para 56 of CPWD Code, administrative approval and technical sanction must be obtained before the commencement of work.

XEN PHE, Tank incurred expenditure of Rs 11,004,079 on account of M&R works during 2015-16 without observing the codal formalities as per detail given below:

- i The scheme wise approval was not obtained from the Zilla Council of District Tank.
- ii Technical sanction of expenditure incurred on schemes beyond Rs 30,000 was not obtained from the competent authority.
- iii Expenditure of Rs 11,004,079 was shown incurred on repair of machinery of 234 water supply schemes during 2015-16, but no requisition form the concerned Tube Well Operator was available on record.
- iv Every year heavy expenditure was shown incurred on rewinding and repair work of Submersible Pumps, Transformers, Regulator and

Stabilizers but Stock Register or Log Book for each WSS was not maintained for recording entries of parts replaced & repair work.

- v The parts, which were replaced their value were simply deducted from the bill @5% instead of adopting auction procedure.

Unauthorized expenditure incurred due to non-compliance of Government rules.

When reported in September 2016, management did not respond to audit observation.

Request for convening DAC meeting was made on 13.9.2016. DAC meeting could not be convened till finalization of this Report in December, 2016.

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

AP# 67 (2015-16)

#### **1.2.2.2 Excess expenditure over & above the bid cost-Rs 4.288 million**

According to Clause-10 (c) i (v) of KPPRA Procurement Rules 2014, a procuring entity may, insure a variation order to a contractor to include works which were outside the original scope of works to ensure interests of Government and for reasons of economy, compatibility and efficiency provided that (d) there may be more than one variation orders as long as the total value of all the variation orders remains within 15 percent of the original contract.

XEN PHE, Tank made excess payment of Rs 4,288,013 over and above the bid cost on M&R works during 2015-16. Detail is given below:

S.No.	Sub Division	Particulars	Payment made (Rs )	Bid cost (Rs )	Excess Payment (Rs )
1.	SDO-I	M&R of Electrical Work	3,920,505	2,646,809	1,273,696
2.	SDO-II	M&R of Civil Work	6,024,251	3,009,934	3,014,317
<b>Total Excess Payment</b>					<b>4,288,013</b>

Excess payment occurred due to weak internal control.

When reported in September 2016, management did not respond to audit observation.

Request for convening DAC meeting was made on 13.9.2016. DAC meeting could not be convened till finalization of this Report in December, 2016.

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

AP# 69 (2015-16)

### **1.2.2.3 Overpayment on account of excess quantity and rates-Rs 3.872 million**

According to Para 220 and 221 of CPWA Code, 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 PHE, Tank overpaid Rs 3,872,213 over and above the quantities and rates approved in BOQ of various water supply schemes in District Tank during 2014-15 and 2015-16. Detail is given in Annex-2.

Overpayment occurred due to weak internal control.

When reported in September 2016, management did not respond to audit observation.

Request for convening DAC meeting was made on 13.9.2016. DAC meeting could not be convened till finalization of this Report in December, 2016.

Audit recommends recovery of overpaid amount and fixing of responsibility against the person(s) at fault.

AP# 74,75,76,77,80,81 (2015-16)

#### **1.2.2.4 Loss due to non-charging sales tax-Rs 2.083 million**

Sales tax must be deducted @ 17% from the unregistered persons and @ 3.2% from the registered persons under the sales tax act 1990 as provided in the S.R.O. 660(I) /2007 dated 30-6-2007.

XEN PHE, Tank paid Rs 12,255,711 on account of installation of PVC pipes in execution of various water supply schemes in district Tank during 2014-15. Neither sales tax @ 17% for Rs 2,083,463 was charged nor sales tax invoices were produced to audit to verify the registration and deposit of sales tax by the contractor. Detail is given in Annex-3.

Non-deduction of sales tax occurred due to non-compliance of rules which resulted in loss to Government.

When reported in September 2016, management did not respond to audit observation.

Request for convening DAC meeting was made on 13.9.2016. DAC meeting could not be convened till finalization of this Report in December, 2016.

Audit recommends recovery of sales tax and action against the person(s) at fault.

AP# 82 (2015-16)

#### **1.2.2.5 Overpayment due to inadmissible rates-Rs 1.813 million**

According to in CSR 2009, item No.16-25-a i.e Confirmatory Boring including SPT's, samples, lab test, bore-hole logs & Report: Alluvial Soils has a rate of Rs 5,276/M.

XEN C&W, Tank paid @ Rs 25,000/M for an item “Confirmatory Boring including SPT's, samples, lab test, bore-hole logs & Report: Alluvial Soils” considering as non-schedule item whereas the same item was available in CSR-2009 with item code 16-25-a @ Rs 5,276/M and thus resulted in overpayment of Rs 1,813,807 as per detail given below.

<b>S.No.</b>	<b>Name of Item</b>	<b>Rate Paid (Rs /M)</b>	<b>Rate Admissible (Rs /M)</b>	<b>Difference (M)</b>	<b>Quantity (M)</b>	<b>Overpayment (Rs )</b>
1.	Exploratory Boring in dry area up to Depth of 15M	25,000	5,276	19724	30	591,720
2.	Sampling in all kind of soils, boring up to 30 m	25,000	5,276	19724	30	591,720

3.	Exploratory Boring in dry area up to Depth of 30 to 40M and sampling	30,000	5,276	24724	20	494,480
Sub Total						1,677,920
Add 3 % Cost Factor						50,338
Add 4.95% Above						85,549
<b>Total</b>						<b>1,813,807</b>
<b>Overpayment</b>						

Overpayment occurred due to weak internal control which resulted in loss to Government.

When reported in September 2016, management did not respond to audit observation.

Request for convening DAC meeting was made on 18.9.2016. DAC meeting could not be convened till finalization of this Report in December, 2016.

Audit recommends recovery of overpaid amount and fixing of responsibility against the person(s) at fault.

AP#88 (2015-16)

**1.2.2.6 Doubtful expenditure on solar based water schemes-Rs 1.395 million**

According to Para-23 of GFR Vol-I, every Government Officer should realize fully and clearly that he would be personally responsible for any loss sustained by Government to fraud or negligence on his part or on the part of his subordinate.

XEN PHE Tank incurred an expenditure of Rs 1,395,310 on rewinding of machinery and repair of transformers of various water supply schemes during 2015-16 whereas the same schemes were already converted from electrical to Solar System with Auto Sun Tracker during 2014-15. Incurrence of expenditure on rewinding of machinery was doubtful. Detail is given in Annex-4.

Doubtful expenditure occurred due to weak internal control which resulted in loss to Government.

When reported in September 2016, management did not respond to audit observation.

Request for convening DAC meeting was made on 13.9.2016. DAC meeting could not be convened till finalization of this Report in December, 2016.

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

AP# 70 (2015-16)

### **1.2.3 Internal Control Weaknesses**

#### **1.2.3.1 Unauthorized expenditure on solar water schemes-Rs 27.516 million**

Rule 4.5(5) of Chapter IV of B&R code requires that every officer making or ordering payment on behalf of Government should satisfy himself that work has been actually done in accordance with the bill submitted for payment. He should inspect personally all the most important works before authorizing final payment, and should check the measurements made by his subordinates as per scale laid by the Chief Engineer.

XEN PHE Tank paid Rs 27,516,630 for conversion of existing Electric Based Water Supply Schemes into Solar Based Pumping Unit with Auto Sun Tracking System during 2014-15 (as detailed in Annex-5). The following irregularities were noticed:

- i. Bill of quantity (BOQ) of each scheme was not available on record besides administrative approval was accorded for lump sum amount without any description of items with quantity and rate.
- ii. Lump sum payment was made to the contractors without mentioning any detail of items executed in respect of quantities and rates.
- iii. The items executed were non-scheduled items but neither analysis of rates was available nor approval from the competent authority was obtained.
- iv. The detail of existing old pumping machinery i.e Stabilizers, Regulators, Motor Control Units and Transformers was not produced.

Lump sum payments occurred due to weak internal control which resulted into unauthorized expenditure.



When reported in September 2016, management did not respond to audit observation.

Request for convening DAC meeting was made on 13.9.2016. DAC meeting could not be convened till finalization of this Report in December, 2016.

Audit recommended inquiry and action against the person(s) at fault.

AP# 83, 84 (2015-16)

### **1.2.3.2 Irregular expenditure on purchase of medicines-Rs 13.993 million**

Para 148 of GFR Vol-I requires the counting, measure, examined or weighed the material received and taken on stock and recording a certificate to the effect that the materials have actually been received and recorded in the appropriate stock register. According to Para-157 of FTR Vol-I, payments should be made to the Suppliers in cheques instead of Cash.

District Health Officer, Tank purchased medicines of Rs 13,993,000 during 2015-16 as per detail given below. The expenditure was held irregular on the following grounds.

<b>S.No.</b>	<b>DDO Code</b>	<b>Expenditure (Rs )</b>
1.	TK-6040 BHUs	11,622,000
2.	TK-6041 RHC	900,000
3.	TK-6042 MCH	360,000
4.	TK-6045 Sanitation	391,000
5.	TK-6084 CDs	720,000
<b>Total</b>		<b>13,993,000</b>

- i Neither the receipt of medicines was verified by the Departmental Purchase Committee nor the Stock Register was attested by the DHO of local office to ascertain that the supply has actually been completed.
- ii The DAO, Tank prepared cheques in the name of DHO instead of against the names of concerned suppliers as required under Para-157 of CTR.
- iii The acknowledgments of payment from the concerned suppliers were also not available on record.
- iv Bank Statement was not produced to verify the payment to suppliers.

When reported in September 2016, management stated that reply would be submitted after scrutiny of record.

Request for convening DAC meeting was made on 22.9.2016. DAC meeting could not be convened till finalization of this Report in December, 2016.

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

AP# 60 (2015-16)

### **1.2.3.3 Non-recovery of water charges-Rs 11.032 million**

According to Para 26 of the GFR Vol-I, it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

XEN PHE, Tank failed to recover water charges of Rs 11,032,758 from defaulters up to June, 2016 as per detail given below:

S.No.	Particulars	Arrear (Rs )	Current year charges (Rs )	Total (Rs )
1.	Sub Division No.1	7,676,460	408,320	8,084,780
2.	Sub Division No.2	2,865,698	82,280	2,947,978
<b>Total</b>				<b>11,032,758</b>

Non-recovery of water charges occurred due to weak internal control which resulted in loss to Government.

When reported in September 2016, management did not respond to audit observation.

Request for convening DAC meeting was made on 13.9.2016. DAC meeting could not be convened till finalization of this Report in December, 2016.

Audit recommends recovery of water charges and action against the person(s) at fault.

AP# 78 (2015-16)

#### **1.2.3.4 Unauthorized expenditure on M&R-Rs 10.613 million**

According to S.No.21.5 of Special Powers to Certain Departments of Delegation of Powers Rules, 2001, XEN and Superintending Engineer is empowered to accord sanction of expenditure on repair of Tools and Plants up to Rs 30,000 and Rs 50,000 respectively subject to approval of Zilla Council/ Government. Moreover, according to CPWA Code, Administrative Approval and Technical Sanction must be obtained before the commencement of work.

XEN PHE, Tank incurred an expenditure of Rs 10,613,783 on account of Annual Maintenance and Repair work during 2014-15 without observing the codal formalities.

- i. The scheme wise approval of Annual Maintenance and Repair work was not obtained from Zilla Council.
- ii. Technical sanction of incurring expenditure beyond Rs 30,000 was also not obtained from Superintending Engineer.
- iii. Expenditure was incurred on repair of machinery of 248 water supply schemes during 2015-16, but requisitions from the concerned Tube Well Operators were not available on record.
- iv. Every year heavy expenditure was shown incurred on rewinding and repair work of Submersible Pumps, Transformers, Regulator and Stabilizers but Stock Register or Log Book for each WSS was not maintained for recording entries of parts replaced and repair work.
- v. The parts, which were replaced their value were simply deducted from the bill @5% instead of adopting auction procedure.

Unauthorized expenditure occurred due to non-compliance Government rules.

When reported in September 2016, management did not respond to audit observation.

Request for convening DAC meeting was made on 13.9.2016. DAC meeting could not be convened till finalization of this Report in December, 2016.

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

AP# 71 (2015-16)

**1.2.3.5 Non-imposition of penalty due to late completion-Rs 10.362 million**

As per 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 the estimated cost.

XEN C&W, Tank released securities to the contractors of following works vide Vr. No.7-R dated 21/1/2015, No.8-R dated 21/1/2015 and No.9-R dated 21/1/2015 but the said schemes were completed in June, 2014 beyond target date and thus penalty @ 10% amounting to Rs 10,362,501 was not required from contractors as per detail given below.

S.No.	Name of work	Time allowed	Commencement Date	Due date of Completion	Estimated Cost (Rs )	Penalty @ 10% (Rs )
1.	Tank Umer Adda road KM 1-6	18 months	14-5-2011	14-11-2012	18,546,000	1,854,600
2.	Pai Daraki link road KM 8-14	-do	14-5-2011	14-11-2012	2,386,000	2,386,300
3.	Pai Daraki link road KM 1-7	-do	14-5-2011	14-11-2012	22,788,000	2,278,800
4.	Flood damages restoration: Pezzu Tank Road KM24-30	-do	14-5-2011	14-11-2012	38,428,010	3,842,801
<b>Total</b>						<b>10,362,501</b>

Non-recovery of penalty occurred due to weak internal control which resulted in loss to Government.

When reported in September 2016, management did not respond to audit observation.

Request for convening DAC meeting was made on 18.9.2016. DAC meeting could not be convened till finalization of this Report in December, 2016.

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

AP#86 (2015-16)

#### **1.2.3.6 Irregular expenditure on purchase of store items-Rs 3.612 million**

Para 148 of GFR Vol-I requires the counting, measure, examined or weighed the material received and taken on stock and recording a certificate to the effect that the materials have actually been received and recorded in the appropriate stock register. According to Para-157 of FTR Vol-I, payments should be made to the suppliers in cheques instead of cash.

District Health Officer, Tank incurred expenditure of Rs 3,612,709 on purchase of store items including bedding clothing, chemical, furniture and equipments during 2015-16 without observing the codel formalities. Detail is given in Annex-6.

- i The receipt of store items was not verified by the Departmental Purchase Committee.
- ii The items so purchased were neither entered in relevant Stock Registers nor shown issued to respective Health Institutions.
- iii The DAO, Tank prepared cheques in the name of DHO instead of against the names of concerned Suppliers as required under Para-157 of CTR.
- iv The acknowledgments of payment from the Suppliers were also not available on record.

Irregular expenditure occurred due to weak internal control.

When reported in September 2016, management stated that reply would be submitted after scrutiny of record.

Request for convening DAC meeting was made on 22.9.2016. DAC meeting could not be convened till finalization of this Report in December, 2016.

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

AP# 61 (2015-16)

#### **1.2.3.7 Non-deduction of provincial sales tax on services—Rs 4.212 million**

According to Government of Khyber Pakhtunkhwa Finance Department Notification No. F-16/ (4) KPRA/ Notification/WH/1323 dated 31-08-2015, sales tax @ 15% must be deducted from the bill of contractors.

XEN PHE, Tank paid Rs 28,085,117 on execution of various water supply schemes during 2015-16 but provincial sales tax on services rendered by

the contractors @ 15% amounting to Rs 4,212,767 was not deducted from the contractor bills. Detail is given in Annex-7.

Non-deduction of sales tax occurred due to non-compliance of Government rules which resulted in loss to Government.

When reported in September 2016, management did not respond to audit observation.

Request for convening DAC meeting was made on 13.9.2016. DAC meeting could not be convened till finalization of this Report in December, 2016.

Audit recommends recovery of sales tax and action against the person(s) at fault.

AP# 72, 68 (2015-16)



**ANNEXURES**

**Annex-1**

**Detail of MFDAC Paras**

<b>S.No.</b>	<b>AP No.</b>	<b>Name of Department</b>	<b>Title of the Para</b>	<b>Amount (Rs in million)</b>
1.	55	DC Tank	Irregular expenditure on account of honoraria	0.889
2.	56	DC Tank	Unauthorized expenditure on account of pay and allowances	0.374
3.	57	DC Tank	Irregular expenditure on account of TA/DA	0.392
4.	58	DC Tank	Irregular expenditure on account of entertainment charges	0.425
5.	59	DC Tank	Unauthorized expenditure on account of printing charges	0.110
6.	65	DHO Tank	Non-recovery of sales tax	0.614
7.	66	DHO Tank	Doubtful expenditure due to missing of POL vouchers	0.620
8.	79	XEN PHE Tank	Irregular expenditure without approval of rates	0.274
9.	90	XEN C&W Tank	Irregular payment due to non-execution of work	0.752
10.	91	XEN C&W Tank	Irregular payment on account of earth filling	0.622
11.	94	XEN C&W Tank	Un-authorized payment for excess quantity	0.148

**Annex-2**  
**(Para No. 1.2.2.3)**

**Overpayment on account of excess quantities and rates**

(a)

Name of Schemes & Vr. No.	Name of item	Quantity paid (M)	Quantity as per BOQ (M)	Difference (M)	Rate (Rs /M)	Overpayment (Rs )
WSS Akram Koorna Tank" vide Vr No. 32/TK dated 16.06.2015	4" PVC pipe B-class	1,548.30	901.01	847.29	562.63	476,710
	3" PVC pipe B-class	1,981.10	1234.38	746.72	391.70	292,490
WSS Saif ud Din Karoona" Tank Vr.No. 30/TK dated 15.06.2015	P/L cut joint PVC pipe 6" i/d B-class	2,133.48	1,824.14	309.34	989.56	306,110
Total Overpayment (a)						1,075,310

(b)

Name of Scheme & Vr. No	Name of item	Particulars	Quantity (M)	Rate (Rs /M)	Amount (Rs )
WSS Shadi Khel Vr. No. 02/TK dated 23.06.2016	"Providing & Installation of PVC pipe in tube well with strainer "E" class 10 "i/d"	Payment made as per contractor bill	5025	152.39	765,760
		Payment required as per BOQ	1	2,225	2,225
Total					763,535
Overpayment (b)					

(c)

Name of Scheme & Vr No.	Name of item	Particulars	Quantity (M)	Rate (Rs /M)	Amount	Total (Rs )
WSS Ayub Baba Khel Vr No.01/TK dated 22.06.2016	Boring for T/Well in shingle gravel and rocks from ground level (200')	Payment made as per contractor bill	54.75	18,912.40	1,035,454	1,035,454
		Payment required as per BOQ (1 <sup>st</sup> 100 M)	30.47	2,953.31	90,170	(183,578)
		As per BOQ 2 <sup>nd</sup> (100M-200M)	24.28	3,847.11	93,408	
Total Overpayment (c)						851,876

(d)

Name of Scheme	Drilling done (M)	PVC Pipe used (M)	Difference (Excess Qty)	Rate (Rs /M)	Overpayment (Rs )
WSS Shadi Khail	76.19+228.58=304.77	152.39	152.38	3503	533,787
	Shrouding with gravel pack (M)	PVC pipe used	Difference	Rate/M	Overpayment (B)
	278.87	152.339	126.48	966	122,180
Total Overpayment (d)					655,967

(e)

Name of Scheme	Item not approved in BOQ	Rate (Rs /M)	Quantity (M)	Overpayment (Rs )
WSS Shadi Khail	P/I PVC blind pipe with stainer 8" i/d	4,125/M	127.4	525,525
Total Overpayment (e)				525,525
Grand Total (a+b+c+d+e)				3,872,213

**Annex-3****(Para No. 1.2.2.4)****Loss due to Non deduction of sales tax**

<b>S No.</b>	<b>Name of Schemes</b>	<b>Vr No. date</b>	<b>Name of Item</b>	<b>Amount (Rs )</b>	<b>Sales tax 17% (Rs )</b>
1.	WSS Shadi Kel	02/TK 23.06.2016	Installation of PVC pipe	765,759	130,179
2.	WSS Ayub Abad (Baba Khel Korona)	01/TK 22.06.2016	Installation of PVC pipe	238,029	40,464
3.	WSS Haleem Abad	02/TK 07.03.2016	Installation of PVC pipe	2,023,668	344,023
4.	WSS Siaf-ud-Din Korona	30/TK 15.06.2015	PVC pipe 6"	2,111,206	358,905
			PVC pipe 4"	514,435	87,453
			PVC pipe 3"	405,903	69,003
			PVC pipe 2"	222,598	37,841
			PVC pipe 1.5"	100,888	17,150
5.	WSS Akram Korona	32/TK 16.06.2015	PVC pipe 6"	799,237	13,5870
			PVC pipe 4"	871,120	14,8090
			PVC pipe 3"	775,996	13,1919
			PVC pipe 2"	521,767	88,700
			PVC pipe 1.5"	336,296	57,170
6.	WSS Shadi Khel	01/TK 09.08.2014	P/I PVC blind pipe D-class	1,290,257	219,343
7.	WSS Saif-ud-Din Korona	02/TK 19.08.2014	P/I PVC blind pipe D-class	1,278,552	217,353
<b>Total</b>				<b>12,255,711</b>	<b>2,083,463</b>

**Annex-4**  
**(Para No.1.2.2.6)**

**Doubtful expenditure of M&R work on solar schemes-Rs 1.395 million**

<b>S.No.</b>	<b>Name of Scheme</b>	<b>Vr No. &amp; Date</b>	<b>Amount (Rs )</b>
1	AOM&R Bara Khel	Vr No. 10-DAO Dated 01.12.2015	47,500
2	AOM&R Bara Khel	Vr No. 26-DAO Dated 01.12.2015	47,500
3	AOM&R Bara Khel	Vr No. 06-DAO Dated 01.06.2016	49,900
4	AOM&R Bara Khel	Vr No. 31-DAO Dated 01.06.2016	49,824
5	AOM&R Bara Khel	Vr No. 02-DAO Dated 01.12.2015	49,947
6	AOM&R Dabara	Vr No. 03-DAO Dated 01.12.2015	49,673
7	AOM&R Dabara	Vr No. 40-DAO Dated 01.06.2016	49,877
8	AOM&R Dabara	Vr No. 06-DAO Dated 10.03.2016	49,673
9	AOM&R Dabara	Vr No. 13-DAO Dated 01.06.2016	47,025
10	AOM&R Dabara	Vr No. 28-DAO Dated 01.12.2015	46,740
11	AOM&R Daraki	Vr No. 33-DAO Dated 25.11.2015	47,025
12	AOM&R Daraki	Vr No. 22-DAO Dated 25.01.2016	46,075
13	AOM&R Daraki	Vr No. 34-DAO Dated 25.01.2016	49,907
14	AOM&R Daraki	Vr No. 05-DAO Dated 04.05.2016	42,575

15	AOM&R Gul Imam	Vr No. 23-DAO Dated 25.05.2016	47,500
16	AOM&R Gull Imam	Vr No. 32-DAO Dated 25.11.2015	46,084
17	AOM&R Kaour Gomal Plan	Vr No. 44-DAO Dated 25.01.2016	46,550
18	AOM&R Kaour Gomal Plan	Vr No. 07-DAO Dated 10.03.2016	49,998
19	AOM&R Kaour Gomal Pran	Vr No. 18-DAO Dated 01.12.2015	46,866
20	AOM&R Kot Kat	Vr No. 24-DAO Dated 25.11.2015	46,075
21	AOM&R Kot kat to Gul Imam	Vr No. 31-DAO Dated 25.01.2016	49,616
22	AOM&R Kour Gomal plan	Vr No. 14-DAO Dated 01.06.2016	47,500
23	AOM&R Kour Gomal Pran	Vr No. 34-DAO Dated 01.06.2016	49,721
24	AOM&R Pai	Vr No. 04-DAO Dated 25.11.2015	49,459
25	AOM&R Pai	Vr No. 21-DAO Dated 25.01.2016	46,075
26	AOM&R Pai	Vr No. 03-DAO Dated 04.05.2016	48,628
27	AOM&R Perwana	Vr No. 09-DAO Dated 25.11.2015	49,212
28	AOM&R Pirwana Gola	Vr No. 30-DAO Dated 23.02.2016	49,292
29	AOM&R Ranwal	Vr No. 16-DAO Dated 25.11.2015	49,493
<b>Total</b>			<b>1,395,310</b>

**Annex-5**  
**(Para No.1.2.3.1)**

**Unauthorized expenditure on solar water schemes**

<b>S. No.</b>	<b>Name of Schemes</b>	<b>Amount (Rs )</b>
1.	Solar based pumping unit with auto sun tracking package#10 Tank WSS Gara Baloch II	3,384,000
2.	Solar based pumping unit with auto sun tracking package#10 Tank WSS Bara Khel	3,384,000
3.	Solar based pumping unit with auto sun tracking package#10 Tank WSS Pai	3,028,000
4..	Solar based pumping unit with auto sun tracking package#10 Tank WSS Daraki	3,054,000
5.	Solar based pumping unit with auto sun tracking package#10 Tank WSS Pirwana Gola	3,172,000
6.	Pumping Chamber of the above schemes	820,000
7.	Solar based pumping unit with auto sun tracking package#10 Tank WSS Gul imam main source at Kot kat	2,333,250
8.	Solar based pumping unit with auto sun tracking package#10 Tank WSS Gomal Plan (Maziani)	2,167,200
9.	Solar based pumping unit with auto sun tracking package#10 Tank WSS Dabara	2,736,000
10.	Solar based pumping unit with auto sun tracking package#10 Tank WSS Ranawal Zavar Khan	2,798,180
11.	Pumping Chamber of the above schemes	640,000
<b>Total</b>		<b>27,516,630</b>

**Annex-6**  
**(Para No. 1.2.3.6)**

**Irregular and doubtful expenditure on purchase of Store Items**

S.No.	DDO Code & Cost Centre	Name of Items	Expenditure (Rs )
1.	TK-6041 RHC	Cost of Other Store	630,000
2.		Plant & Machinery	50,000
3.		Furniture & Fixture	449,840
4.	TK-6040 BHUs	Cost of Other Store	679,869
5.		Plant & Machinery	100,000
6.		Furniture & Fixture	100,000
7.	TK-6042 MCH	Cost of Other Store	250,000
8.		Furniture & Fixture	50,000
9.	TK-6043 EPI	Furniture & Fixture	75,000
10.	TK-6045 Sanitation	Furniture & Fixture	19,000
11.		Cost of Other Store	285,000
12.	TK-6072 Malaria Control	Furniture & Fixture	50,000
13.	TK-6084 CDs	Cost of Other Store	455,000
14.		Plant & Machinery	90,000
15.		Furniture & Fixture	120,000
16.	TK-6039 Administration	IT Equipments	100,000
17.		Furniture & Fixture	109,000
<b>Total Expenditure</b>			<b>3,612,709</b>



**Annex-7****(Para No.1.2.3.7)****Non-deduction of provincial sales tax on services**

<b>S.No.</b>	<b>Name of Schemes</b>	<b>Vr No &amp; date</b>	<b>Expenditure (Rs )</b>	<b>Sales tax @15% (Rs )</b>
1.	Contract of WS&S at village Muhammad Akbar UC Pai (Saddam Hussain)	01/TK 14.06.2016	399,033	59,854
2.	Contract of WS&S (W&S Shadi Khel) S/Head Tube well P/Chaba (M.Nasir)	02/TK 23.06.2016	3,770,864	565,629
3.	Contract of WS&S at Ayub baba Khel Karoona (Inayatullah)	01/TK 23.06.2016	1,330,967	199,645
4.	Contract of WS&S (Halim abad) (farooqia Rinding)	02/TK 21.01.2016	5,781,070	867,160
5.	Contract of WS&S (Feroz Khel Umar Khel Killa)(Shabir Khan bitfani)	07/TK 21.03.2016	3,827,437	574,115
6.	Solarziation of existing WSS Dubbra (Inayatuallah)	01/TK 29.10.2015	1,051,678	157,751
7.	Solarziation existing WSS (Gul imam souree at kotkat)(M-Noman)	02/TK 21.10.2015	919,989	137,998
8.	M&R 2015-16		11,004,079	1,650,611
<b>Total</b>			<b>28,085,117</b>	<b>4,212,763</b>